RED HERRING PROSPECTUS
Please read Section 60B of the Companies Act, 1956
Dated August 10, 2007
100% Book Building Issue

MAGNUM VENTURES LIMITED

(Originally incorporated as Magnum Papers Private Limited on May 29, 1980, under the Companies Act, 1956, with the Registrar of Companies, Delhi and Haryana, New Delhi. The Company was converted into a public limited company and the name of the Company was changed to Magnum Papers Limited, and a fresh Certificate of Incorporation issued on May 31, 1995 by the Registrar of Companies, Delhi and Haryana at New Delhi. The name of the Company was further changed to Magnum Ventures Limited and a fresh certificate of Incorporation obtained on November 15, 2006 from the Registrar of Companies. For details of changes in the Registered Office of the Company, please refer to page no. 11 of this Red Herring Prospectus.)

Registered Office: "Magnum House", 3/4326, Ansari Road, Daryaganj, New Delhi - 110 002
Tel/Fax: 91- 11- 23262983
Corporate Office: 18/41, Site IV, Industrial Area, Sahibabad – 201 010, Ghaziabad, Uttar Pradesh
Tel.: 91- 0120- 2895200/01/02/03; Fax: 91- 0120- 2895210
Contact Person/Compliance Officer: Mr. K. Sitaraman, Vice President (Corporate) & Company Secretary
E-mail: ipo@magnumventures.in; **Website**: www.magnumventures.in

PUBLIC ISSUE OF 1,76,40,750 EQUITY SHARES OF RS. 10/- EACH FOR CASH AT A PRICE OF RS. [•] (INCLUDING SHARE PREMIUM OF RS. [•] PER EQUITY SHARE) AGGREGATING TO RS. [•] LAKHS (HEREINAFTER REFERRED TO AS THE "ISSUE") THE ISSUE WILL CONSTITUTE 46.92% OF THE POST-ISSUE PAID-UP CAPITAL OF THE COMPANY.

PRICE BAND: RS. 27/- TO RS. 30/- PER EQUITY SHARE OF FACE VALUE OF RS. 10/- EACH. THE ISSUE PRICE IS 2.7 TIMES OF THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 3.0 TIMES OF THE FACE VALUE AT THE HIGHER END OF PRICE BAND

In case of revision in the Price Band, the Bidding/Issue Period shall be extended for three additional working days after such revision, subject to the Bidding/Issue period not exceeding ten working days. Any revision in the price band, and the revised Bid/Issue period, if applicable, will be widely disseminated by notification to Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Ltd. (NSE) by issuing a press release and also by indicating the change on the website of the Book Running Lead Manager (BRLM) and at the terminals of the Syndicate Member.

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

RISKS IN RELATION TO THE FIRST ISSUE

This being the first issue of the Company, there has been no formal market for the Equity Shares of the Company. **The face value of the shares is Rs.10/- per share and the Issue Price is 2.7 times of the face value at the lower end of the price band and 3.0 times of the face value at the higher end of the price band**. The Price Band (as determined by the Company, in consultation with the BRLM on the basis of assessment of market demand for the Equity Shares 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 and/or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offering. For taking an investment decision, investors must rely on their own examination of the Issuer Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI), nor does the SEBI guarantee the accuracy or adequacy of the Red Herring Prospectus. **Specific attention of the investors is invited to the section titled "Risk Factors" beginning on page no. x of the Red Herring Prospectus.**

ISSUER'S ABSOLUTE RESPONSIBILITY

The Company, having made all reasonable inquiries, accepts responsibility for, and confirms that this Red Herring Prospectus contains all information with regard to the Company and the Issue, which is material in the context of the Issue; that the information contained in this 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 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 issued through the Red Herring Prospectus are proposed to be listed on the Bombay Stock Exchange Limited (BSE), the Designated Stock Exchange; and the National Stock Exchange of India Ltd. (NSE). The In-principle approvals have been received from these Stock Exchanges for listing of the Equity Shares pursuant to their letters no. DCS/IPO/SI/IPO-IP/824/2006-07 & NSE/LIST/48522-2 dated March 20, 2007 and June 11, 2007 respectively.

BOOK RUNNING LEAD MANAGER TO THE ISSUE	**REGISTRAR TO THE ISSUE**
SREI CAPITAL MARKETS LTD. 'Vishwakarma', 86C, Topsia Road (South) Kolkata – 700 046 West Bengal, India Tel : +91-33-39873810/39873845 Fax: +91-33-39873861/39873863 E-Mail: capital@srei.com Website: www.srei.com SEBI Regn. No.: INM 000003762	**BIGSHARE SERVICES PRIVATE LTD.** E-2, Ansa Industrial Estate Sakivihar Road Saki Naka, Andheri (East) Mumbai – 400 072 Tel : +91-22-40430200 Fax: +91-22-28475207 E-mail: ipo@bigshareonline.com Website: www.bigshareonline.com SEBI Regn. No.: INR 000001385
ISSUE PROGRAMME	
Bid/Issue Opens On: Monday, August 27, 2007	**Bid/Issue Closes On: Thursday, August 30, 2007**

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SECTION I

DEFINITIONS AND ABBREVIATIONS

Conventional / General Terms

Term	Description
"Magnum Ventures Ltd." or "Magnum" or "the Company" or "the Issuer" or "MVL"	Unless the context otherwise requires, refers to, Magnum Ventures Limited, a public limited company incorporated under the Companies Act, 1956, and having its registered office at "Magnum House", 3/4326, Ansari Road, Daryaganj, New Delhi - 110 002
Group Companies/Firms	Rose Corner Trading Company LLC., Dubai
Promoter(s)	Shall mean jointly Mr. Praveen Kumar Jain, Mr. Pradeep Kumar Jain, Mr. Parmod Kumar Jain, and Mr. Vinod Kumar Jain
Promoters' Group	As defined in Explanation II of Clause 6.8.3.2 of SEBI (Disclosure and Investor Protection) Guidelines, 2000 and amendments thereof Promoters' Group includes: Mr. Salek Chand Jain Mrs. Monika Jain Mrs. Rita Jain Mrs. Veena Jain Mr. Abhey Jain Mrs. Asha Jain Pradeep Kumar Jain (HUF) Parmod Kumar Jain (HUF) Vinod Kumar Jain (HUF)
You	Unless the context otherwise requires, refers to, investors.

Issue Related Terms

Term	Description
Allotment/Allotted /Allocated	Unless the context otherwise requires, the Issue/allotment of Equity Shares of the Company, pursuant to the Public Issue, to the successful Bidders.
Allottee	The successful Bidder to whom the Equity Shares are being/have been allotted, pursuant to the Issue.
Articles / Articles of Association/AoA	The Articles of Association of Magnum Ventures Ltd.
Auditors	The statutory auditors of the Company, being M/s Sunil K Mittal & Co., Chartered Accountants.
Banker(s) to the Issue/Escrow Collection Bank	ICICI Bank Limited, HDFC Bank Limited, Kotak Mahindra Bank Limited, Centurion Bank of Punjab Limited and BNP Paribas
Bid	An indication to make an offer made by a prospective investor during the Bidding/Issue Period by a bidder to subscribe to the Equity Shares of the Company 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/Issue Closing Date	The date after which the Syndicate Members to the Issue will not accept any Bids for the Issue; which shall be notified in an English language national newspaper, and a Hindi language national newspaper, both with wide circulation.
Bid / Issue Opening Date	The date on which the Syndicate Members to the Issue shall start accepting Bids for the Issue; which shall be notified in an English national newspaper, and a Hindi national newspaper, both with wide circulation.
Bid-cum-Application Form	The form in terms of which the Bidder shall make an offer to subscribe to/purchase the Equity Shares of the Company and which will be considered as the application for issue of the Equity Shares pursuant to the terms of this Red Herring Prospectus.

Bidder(s)	Any prospective investor who makes a Bid for Equity Shares in terms of this Red Herring Prospectus and the Bid-cum-Application form through the Book Building Process.
Bidding / Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which period prospective investors can submit their Bids.
Board/Board of Directors	The Board of Directors of Magnum Ventures Limited or a committee thereof.
Book Building Process / Method	Book building process as provided under Chapter XI of the SEBI Guidelines, in terms of which this Issue is being made.
BRLM/Book Running Lead Manager	Book Running Lead Manager to the Issue, in this case being SREI Capital Markets Limited.
BSE	Bombay Stock Exchange Limited.
CAN / Confirmation of Allocation Note	Means the note, advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process.
Cap Price	The higher end of the Price Band, Rs. 30/- per equity share in the Issue, above which the Issue Price will not be finalized and above which no bids will be accepted.
Companies Act/ The Act	The Companies Act, 1956, as amended from time to time.
Cut-off / Cut-off Price	The Issue Price finalised by the Company in consultation with the BRLM. Only Retail Individual Bidders are entitled to Bid at the Cut-off Price, for a bid amount not exceeding Rs.1,00,000/-. QIBs and Non Institutional Bidders are not entitled to Bid at the Cut-off Price. A Bid submitted at Cut-off Price is a valid Bid at all price levels within the Price Band.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Designated Date	The date on which Escrow Collection Banks transfer the funds 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/Allottees.
Designated Stock Exchange	Bombay Stock Exchange Limited.
Director(s)	Director(s) of Magnum Ventures Limited, unless otherwise specified.
Draft Red Herring Prospectus/ DRHP	The Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, 1956 and SEBI Guidelines, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue.
Equity Shares	Equity Shares of the Company of face value of Rs. 10/- each, unless otherwise specified in the context thereof.
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques/drafts in respect of the Bid amount/margin money, when submitting a Bid.
Escrow Agreement	Agreement entered into amongst the Company, Syndicate Member, the Registrar, the Escrow Collection Bank(s) and the BRLM for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders.
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Bankers to the Issue and with whom the Escrow Account will be opened, in this Issue.
FII(s)/Foreign Institutional Investor	Foreign Institutional Investor (as defined under the SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India.
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, Rs. 27/- per equity share in the Issue, below which the Issue Price will not be finalised and

	below which no bids will be accepted.
Fresh Issue/ Issue/ Public Issue/ Offer	Public Issue of 1,76,40,750 Equity Shares of Rs. 10/- each for cash at the Issue Price of Rs. **[•]** aggregating to Rs. **[•]** lakhs by the Company in terms of this Red Herring Prospectus.
FVCIs	Foreign Venture Capital Investors, as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000 as amended.
Income-tax Act	The Income Tax Act, 1961, as amended from time to time.
Issue Price	The final price at which Equity Shares will be allotted in the Issue, as determined by the Company in consultation with the BRLM, on the pricing date.
Issuer	Magnum Ventures Limited
Margin Amount	The amount paid by the bidder at the time of submission of his/her bid, which may be 10% or 100% of the Bid Amount, as applicable.
Memorandum of Association/Memorandum/ MOA	The Memorandum of Association of Magnum Ventures Limited.
Mutual Funds	Mutual funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996.
Mutual Fund Portion	5% of the QIB Portion or 4,41,019 Equity Shares (assuming the QIB Portion is for 50% of the Issue size) available for allocation to Mutual Funds only, out of the QIB Portion.
Issue to Public	The Issue of 1,76,40,750 Equity Shares of Rs. 10/- each at a price of **[•]** to the public.
Non-Institutional Bidders	All Bidders that are neither Qualified Institutional Buyers nor Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 1,00,000.
Non-Institutional Portion	The portion of the Issue size being 26,46,112 Equity Shares of Rs.10/- each available for allocation to Non-Institutional Bidders.
NSE	National Stock Exchange of India Limited.
OCB/Overseas Corporate Body	Means and includes an entity defined in Clause (xi) of Regulation 2 of the Foreign Exchange Management (Deposit) Regulations, 2000 and which was in existence on the date of commencement of the withdrawal of general permission to Overseas Body Corporate Regulations, 2003 and immediate prior to such commencement was eligible to undertake transactions pursuant to the general permission granted under the Foreign Exchange Management (Deposit) Regulations, 2000.
Pay-in-Date	Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders, as applicable.
Price Band	The price band with a minimum price of Rs. 27/- and the maximum price of Rs. 30/- per Equity Share including revisions thereof.
Pay-in-Period	i. With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the Bid/Issue Closing Date, and ii. With respect to QIBs or Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the closure of the Pay-in Date, as specified in the CAN.
Pricing Date	The date on which the Company in consultation with the BRLM finalises 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 the Bankers to the Issue to receive monies from the Escrow Account(s) for the Issue on the Designated Date.

Qualified Institutional Buyers/QIBs	Public Financial Institutions as specified in Section 4A of the Companies Act, FIIs, Scheduled Commercial Banks, Mutual Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions, Venture Capital Funds registered with SEBI, Foreign Venture Capital Investors registered with SEBI, State Industrial Development Corporations, Insurance Companies registered with the Insurance Regulatory and Development Authority (IRDA), Provident Funds with minimum corpus of Rs. 2500 lakhs and Pension Funds with a minimum corpus of Rs. 2500 lakhs.
QIB Portion	The portion of the Issue size being 88,20,375 Equity Shares of Rs.10 /- each available for allocation to QIB Bidder(s).
Registrar/Registrar to the Issue	Being the Registrar appointed for the Issue, in this case Bigshare Services Private Limited having its registered office at E-2, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai – 400 072
Retail Individual Bidders	Individual Bidders (including HUFs and NRIs) who have bid for Equity Shares for an amount less than or equal to Rs.1,00,000/-
Retail Portion	The portion of the Issue size being 61,74,263 Equity Shares of Rs. 10/- each available for allocation to Retail Individual Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)
RHP/Red Herring Prospectus	Means the Offer Document issued in accordance with the SEBI Guidelines, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus will be filed with the RoC in terms of Section 60B of the Companies Act, 1956 at least three days before the Bid/Issue Opening Date and will become a Prospectus after filing with the RoC after pricing date.
ROC/Registrar of Companies	Registrar of Companies, Delhi & Haryana, New Delhi.
SCML/SREI	SREI Capital Markets Limited a public limited company incorporated under the provisions of the Companies Act, 1956 and, with its registered office at "Vishwakarma", 86 C, Topsia Road, (South), Kolkata-700 046.
Stock Exchanges	BSE and NSE.
Syndicate	BRLM and Syndicate Member(s).
Syndicate Agreement	The agreement to be entered into among the Company and Syndicate Member(s) in relation to the collection of Bids in this Issue.
Syndicate Member	Aum Capital Market Private Limited
TRS or Transaction Registration Slip or Order Confirmation Note	The slip or document issued by the Syndicate Member to the Bidder as proof of registration of the Bid.
Underwriters	**[•]**
Underwriting Agreement	The agreement between the Underwriters and the Company to be entered into on or after the Pricing Date.
VCFs	Venture Capital Funds as defined and registered with SEBI under the SEBI (Venture Capital Fund) Regulations, 1996 as amended from time to time.

Company/Industry Related Terms

Term	Description
AOX	Absorbed Organic Halides
ARR	Average Room Rental calculated by dividing the total room revenue by the number of rooms occupied.
BD	Bone Dry
Bleach plant	Department of a pulp mill where pulp is bleached
Bleached pulp	Pulp whose natural brightness has been improved using chemicals

Bleaching	Removal or modification of coloured components in pulp to improve brightness. Bleaching is normally carried out in several consecutive stages
Board	Generic term for stiff paper usually made in several layers with a substance normally varying from 160 to 500/g/m^2, for certain grades even higher; widely used for packaging (e.g. folding cartons) and graphic applications
BOD	Biological Oxygen Demand
Brightening	Addition of optical brighteners to the stock to make the pulp/paper appear whiter
Brightness	A measure of the whiteness of pulp and paper
Broke	Papermakers own waste paper created during papermaking process it is usually repulped
Brush glazing	Glazing of coated paper with the aid of brushes
Carbon dioxide (CO_2)	Produced by burning coal and other carbon containing products. Burning fossil fuels or wood based products raises atmospheric carbon dioxide levels
Carbon paper	Carbon paper is a thin paper with a waxy coating that is used to produce carbon copies on typewriters or other office equipment. Carbon base paper is made from chemical pulp
CDMS	Country Development & Management Services Private Limited
CIS	Country Inn & Suites by Carlson
COD	Chemical Oxygen Demand
CREP	Corporate Responsibility for Environment Protection
DAP	Di-Ammonium Phosphate
Deinkability	Suitability of recovered paper for deinking; depends on paper grade, printing process used, age of paper, and other factors
Deinked pulp (DIP)	Paper pulp produced by deinking of recovered paper
Deinking	Removal of printing ink and impurities from recovered paper; to produce recycled fibre pulp with maximum whiteness and purity
Deinking loss	Unwanted loss of solid material from pulp during deinking (usually 10-40%)
Double coating	Coating of paper or board twice on one or both sides
Duplex board	Duplex board consists of two layers, mostly made from waste paper pulp. It is used for packaging purposes
ETP	Effluent Treatment Plant
F & B	Food & Beverage
FHRAI	Federation of Hotel and Restaurant Associations of India.
GSM	Grams per Square Metre
Hard pulp	A commonly used term to describe chemical pulp with a high lignin content
Hardwood chemical pulp	Chemical pulp made from hardwood
HRACC	Hotel Restaurant Approval and Classification Committee
Lamination	Laminating paper or board with foil, plastics etc
MF	Machine finished. Smooth paper calendared on the paper machine
MG	Machine glazed. Paper with a glossy finish on one side produced on the paper machine by a Yankee cylinder
MT	Metric Tonne
MW	Mega Watt
Occupancy	Total number of rooms occupied divided by the total number of rooms available.
PPM	Part Per Million
Recycling	Use of recovered waste paper and board by paper mills to produce paper and boards
SS	Suspended Solids
TPA	Tonnes Per Annum
TPD	Tonnes Per Day
Writing paper	Uncoated paper that is suitable for writing with ink on both sides. The writing must neither bleed nor strike through. Writing

	paper is always fully sized and also suitable for printing. It can be wood free or mechanical, depending on the intended purpose. The admixture of fillers makes it less translucent

Abbreviations

Abbreviation	Full Form
AED	United Arab Emirates Dirham
AGM	Annual General Meeting
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India.
Asst.	Assistant
AY	Assessment Year
Bn	Billion
CAGR	Compound Annual Growth Rate
CCPS	Convertible Cumulative Preference Shares
CDSL	Central Depository Services (India) Limited
CRM	Centre De Recherché Metallurgiques, Belgium
Delhi High Court	High Court of Judicature at Delhi
DIP Guidelines	SEBI (Disclosure & Investor Protection) Guidelines, 2000, as amended
Dy.	Deputy
EBIT	Earnings before Interest and Tax.
EBITDA	Earnings before Interest, Tax, depreciation and amortization.
ECS	Electronic Clearing Service
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
ESI	Employee State Insurance
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FEMA	The Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed thereunder.
FIPB	Foreign Investment Promotion Board
FY	Financial year/ Fiscal year
GIR	General Index Registry Number
GoI	Government of India
HUF	Hindu Undivided Family
OBC	Oriental Bank of Commerce
IOB	Indian Overseas Bank
ICAI	The Institute of Chartered Accountants of India
IEC	Importer Exporter Code
LC	Letters of credit
LIBOR	London Interbank Offered Rate
MOU	Memorandum of Understanding
Mn	Million
N.A.	Not Applicable
NAV	Net Asset Value
NEFT	National Electronic Funds Transfer
NOC	No Objection Certificate
NRE Account	Non Resident External Account
NRI	Non-Resident Indian, as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended.
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
P.A./p.a./pa	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit after Tax
PF	Provident Fund
PLR	Prime Lending Rate
PNB	Punjab National Bank

RBI	The Reserve Bank of India
ROC	Registrar of Companies, Delhi & Haryana, IFCI Tower, 4th Floor, 61, Nehru Place, New Delhi 110 019
RoNW	Return on Net Worth
Rs./ Rupees/INR	Indian Rupees
RTGS	Real Time Gross Settlement
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	Securities and Exchange Board of India constituted under the SEBI Act.
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI, as amended, including instructions and clarifications issued by SEBI from time to time.
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended.
TAN	Tax Account Number
UIN	Unique Identification Number
UPPCB	U.P. Pollution Control Board
USD/US$/$	United States Dollar
WTD	Whole time Director

SECTION II

i. CERTAIN CONVENTIONS; USE OF MARKET DATA

Unless stated otherwise, the financial data in this Red Herring Prospectus is derived from the restated financial statements as of and for the years ended March 31, 2003, 2004, 2005, 2006 and 2007, prepared in accordance with Indian GAAP, the Companies Act, 1956 and restated in accordance with SEBI Guidelines, as stated in the report of the Statutory Auditors of the Company, M/s Sunil K Mittal & Co., Chartered Accountants beginning from page no. 159 of this Red Herring Prospectus. The fiscal year commences on April 1 and ends on March 31.

In this Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word "Lakh" or "Lac" means "one hundred thousand" and the word "million" means "ten lakh" and the word "Crore" means "ten million". In this Red Herring Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

Throughout this Red Herring Prospectus, all figures have been expressed in Lakhs, unless otherwise stated. All references to "India" contained in this Red Herring Prospectus are to the Republic of India. All references to "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India. All references to US$, USD, or US Dollars are to the United States Dollars, the legal currency of the United States of America, and all references to AED is to the United Arab Emirates Dirham, the legal currency of Dubai.

For additional definitions used in this Red Herring Prospectus, see the section "Definitions and Abbreviations" beginning from on page no. i of this Red Herring Prospectus. In the section entitled "Main Provisions of the Articles of Association of the Company" on page no. 283 of this Red Herring Prospectus, defined terms have the meaning given to such terms in the Articles of Association of the Company. Market and Industry data used throughout this Red Herring Prospectus has been obtained from industry publications and other authenticated published data. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes the industry data used in this Red Herring Prospectus to be reliable, it has not been independently verified. Similarly, internal Company reports, while believed by the Company to be reliable, have not been verified by any independent sources.

FORWARD-LOOKING STATEMENTS

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

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

Important factors that could cause actual results to differ materially from the Company's expectations include, among others:

- General economic and business conditions;
- Company's ability to successfully implement its strategy, its growth and expansion plans, and technology initiatives;
- Factors affecting the Paper and/or Hotel industry;

- Increasing competition in the Paper and/or Hotel industry;
- Increase in labour cost, raw materials price, cost of plant & machinery and insurance premia;
- Inadequate availability of Raw Materials;
- Manufacturers' defects or mechanical problems with Company's plant & machineries or incidents caused by human error;
- Ability to retain management team and skilled personnel;
- Changes in the value of the Indian Rupee and other currencies;
- Cyclical or seasonal fluctuations in the operating results;
- Amount that the Company is able to realize from the clients;
- Potential mergers, acquisitions or restructurings;
- Changes in laws and regulations that apply to the Paper and/or Hotel industry;
- Changes in fiscal, economic or political conditions in India;
- Social or civil unrest or hostilities with neighboring countries or acts of international terrorism;
- Changes in the foreign exchange control regulations, interest rates and tax laws in India.

For further discussion of factors that could cause the Company's actual results to differ, please refer to the section titled "Risk Factors", "Business Overview" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page nos. x, 78 and 211 respectively, of this Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company nor the members of the Syndicate, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company and the Book Running Lead Manager will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

MARKET DATA

Unless stated otherwise, industry data used throughout this Red Herring Prospectus has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. The data used from these sources may have been reclassified for the purpose of presentation. Although it is believed that the industry data used in this Red Herring Prospectus is reliable, it has not been verified by any independent source.

CURRENCY OF PRESENTATION

In this Red Herring Prospectus, all references to "Rupees" or "Rs." are to the legal currency of India. All references to US$, USD, or US Dollars are to the United States Dollars, the legal currency of the United States of America, and all references to AED is to the United Arab Emirates Dirham, the legal currency of Dubai.

ii. RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all of the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares of the Company. If any of the following risks actually occur, the business, financial condition and results of operations could suffer, the trading price of the Company's Equity Shares could decline, and you may lose all or part of your investment.

Unless specified or quantified in the relevant risk factors below, the Company is not in a position to quantify the financial or other implications of any of the risks described in this section.

Materiality

The Risk factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality.

1. Some events may not be material individually but may be found material collectively.
2. Some events may have material impact qualitatively instead of quantitatively.
3. Some events may not be material at present but may be having material impacts in future.

I. SPECIFIC TO THE PROJECT AND INTERNAL TO THE COMPANY

1. **The basic raw material for the Company for its paper unit is waste paper. There may be a constraint in the availability of raw material for paper unit.**

   Management Perception
   The basic raw material for printing and writing papers, Xerox paper, duplex board papers for the Company is waste paper. The Company has an established network of dealers/suppliers from whom it procures the waste paper. All such suppliers are closely located to facilitate regular and timely delivery. The Company has, till date, not faced any difficulty in sourcing the required quantity of waste paper, and does not foresee any problem in the future. The Company has not entered into any special arrangement with its suppliers for the supply of raw material.

2. **The cost of the technological up gradation and modernization of paper unit, as appraised by the Punjab National Bank, is Rs. 5000 lakhs. The project cost is substantial in relation to its current size of operations. Although the promoters have experience in the Paper industry, their competence in handling a project of this magnitude remains to be demonstrated. An equity investor is therefore faced with an uncertainty of performance by the management.**

   Management Perception
   The Company has drawn out a business plan for the technological up gradation and modernization of the paper unit. The promoters of the Company have considerable experience of having run this business successfully and profitably for over 25 years, and the business having been the sole enterprise of the promoters' family spanning two generations; the promoters foresee an overall long-term economic viability. The promoters were in the paper sector even before taking over the unit in 1984. The capacity of the paper units was increased from 1185 MT per annum in the year 1982 to 85,000 MT per annum as on date by the promoters. The Company has also on board experienced Professionals who have the experience of setting up similar facilities in the past.

   Moreover, the promoters view the present optimistic scenario and economic growth in the country and the corporate sector as an opportunity to upgrade and modernize the scale of the operations of the Company. The Promoters have the confidence to handle a project of this size.

   Please refer page no. 156 and page nos. 153 for profile of the promoters and experience of key managerial personnel.

3. **The Company is involved in the following legal proceedings:**

The Company is involved in certain civil, regulatory and taxation proceedings. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Should any new developments arise, such as a change in Indian law or rulings against the Company by trial or appellate courts or tribunals, the Company may need to make provisions in its financial statements, which could increase its expenses and its current liabilities. The Company can give no assurance that these legal proceedings will be decided in its favour. Any adverse decision may have a significant effect on the Company's business and results of operations.

The Company is involved in the following legal proceedings for tax demands and other government sector claims:

A classification of the legal proceedings instituted against the Company and the monetary amount involved in these cases is given in the following table:

Type of Litigation	Amount Involved (Rs.in lakhs)	Status
Trade Tax matter	261.92	The Company is not actively involved in the case as there are a number of other respondents. No further date has been fixed by the Hon'ble Supreme Court yet.
Excise matter	8.28	Department has filed an appeal before Hon'ble High Court Allahabad. No date for hearing of the matter has been fixed by the Hon'ble High Court yet.
Motor Vehicle Act	37.09	The Company is no longer appearing in the matter as it has no liability, being fully insured.
Motor Vehicle Act	15.00	Compensation of Rs. 0.91 lakhs along with interest @ 8% p.a. till the date of realization has been awarded to the petitioner which is payable by the Insurance Company. The Insurance Company has a right to recover the same from the Company.
Suit	4.00	The Plaintiff has claimed refund of his deposit along with interest from M/s Bachins India Pvt. Ltd. (erstwhile 100% subsidiary of Magnum, now amalgamated with it w.e.f 1.4.2006). The date of hearing is scheduled for 19.9.2007.

For more information regarding litigations, please refer to the section titled "Outstanding Litigations and Defaults" beginning on page no. 224 of this Red Herring Prospectus.

4. **The license agreements entered into with Country Development & Management Services Private Limited (CDMS) for the hotel brand "Country Inn & Suites by Carlson" is non-exclusive. The Company faces the risk of competing hotels operating under the same brand as its hotel in Sahibabad or elsewhere in India. If such hotels were to start operating in Sahibabad, where the Company has hotel under the same franchise, or in New Delhi or immediate National Capital Region, it would undermine the Company's brand differentiation.**

Further, in case of termination of agreement, the Company will be liable to pay to CDMS damages of Rs. 50 lakhs (Rs. 25 lakhs each towards Territory License Agreement and Management Agreement) if the agreement terminates within two years of the operation of the Hotel. However, if the agreement is terminated after two years of operations of the Hotel, the damages payable by the Company will be Rs. 1 crore (i.e., Rs. 50 lakhs each towards Territory License Agreement and Management Agreement).

Management Perception

As per the agreement upto seven (7) years from the date of signing of MOU, Country Development & Management Services Private Limited (CDMS) will not grant any license to operate any other CIS hotel within a radius of 7 kms from the site. After 7 years, Magnum will have the first right of refusal to have another CIS hotel within a radius of 7 km. MVL shall exercise its right of refusal within a period of 90 days from the date of receipt of the notice. Only in case of refusal of option by Magnum, CDMS has the right to grant license to operate another CIS to third party.

The Company has tied-up with CDMS after giving considerable thought and consideration to the agreement and more specifically the relationship. It does not foresee any reason for termination of the agreements.

5. **Search & Seizure operation was conducted by the Income Tax Deaprtment u/s 132 of the Income Tax Act, 1961, the outcome of which is not known and may therefore impact the taxability and consequently the profitability of the Company**

A search and seizure operation was conducted on January 18, 2007 by the Income Tax Department u/s 132 of the Income Tax Act, 1961 on the Company's administration and production facilities at 18/31 and 18/41, Site IV, Industrial Area, Sahibabad, Ghaziabad; and the residence of the Promoters at 113/3, Daryaganj, New Delhi. A survey operation was conducted u/s 133A of the Income Tax Act, 1961 on the Company's properties at A-35/1, A-40/2, and 64/6, Site IV, Industrial Area, Sahibabad, Ghaziabad. The Income Tax Department has neither passed any Order nor made any assessment consequent to the survey.

Since, no assessment or order has been made, the likely monetary liability, if any, and the resultant impact on the Company's financials can not be stated. Mr. Parmod Kumar Jain, Promoter Director has however made a payment of Rs. 20 lakhs to the Department as Advance Tax, subject to an assessment/order being passed in this matter.

During further proceedings, the Company had made a conditional surrender of undisclosed income of Rs. 15 crores to the IT Department, which was subject to the verification of documents and records seized by the Department during the search operation. On receiving and perusing the seized documents, the Company realized that there was no undisclosed income as per the documents seized by the IT Department. The Company has vide its letter dated April 10, 2007 to the Dy. Director of Income Tax, Unit V, New Delhi withdrawn the surrender of undisclosed income.

6. **The Company is a medium sized paper-manufacturing unit and will have to compete with big players in the field who have better economies of scale with higher capacity. Further, Paper industry gets low priority from policy makers.**

Management Perception

Competition is inevitable in any line of business and the Company has been coping with competitions in the past by focusing its products, canalizing its sales through dedicated dealers, managing raw materials, fuel and technological changes. The same would be continued in future also. In the highly competitive industry, the Company follows a competitive approach, which is not just limited to manufacturing process but also extended across entire operations. Moreover, with the proposed up gradation and modernisation, the Company can take advantage of the swing capacity to manufacture either newsprint or writing & printing paper. The Company extends the quality management responsibility from the quality control department to every member on the shop floor. For details of the strengths of the company to counter competition please refer to the section under 'Competition' on page no. 122 of the Red Herring Prospectus.

7. **The Company has export obligation of US$ 15,75,819.78 under EPCG License no. 0530137140 dated 5.10.2004, which is to be achieved in a period of 8 years from the above mentioned date. If the company is unable to fulfill its export obligations, it will be subject to monetary liabilities equivalent to duty so saved along with interest @ 15% per annum that could have an adverse impact on the cash flows (As per Appraisal Report/Note of PNB)**

Management Perception

As against the obligation, the Company has, till March 31, 2007 (which is approx. 2.5 years from the initial financial year), exported products worth Rs. 6,19,23,808/- (US$ 15,17,740.39 approximately) (1 US$ taken as Rs. 40.80).

The balance of the Export obligations is to the extent of US$ 58,079.39 to be completed in about 5 years and six months. The Company has started exporting its products to neighboring Countries such as Sri Lanka, Bangladesh etc., and with encouraging trend of exports the Company expects to meet the said obligation without any problem.

8. **Any delay in Implementation Schedule could result in time and cost overruns in the Paper & Hotel Project (As per Appraisal Report/Note of PNB)**

The Company, as regards the Paper & Hotel Project, has made certain assumptions on the time frame by which the Project will be completed. While adequate contingency provisions have been made while assessing the capital cost of the project, the total cost has been assessed at current rates which are subject to fluctuations in future due to hike in input cost, higher levies etc. There is already a time overrun to the extent of five months in the commissioning of the Paper project. In case there is a delay in complying with any of the conditions, it may result in time and cost over run, which in turn may adversely impact the future profitability.

Management Perception

Paper mill is a capital-intensive project and involves items of long gestation periods. There has been delay in completion of certain activities in the Paper project as appraised by PNB resulting in delay in commissioning of the project. The overall completion of work will not get further affected as Orders for all the machines have been placed and prices firmed up, no cost overrun is expected. The Company has ordered and received machineries/ equipments worth Rs. 2049.45 lakhs constituting 48.9% of the total machineries required. The Company has already placed orders for the balance machineries worth Rs. 2141.90 lakhs. The management hopes to conduct its trial run and commercial production of the Paper project as per schedule.

The Hotel project will be operational from January 1, 2009 by way of a soft launch. The Hotel project is proceeding as per schedule and no delay is expected.

9. **Delay in raising funds or under-subscription/no-subscriptionn from IPO may result in difficulty in implementation of Projects, leading to time and cost overruns. (As per Appraisal Report/Note of PNB)**

The proposed projects viz., the up gradation and modernization in the paper unit, and the setting up of the hotel are both funded partially from this Public Issue. Any delay/ failure of the activities as appraised by PNB may adversely impact the implementation of the project.

Management Perception

The management will ensure that there is no failure or delay in terms of meeting the deadlines for Trial Runs and Commercial production and operations. The management envisages no failure in the IPO. It is however confident of making alternate funding arrangements through an equitable mix of secured/unsecured loans and contribution from the promoters, should there be any eventuality such as delay or failure of the IPO.

10. **The Promoters are very new to hotel business (As per Appraisal Report/Note of PNB). Further, the Hotel Project will be operational only from January 1, 2009 by way of a soft launch.**

Management Perception

The Company is employing experienced personnel at the upper and middle hierarchy and in addition, will have technical franchise with “Country Development & Management Services Private Limited” for management and operation of the hotel. With this arrangement, and entrepreneurial capabilities of the promoters in managing business affairs, no problem is foreseen in the successful completion and running of the project.

11. **Company is yet to execute formal agreements to tie up franchise for Hotel (As per Appraisal Report/Note of PNB)**

Management Perception

The Company has however entered into a MOU/Franchise Agreement for its proposed hotel project. The Company has entered into a Memorandum of Understanding (MOU) with Country Development & Management Services Private Limited (CDMS) on 29.9.2006, which has the right to offer franchise respecting the hotel brand "Country Inn & Suites by Carlson" and to execute the relevant agreements and has the expertise and know-how in planning, designing, operating, managing and marketing hotels.

Further, the Company has entered into a Management Agreement with Country Development & Management Services Private Limited (CDMS) on 31.1.2007; and Territory License Agreement with Country Development & Management Services Private Limited (CDMS) on 31.1.2007.

12. **Company is planning for vegetarian hotel only which is not in line with industry trend and it would be difficult to acquire international branding and would require appropriate marketing. (As per Appraisal Report/Note of PNB)**

Management Perception

HVS International has already made detailed market survey and as per their opinion, vegetarian hotel as a concept is already prevalent in developed cities. Swaminarayan Akshardham Temple in New Delhi, an architectural landmark on a 100-acre complex, showcases the essence of India's ancient architecture, traditions and timeless spiritual messages. It has since attracted approximately 1.4 million visitors. The Akshardham Temple also houses an inventory of 80 rooms for VIP guests. However, due to high tourist traffic inflow, the temple's room inventory is not enough to sustain, the high demand. As per the temple's administration officials, the foreign tourist inflow is estimated to triple over the next three years. This will generate more demand for hotel rooms in the region of East Delhi, Noida, Indirapuram and Ghaziabad and will specially benefit the proposed hotel due to the nature its facilities of providing pure vegetarian food.

13. **Considering the proposed development of 5000 more hotel rooms towards Ghaziabad /UP /Noida/ Greater Noida side, the Company may have to face intense competition (As per Appraisal Report/Note of PNB)**

Management Perception

At the micro level, economic viability of hotel and hospitability segment is considered strong in the long run. The promoters are well known in Sahibabad, and franchise with "Country Inn & Suites by Carlson" would largely reduce the extent of competition from the existing players.

14. **There are restrictive covenants under the loan agreements for Paper Unit**

The Company has entered into agreements with various term lending institutions for its Paper Unit and proposed Hotel Unit. There are certain covenants in the agreements, which are restrictive in nature. These restrictive covenants require the Company to seek prior written permission from these lending institutions before carrying out of certain activities, such as incurring capital expenditure for expansion/diversification/modernization, disinvest/transfer by promoters of their shareholdings, effecting any merger or acquisition, payment of any dividend otherwise then out of the current year's earnings after making due provisions, creation of any charge on any or all of the assets or properties of the Company, alteration of the Memorandum or Articles of the Company, change or, in any way, alter the capital structure of the Company.

Management Perception

The restrictive covenants mentioned in the agreements are as per the usual practices of the Lending institutions. The Company does not foresee any difficulty on account of the above restrictive covenants, as far as the proposed projects and the public issue is concerned.

15. **The Company's dependence on its promoters is tremendous, and any inability on the part of the promoters to contribute to the growth and business of the**

Company may affect its performance.

Management Perception

The Company is dependent on the experience and efforts of its promoters, as is applicable to any other company/industry. However, the Company has been in this business for over two decades. The promoters' family has been associated with the Company and its business. The promoters have been involved with critical functions like development of new products, marketing, and other operations of the Company. The Company also has a qualified team of marketing executives, finance professionals and other professionals who are involved in the day-to-day operations of the Company. This reduces the company's dependence on the promoters to manage the operations of the company.

16. **The Company is selling its products mainly in northern region, only small quantity is sold in the western part of the country, and it has no perceptible presence in South India.**

Management Perception

The Company's present level of production does not allow it to offer its products to all parts of the Country. In the Western region, the Company has stepped up its sales in Jaipur, Ahmedabad and further initiatives are being taken to strengthen the sales network. The Company has also started selling its products in parts of Southern India. Groundwork for establishing dealer network in Eastern India has been started and it is proposed to be in place before completion of the proposed up gradation and modernisation programme.

17. **The Company requires certain registrations and permits from government and regulatory authorities in the ordinary course of business and the failure to obtain them in a timely manner or at all may adversely affect the operations.**

Management Perception

The Company requires certain approvals, licenses, registrations and permissions for operating its business, some of which have expired and for which it has either made or is the process of making an application for obtaining the approval or its renewal. For more information, please refer to the section titled "Government Approvals/Licensing Arrangements" on page no. 232 of this Red Herring Prospectus. The Company is confident of obtaining all the approvals and permissions for both its paper unit and hotel unit.

18. **The entire hotel operations of the Company consists of one single property which the Company proposes to operate under the brand pursuant to franchise/license agreement with Country Development and management Services Private Limited, and the Company is subject to risks, including non-renewal, termination and disputes, associated with such contracts.**

The Company has entered into franchise/license agreements with Country Development and management Services Private Limited to operate its properties located in Sahibabad, under the "Country Inn and Suites By Carlson" brand. This property is a key element of its operations and would generate revenues. The Company's continued operation of this property under the "Country Inn and Suites By Carlson" brand is in part dependent on it maintaining a good relationship with Country Development and management Services Private Limited and complying with the terms of the franchise/license agreements. Under the franchise/license agreements, the Company has a continuing obligation to ensure that the hotels comply with the "Country Inn and Suites By Carlson" brand standards and must promptly provide any necessary funds for capital expenditures and upgrading to ensure that such broad standards are maintained. This may require the Company to make material capital expenditures from time to time. Further, should there be a dispute regarding its compliance with the "Country Inn and Suites By Carlson" brand standards, or should these licenses be terminated or not renewed, the Company will not be able to continue operating under the said brand, which would have a material adverse affect on its business and financial results. In the event that the Company is not able to renew these agreements it will not be able to continue using the "Country Inn and Suites By Carlson" brand in the running of its hotel, or have access to the reservations system of "Country Inn and Suites By Carlson", which could have a material adverse impact on the Company's brand, ability to reach potential customers and profitability.

19. **The Company is subject to operating risks common in the hotel industry**

The Company's financial results may get affected by occupancy and room rates achieved by the hotel, its ability to control the cost of developing and running additional rooms and the success of its food and beverage operations. Further, its operating margins would be adversely affected by increases in electricity, insurance and environmental compliance expenses. Managing these costs to maintain its profitability is difficult and the Company may not be successful in doing so. Further, the hotel may have to be renovated periodically to keep up with changing trends and consumer demands, and such renovation may involve significant development and maintenance costs, which may impact the profitability of the Company.

20. **The cost of project is funded partly from the proceeds of the proposed issue. Any delay or failure of the IPO may disrupt the implementation of the project.**

Management Perception

Punjab National Bank has sanctioned a term loan Rs. 3500 lakhs for the proposed technological up gradation and modernization of the paper unit, and a consortium of banks comprising Punjab National Bank, Oriental Bank of Commerce, Indian Overseas Bank and Syndicate Bank have sanctioned term loans of Rs. 7000 lakhs for the hotel project. The Company is taking all necessary steps to comply with the SEBI Guidelines for Public Issue. The Company shall ensure that the Public issue is successfully completed, without hampering the timelines for the project.

21. **The Company's sustained growth depends on its ability to attract and retain skilled personnel. Failure of the Company to attract and retain skilled personnel could adversely affect the Company's growth prospects, performance and results.**

Management Perception

The Company has a professional set-up and a competent human resources division. The Company constantly attempts to devise employee-friendly policies to enable a sound human resource policy to take shape and retain its key management personnel and talent. Some of the key management personnel have been with the organization for many years. The Company constantly endeavours to take adequate care of its employees by providing various facilities. The Company does not foresee any major problem in recruiting fresh talent and also retaining its existing key personnel.

22. **Rise in Input Costs may affect 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 endeavours to procure raw materials and packing materials at the lowest prices using its long-term 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 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.

23. **Change in Technology and trends in the industry may affect Company's ability to compete**

Any failure to keep abreast of the latest trends in the Paper Industry may adversely affect the competitiveness and ability of the Company to compete with newer generation products.

Management Perception

The Company is in the Paper business for over 25 years, and has the requisite experience and ability to adapt to newer generation products and technology. The Company is well aware of the development of market description, consumer preferences, industry consumption pattern, competition, regulations etc. The current up gradation and modernization project is in line with the Company's constant endeavour to keep itself abreast of latest technological advances and systems.

24. **As on March 31, 2007, the Company has Unsecured loans amounting to Rs. 1269.67 lakhs raised from its Directors and their relatives. The Unsecured loans are repayable on Demand. In the event of any demand, the cash outgo may affect the Company's operations and profitability.**

Management Perception
The Company has taken unsecured loans from its Promoter Directors and their relatives on various occasions during the financial years 2004-05, 2005-06 and 2006-07. A sum of Rs. 321.43 lakhs was received in the Financial Year 2006-07. These loans were taken primarily for meeting the working capital requirements of the Company and also to meet the requirements of promoters capital contribution for getting loans from the Banks. The Company has more than reasonable assurance from its Directors that there will be no bulk and sudden withdrawal of the above loan. However, the management has adequate reserves to make such payment in the event of such a withdrawal, and therefore is of the opinion that it will not affect the Company's operations or profitability.

25. **The Company has planned capital expenditures, which may not yield the benefits intended**
The Company cannot assure you that it will be able to execute its expansion plans as contemplated in the section titled "Objects of the Issue" beginning on page no. 32 of this Red Herring Prospectus. The capital expenditure plans are subject to a number of variables, including possible cost overruns; development delays or defects in construction; receipt of governmental approvals; and changes in management's views of the desirability of current plans. The Company may not be able to execute its expansion plans as contemplated. Due to time and/or cost overruns the anticipated benefit of such plans to its revenues and profitability may decline. To the extent that completed and/or planned capital expenditures do not produce anticipated or desired revenue or cost-reduction outcomes, the profitability and financial condition will be adversely affected. Please refer to the section titled "Objects of the Issue" beginning on page no. 32 of this Red Herring Prospectus for details of proposed plans and plans for the setting up of the proposed hotel.

26. **Further equity offerings may lead to dilution of equity and impact its market price**
The Company may require further infusion of funds to satisfy its capital needs and future growth plans, which it may not be able to procure. Any future equity offerings by the Company may lead to dilution of equity and may affect the market price of its Equity Shares.

Management Perception
In the near future, there are no plans to issue further equity shares. In case the Company decides to raise additional funds through the issuance of equity, the same would be done for further value creation for the shareholders of the Company and after taking adequate consent from them.

27. **Contingent Liabilities as on 31st March, 2007:**
As per the Audited Financial Statements, the Company has certain contingent liabilities, which, if determined against it in future, may impact its financial position, adversely. Details of the contingent liabilities as on March 31, 2007 are given in the following table:

Rs. in Lakhs

Brief Particulars	**As at March 31, 2007**
With regard to amount of CENVAT Credit availed from the purchase made by the Company, as the question of genuineness of the supplier has been raised by the Department of Excise, the Company had filed an appeal before the Custom Excise Service Tax Appellate Tribunal which was decided in favour of the Company vide order dated 2.6.2006. The Commissioner of Custom & Central Excise, Ghaziabad has filed an appeal before Hon'ble High Court of Allahabad u/s 35-G of Central Excise Act.	8.28
With regard to payment of purchase tax on purchase of diesel	261.92

against Form-3B on concessional rate of tax @ 2.50% instead of regular rate of tax @ 20%, the State of Uttar Pradesh has filed an appeal in the Supreme Court against the order of High Court which was decided in favour of the Company and other respondent. The Company is not pleading the case before the Hon'ble Supreme Court of India, as there are a number of other respondents.	
Company has filed a writ petition against the process of re-assessment in pursuance of notice dated 25.11.2003 u/s 21 of the U.P. Trade Tax Act and for quashing the circular of CST/UP dated 25.1.2003 regarding non-inclusion of stock transfer in achieving Base Production u/s 4A. The Hon'ble High Court of Allahabad has granted stay on 8.1.2004 against the recovery for the total amount involved in the writ petition.	6.17
The Company has filed a case against the Central Excise Department in the Court of Joint Commissioner, Central Excise (AE) at Ghaziabad. The Company was issued a Show Cause notice by the Central Excise Department asking the Company why the Service Tax amounting to Rs. 11.38 lakhs (besides interest and penalty) should not be imposed.	11.38
TOTAL	**287.75**

Management Perception

Appeal to Custom Excise Service tax Tribunal was filed on 9.3.2006 by the Company, which was decided in favour of the Company. The Department has now filed an appeal with the Hon'ble High Court of Allahabad.

28. **The Company's corporate logo "Magnum" is not registered, which may lead to loss of business, brand value or goodwill on account of use or misuse of the logo by any third party or concern.**

Management Perception

The Company has applied for trademark registration in respect of word "ROYAL MAGNUM" in Class 16 on November 9, 1999 in respect of paper and paper products for which the registration is awaited.

The Company has not applied for registration of its logo. Although there is likelihood of Company losing business or goodwill to a third party/concern on account of the use or representation of Company's logo, the Company has been using the said logo consistently for about 7 years now and therefore believes that it has a proprietory right and ownership over the logo.

29. **The Company has incurred a loss 294.22 lakhs due to the amalgamation of M/s Bachins India Pvt. Limited and M/s Bisonic Engineers Pvt. Limited (100% subsidiaries of the Company) w.e.f April 1, 2006 with Magnum Ventures in terms of the Order dated November 1, 2006 of the Hon'ble Delhi High Court.**

The Cost of acquisition of the Equity Shares of Bachins India Pvt. Limited was Rs. 225.40 lakhs and Bisonic Engineers Pvt. Limited was 79.27 lakhs aggregating to Rs. 304.67 lakhs. The total assets were valued at Rs. 10.45 lakhs. The share capital of both the former subsidiaries got extinguished on account of its amalgamation with the Company resulting in a loss of Rs. 294.22 lakhs in the books of the Company.

30. **The Company has experienced negative cash flows in the previous years.**

The Company has experienced negative cash flows in the previous years. The details of the last 5 years are as under:

Rs. in lakhs

Particulars	**2002-03**	**2003-04**	**2004-05**	**2005-06**	**2006-07**
Net Change in Cash and Cash equivalents	(7.13)	70.04	(55.91)	23.98	(26.31)

II. EXTERNAL AND BEYOND THE CONTROL OF THE COMPANY

1. **Risk in relation to paper industry**
The Paper industry is to quite an extent a cyclical industry, as the operating results has historically fluctuated year to year. The results may fluctuate in the future too depending on a number of variables such as international prices of paper, fluctuation in rupee value, import tariff, domestic duties and taxes, changes in relationship between revenue and cost and consolidation in the paper industry, effect of seasonality, availability of raw material, change of Government policies, addition of new machinery and other general economical and business factors. It is possible that in future, at any point in time, the company's operating results may vary from the expectations of shareholders, market analysis and public on account of any or all these factors.

2. **Paper industry is Labour intensive**
Being in a labour intensive industry, the Company may possibly face labour strikes, lockouts etc which may adversely impact production, and profitability.

Management Perception
The Company is in process of upgrading and modernization of its plant and machineries. Moreover, the Company maintains harmonious industrial relations with its workers. The management is confident of maintaining a cordial and harmonious relationship with its work force.

3. **Increased competition in the Paper industry may adversely affect the business of the Company.**

Management Perception
After implementation of the project, the capacity utilisation is likely to increase to 99.1% for Duplex Board and 96.7% for Writing & Printing paper, and also with improved productivity, the Company's product lines are likely to yield higher margins. The Company is confident of being better positioned to face any increase in competition.

4. **Increase in taxes and other levies imposed by the Central or State Governments on the acquisition of Capital goods/components, purchase of raw materials or finished goods may have an adverse effect on the profitability of the Company.**
Custom duty on raw material, consumables and machinery along with excise duty on finished goods with central sales tax, VAT and state entry tax and other levies affect the company. These taxes and levies affect the cost of production and sales price of its products and hence the demand for its products. Any increase in any of these taxes or levies or the imposition of new taxes or levies in the future may have an adverse impact on the Company's business and financial condition.

5. **A slowdown in economic growth in India could cause our business to suffer. Any slowdown in the Indian economy and the consequent impact on disposable income could adversely affect the Company's sales and consequently affect the results of operations.**

6. **Any unfavorable Government policies in relation to Paper industry may have adverse impact on the Company.**
Paper industry's healthy growth is dependent on the government policies relating to education and promotion of literacy levels of the Country's population. Literacy being an important parameter of social progress and therefore of great concern for successive governments, the Company does not anticipate any such policy which will threaten industry's existence and growth.

7. **Increased competition in the hotel sector may adversely affect the operation of the hotel**
The Hotel may compete for guests with other hotels in a highly competitive industry. The success of the hotel is dependant on its ability to compete in areas such as room rates, quality of accommodation, service levels, and brand recognition, among others. It may also have to compete with any new hotel properties coming up in the Sahibabad and

NCR in which it will operate. There can be no assurance that new or existing competitors will not lower their rates or offer greater convenience, services or amenities than those which it will be able to provide, or expand or improve facilities in the markets in which it proposes to operate. Such developments would affect its ability to compete with them and have a negative impact on its profitability and financial condition. Historically, large multinational hotel chains have not invested in establishing a major presence in India. In the past few years, certain international hotel chains such as Hyatt, Hilton and JW Marriott have begun to increase their presence in India, mainly through management and/or marketing arrangements. More recently, hotel groups including Four Seasons and Shangri-La have entered or announced that they plan to enter the Indian market. Major international hotel chains may have some competitive advantages over domestic Indian hotel companies due to their global spread of operations, greater brand recognition and greater marketing and distribution networks.

8. **The hotel industry is subject to numerous regulations.**

The Company is subject to numerous laws and regulations in the jurisdiction in which it operates, including those relating to the preparation and sale of food and beverages, such as health and safety laws. The success of the Company's strategy to set up the proposed property is contingent upon, among other things, receipt of all required licenses, permits and authorizations, including local land use permits, building and zoning permits, environmental, health and safety permits. Failure to obtain the licenses or permissions could lead to increased costs and delay or prevent completion of the construction or opening of the hotel.

9. **The hotel industry being sensitive to changes in the economy, the Company's operations and profitability may be affected by such changes.**

The hotel industry is typically impacted by various variables such changes in the world economy, Indian economy, changes in local laws, excessive supply of hotel rooms, reduction in demand for rooms, industry competition etc. All or any of this could lead to a downturn in the hotel industry. This could affect the Company's business operations and profitability.

10. **Dependence on Tax Benefits and Incentives**

The hotel industry presently enjoys certain incentives and concessions by the State as well as Central Government. In case, these are changed or withdrawn, there could be an adverse impact on the hotel industry.

11. **Disruptions or lack of basic infrastructure could adversely affect our operations.**

Being a Service industry, the hotel needs continuous supply of power and water and any disruption in these utilities may affect the operations of the hotel and the services to the guests and hence could have an adverse effect on the business, results of operations and financial condition of the Company

12. **Acts of terrorism, riots or war in India or across the world may affect Indian and worldwide economic markets.**

Acts of terrorism, riots or war in India or across the world may affect Indian and worldwide economic markets. These acts would result in reduction in businesses, travels, tourism thus adversely resulting in loss of business and profitability to the Company.

13. **The Company's operations could be affected by natural calamities at or in the vicinity of its property.**

The operations of the paper and hotel units are dependent on the Company's ability to protect its properties from any natural calamity such as fire, earthquakes, floods, natural and similar events. The occurrence of a natural disaster or other unanticipated problems at its paper or hotel property can cause interruptions in its operations. Any damage or failure that causes interruptions in its operations could have a negative impact on its profitability and financial condition.

14. **Drastic changes in political situation in India may affect Company's business**

The Company's performance is linked to the stability of Government policies and the political situation in India. The Government of India, for more than a decade and a half, has relentlessly pursued pro-reform policies, thus encouraging privatization and public-private partnerships. Protests and anti-reform agitations could slow the pace of liberalisation and deregulation. This could have a resultant impact on policies related to hotel industry, foreign investment, currency exchange rates etc.

15. **After this Issue, the price of the Company's Equity Shares may be highly volatile, or an active trading market for its Equity Shares may not develop.**

The prices of the Company's 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 hospitality companies in general;
- Performance of the competitors in the Indian paper and hotel industry and the perception in the market about investments in the paper and hotel industry;
- Adverse media reports on the Company or the Indian paper or the hotel industry;
- Changes in the estimates of the 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 the Company's Equity Shares are initially traded will correspond to the prices at which the Equity Shares will trade in the market subsequent to this Issue.
- The Company's share price is likely to be volatile and may decline post-listing.

Notes:

1. Initial Public Issue of 1,76,40,750 Equity Shares of Rs.10/- each for cash at a price of Rs. **[●]** per Equity Share aggregating to Rs. **[●]** lakhs. The face value of the Equity Share is Rs. 10/- and the Issue Price is 2.7 times of the face value at the lower end of the price band and 3.0 times of the face value at the higher end of the price band. The Issue will constitute 46.92% of the fully diluted post-Issue paid-up capital of the Company.

2. The Book Value per Equity Share of Rs.10/- each was Rs. 23.29 as at March 31, 2007, as per the restated financial statements under Indian GAAP.

3. The Net Worth of the Company was Rs. 4648.85 lakhs as at March 31, 2007, as per the restated financial statements under Indian GAAP.

4. The average cost of acquisition of Equity Shares of the face value of Rs.10 each by the promoters is as follows:

Sl. No.	Name	Average Cost of Acquisition of Equity Shares of the Promoters(Rs.)
1.	Mr. Praveen Kumar Jain	13.59
2.	Mr. Pradeep Kumar Jain	4.32
3.	Mr. Parmod Kumar Jain	4.28
4.	Mr. Vinod Kumar Jain	1.87

5. The Issue is being made through a 100% Book Building Process wherein up to 50% of the Issue size will be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs") including 5% of the QIB portion that would be specifically reserved for Mutual Funds. The remainder QIB portion shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, Further, not less than 15% of the issue size would be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the issue size would be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received from them at or above the Issue.

6. For details of related party transactions, please refer to the Annexure XX of Section V titled "Summary of Financial Statements" on page no. 159 of this Red Herring Prospectus.

7. There are no relationships with Statutory Auditors to the Company other than auditing and certification of financial statements.

8. Investors may note that in case of over-subscription in the Issue, allotment to Qualified Institutional Bidders, Non Institutional Bidders and Retail Bidders shall be on a proportionate basis in accordance with the SEBI Guidelines and in consultation with BSE (the Designated Stock Exchange). For more information, please refer to the section titled "Basis of Allotment" beginning on page no. 274 of this Red Herring Prospectus.

9. Investors may note that Allotment and Trading in Equity Shares of the Company shall be in dematerialised form only.

10. 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 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 or the Compliance Officer for any complaint / clarifications / information pertaining to the issue.

11. Investors are advised to refer to the paragraph titled "Basis for Issue Price" on page no. 49 of this Red Herring Prospectus before making any investment in this issue.

12. In addition to the BRLM, the Company is obliged to update the Red Herring prospectus and keep the public informed about any material changes till listing and trading commences in respect of the shares issued through this Red Herring Prospectus.

13. None of the Promoters, Promoter Group Companies have undertaken transactions in the shares of our Company in the last six months preceding the date on which the Red Herring Prospectus is filed with SEBI.

14. The Promoters/ Directors/ Key Managerial Personnel are interested to the extent of the normal remuneration, reimbursement of the expenses incurred, or benefits such as sitting fees and those relating to their respective shareholdings in the Company.

15. The name of the Company was changed to Magnum Ventures Limited and a fresh certificate of Incorporation obtained on November 15, 2006 from the Registrar of Companies. Since the Company had decided to diversify into hotel business, the Company considered it appropriate to opt for a general name which would in no way dilute the importance of either its paper or hotel business.

    The Objects Clause was altered by insertion of sub-clause 44 pertaining to Hotel business in Part C containing "Other Objects" by the members of the Company in their meeting held on 26.6.2006. The "Main Objects" Clause of the Company was later altered by inserting new sub-clause 2 pertaining to Hotel business by the members of the Company in their meeting held on 17.8.2006.

SECTION III

INTRODUCTION

SUMMARY

This is only a summary and does not contain all the information that one should consider before investing in the Equity Shares of the Company. You should read the following summary together with the Risk Factors beginning on page no. x of this Red Herring Prospectus and the more detailed information about Magnum and its financial statements beginning on page no. 159 of this Red Herring Prospectus before deciding to invest in the equity shares offered by the Company.

i. INDUSTRY OVERVIEW

OVERVIEW – PAPER INDUSTRY

The Indian paper industry has been historically classified based on size, grades, manufactured and raw material utilized. Over the years, the growth of various segments, investments levels in specific segments, technological changes, industry fragmentation and intensity of competition have been significantly influenced by the Government tariff policy.

Paper has also enjoyed a relatively strong demand on account of the following:

- The life cycle of a paper product from manufacture to consumption and disposal is short (paper is used more in the nature of consumption good and not as a durable).
- It is widely used, right from the individual to a company.
- There is no real low-cost substitute for paper.

The Indian paper industry is broadly categorized into 'writing & printing (W&P)', 'industrial' and 'newsprint' segments.

Writing and printing (W&P) paper: This includes varieties of paper, normally under 120 GSM (grams per square metre), that are used primarily for writing (stationery) purpose and printing (books, notebooks, share application forms, etc). The various varieties of W&P paper starting from the lower end of the value chain are creamwove, maplitho, copier and coated paper. While the high quality paper segments have been gaining a greater share, the low quality segments still account for major share of the market.

The growth in the demand for the paper in this segment depends, to a large extent, on the growth in population level of literacy, public and private spending on education, level of business activity and growth in the printing industry.

Industrial paper: This includes Kraft paper, duplex boards, grey and white board, and MG paper. This paper is used for various industrial purposes. The consumption of industrial paper is closely linked to:

- Growth in the packaging industry
- Industrial production
- Development in packaging technology and substitution by other materials.

The different varieties of paperboards include coated/uncoated duplex, chromo and triplex boards. Kraft paper is available in various varieties, differentiated by strength and grammage, among other criteria.

Newsprint: Newsprint is mainly used in the printing of the newspaper and magazines. Although used for printing purposes, newsprint in considered a separate end-use category because of the marked difference in its production process as compared to other W&P varieties of paper. Beside, newsprint is consumed in a very large volume vis-à-vis other varieties of paper.

Huge Capital outlay an entry barrier to paper business

Getting into paper business involves substantial capital outlay. A new, integrated unit with captive power, and in-house pulping facility and co-generation plant will require an investment of Rs. 75000 per tonne of paper output. The setting up of a Rs. 50000 per tonne plant (these days considered an economic size, would need an investment of Rs. 3.75 billion).

Based on contribution from various inputs used in paper manufacture, the cost economics do not favour setting up a Greenfield paper plant. In contrast, Brownfield expansions by the existing players are more viable and can be affected at Rs. 25000 per tonne to Rs 30000 per tonne of finished paper output. *(Source: CRIS INFAC Annual Review, July 2005 on Paper Industry)*

Global Scenario

The paper industry globally is dependent on two parameters:
1. The literacy level (which is dependent on government expenditure on education).
2. The GDP growth rates.

The industry is highly diverse, technical and capital intensive. Its performance depends on macro-economic factors and the demand-supply situation. The production of paper and trade is a key economic activity, which accounts for nearly 2.5% of the world's industrial production and 2% of world trade. Worldwide, pulp and paper industry is the fifth largest industrial consumer of energy, accounting for four percent of the world's energy use. However norms relating to environmental pollution have restricted rapid expansion of paper industry's capacity providing potential for future growth.

Industry Outlook

The growth drivers…

Strong demand: Growth in demand for paper is expected to be around 6% to 7% over the next couple of years, more or less in tandem with the GDP growth. Different factors shall drive the demand for different sections of the industry. For example, the government's increased thrust on education and growth of the media and Information Technology industry is expected to aid the growth of writing and printing paper. A rise in industrial activity and demand for better packaging across sectors will propel the growth for industrial paper. Increasing number of players and the anticipated boom in the newspaper circulations is expected to boost demand for newsprint.

The volumes story: With the rising demand for paper, most of the large paper companies such as BILT and Tamilnadu Newsprint (TNPL) are operating at nearly 100% capacity. These companies along with players such as Andhra Pradesh Paper Mills and JK Paper are augmenting capacities in order to cater to this demand. The capacity additions have already started taking place and are thus expected to contribute to volume growth going forward.

Increase in realisations: While the demand has been growing at 6% per annum, capacity expansions have been growing at 3%, highlighting the demand-supply mismatch. This has contributed to an upward trend in paper prices and consequently improved realisations. Though the addition of new capacities is likely to catch up with demand over a period of time, in the medium term atleast, the outlook appears stable with paper prices likely to remain firm.

Contribution from value added products: Of late paper companies have been shifting their focus to certain categories of writing and paper segment (coated, copier), which have a relatively better margin profile as compared to newsprint. These margins are the best not only in the Indian paper industry but are also superior in comparison to its global peers.

OVERVIEW - HOTEL INDUSTRY

India Tourism Industry

The liberalization of the Indian economy since 1991 and the aggressive inroads by India into global business platform has resulted in opening up of India to global players. There has consequently been a multi-fold increase in travelers to India, be it for business, tourism or medical treatments. The hotel industry has over the years grown steadily.

Classification of Hotels

Hotels are an integral part of a tourist's visit to a place and the services offered by them can make or mar a visit completely. With the aim of providing standardized, world class services to the tourists, the Government of India, Department of Tourism has a voluntary scheme for classification of fully operational hotels in the following categories:

1. Star Hotels : 5 Star Deluxe, 5 Star, 4 Star, 3 Star, 2 Star and 1 Star.
2. Heritage Hotels : Heritage Grand, Heritage Classic and Heritage.

The Hotel & Restaurant Approval & Classification Committee (HRACC) inspects and assesses the hotels based on facilities and services offered. *(Source: Ministry of Tourism; Hotel Guidelines; http://tourism.nic.in/)*

Foreign Tourist Arrivals

The travel and hospitality industry continues to be the sector, which has largely profited from the fast growing economy of India. This has largely been due to the 4 million tourist arrivals in FY06 (15% growth) over the previous period. The compounded growth in tourist inflow over the last ten years (FY96-FY05) has been 8.2%, while in the last five years; growth stands at 9.1% per annum. This increase in the number of tourist arrivals in the country lifted the country's standing in the world of tourist destinations. The country is ranked fourth among the world's must see countries. *(Source: www.equitymaster.com; November 28, 2006)*

Receipts from Foreign Tourists & Earnings per Tourist Arrival

An important highlight of the India tourism is the witnessing of the foreign exchange earnings in dollar terms. The estimated foreign exchange earnings during the year 2007 is estimated to have crossed US$ 7000 million against about US$ 6000 million during 2006, and US $ 5731 in 2005. *(Source: Ministry of Tourism; http://tourism.nic.in)*

The World Travel & Tourism Council (WTTC) has projected the tourism sector of India to grow at 8.8% in next 10 years, which is expected to make India as one of the world's strongest growing tourism market. *(Source: PNB Appraisal Report/Note)*

For further details, please see the section on "Industry Overview" beginning from page no. 59 of this Red Herring Prospectus.

BUSINESS OVERVIEW

Paper Unit:

Magnum Ventures Limited is engaged in the business of trading and manufacturing of paper for more than 25 years. The existing manufacturing activities cover writing & printing paper, and duplex boards with an installed capacity of 85,000 MT per annum, based on 3 shifts and 330 working days in a year. The writing & printing paper comprise creamwove, maplitho and xerox papers. MVL is well known in the trade of papers and enjoys respect in business circles. Its commitment to banks/institutions has always been honoured in time. The Company is being managed by a team of professionals with close and active supervision by its Directors.

The Company's properties are spread over industrial land measuring 62,334.39 sq. metres. The Promoters of the company are in the trade of paper for more than 40 years. They started the manufacturing unit in early 80's on a very low profile, but with full commitment and positive approach, the working of the company recorded a steady growth, particularly in the last 7-8 years.

The Company has three manufacturing units for its Paper facilities, located at plot No.18/29, 18/30, 18/31 and 18/41, Site-IV, Industrial Area, Sahibabad, Uttar Pradesh. Unit I is located at plot no. 18/29, 18/30, and 18/31, and manufactures Writing and Printing paper. Unit II and III are located at plot no. 18/41 for manufacturing Duplex Boards and Writing & Printing paper respectively.

The first paper machine of the Company commenced production in the year 1982 with an installed capacity to produce 1185 TPA of writing and printing paper. Since then the Company has gradually increased its production capacity through up gradation and expansion to 85000 TPA. Most of the plant and machineries were installed in 90's, and to maintain /improve the quality, cost reduction and operational efficiency, the Company is undertaking modernization/ technology up-gradation programs from time to time. The Promoters are again going for a massive technology up-gradation program which includes complete modernization / replacement of plant and machinery with regard to manufacturing of Duplex Board (Machine No. II), Printing and Writing papers (Machine No. III), Chemical and Fiber Recovery Section, Recycling of Backwater System etc.

Hotel Unit:
The Company intends to set up a 4 Star Deluxe hotel comprising 212 rooms in Sahibabad District, bordering Delhi. The proposed hotel will be located in the heart of business district of Sahibabad, in District Ghaziabad and falls under the National Capital Region. It is extremely close to Delhi city, is at a very short distance from National Highway 24 and the Inter-State Bus Terminus at Anand Vihar, Delhi.

The Company's proposed Hotel will be located at plot nos. 64/6 (comprising sections 3, 4, 5, & 6), and 64/5, Site-IV, Industrial Area, Sahibabad, Uttar Pradesh.

For further details, please see the section on "Business Overview" beginning from page no. 78 of this Red Herring Prospectus.

ii. THE ISSUE

Equity Shares offered:	
Fresh Issue to Public	1,76,40,750 Equity Shares.
Out of which:	
Qualified Institutional Buyers portion of which:	Up to 88,20,375 Equity Shares of Rs. 10/- each (Allocation on a proportionate basis).
Available for allocation to Mutual Funds	Up to 4,41,019 Equity Shares of Rs. 10/- each (Allocation on a proportionate basis)
Balance for all QIBs including Mutual Funds	Up to 83,79,356 Equity Shares of Rs. 10/- each (Allocation on a proportionate basis)
Non Institutional portion	Not less than 26,46,112 Equity Shares of Rs. 10/- each (Allocation on a proportionate basis)
Retail portion	Not less than 61,74,263 Equity Shares of Rs. 10/- each (Allocation on a proportionate basis)
Equity Shares outstanding prior to the Issue	1,99,60,700 Equity Shares of Rs. 10/- each
Equity Shares outstanding after the Issue	3,76,01,450 Equity Shares of Rs. 10/- each
Objects of the Issue	The Company intends to deploy the net proceeds of the fresh issue for part-financing its proposed projects, the details of which have been mentioned under the section titled "Objects of the Issue" beginning at page no. 32 of this Red Herring Prospectus.

NOTES:

i. The fresh issue of Equity Shares in terms of this Red Herring Prospectus has been authorized by the Board of Directors in their meeting held on January 7, 2006 and a Special Resolution (pursuant to the provisions of Section 81(1A) of the Companies Act, 1956) passed at the Extra Ordinary General Meeting of the Company held on February 4, 2006. In the EGM of January 24, 2007, the shareholders passed a revised resolution, superseding the previous one, by increasing the limit of funds to be raised under the provisions of Section 81 (1A) of the Act.

ii. Subject to valid bids being received at or above the Issue Price. Undersubscription, if any, in the Issue would be allowed to be met with spill over from any category or combination of categories at the discretion of the Company in consultation with the BRLM. However, if the aggregate demand by Mutual Funds is less than 4,41,019 Equity Shares (assuming QIB portion is 50% of the Issue size, i.e., 88,20,375 Equity Shares), the balance Equity Shares available for allocation in the Mutual Fund portion will first be added to the QIB portion and be allocated proportionately to the QIB bidders.

iii. SUMMARY OF FINANCIAL DATA

The summary financial information for Magnum Ventures Limited presented below should be read in conjunction with the Auditors' Reports and with the financial statements and notes thereto contained in this Red Herring Prospectus and the sections entitled "Summary of Financial Statement", "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page nos. 159, and 211 respectively, of this Red Herring Prospectus.

The following summary financial information is derived from the Company's restated financial statements as of March 31, 2003, 2004, 2005, 2006 and 2007 audited by Sunil K. Mittal & Co., Chartered Accountants, in accordance with Indian GAAP, the Companies Act, 1956 and have been restated as required under the SEBI Guidelines.

STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

The Assets and Liabilities of the Company as at the end of each of five financial year ended on 31st March 2003, 2004, 2005, 2006 and 2007 are as set out below. The assets and Liabilities read with significant accounting policies and notes annexed hereto have been arrived at after making such regrouping as in the opinion of the Auditors, are appropriate.

(Rs. in Lakhs)

	Particulars	**As At**				
		31.03.03	**31.03.04**	**31.03.05**	**31.03.06**	**31.03.07**
A.	**FIXED ASSETS**					
	Gross Block	5,243.16	5,794.85	7,554.83	10954.77	12982.48
	Less: Depreciation	1,832.02	2,283.58	2,754.19	3288.40	4297.06
	Net Block	3,411.14	3,511.27	4,800.64	7666.37	8685.42
	Less : Revaluation Reserve	-	-	-	-	-
	Net Block less Revaluation Reserve	3,411.14	3,511.27	4,800.64	7666.37	8685.42
	Capital Work in Progress	-	599.46	2,470.20	1329.63	1320.27
	Total (A)	**3,411.14**	**4,110.73**	**7,270.84**	**8996.00**	**10005.69**
B.	**INVESTMENTS (B)**	-	-	283.43	283.43	-
C.	**CURRENT ASSETS, LOANS AND ADVANCES**					
	Inventories	391.56	892.62	495.01	829.25	581.46
	Sundry Debtors	1,273.36	1,814.25	2,119.56	2706.64	3188.37
	Cash and bank Balance	4.67	74.71	18.82	42.82	16.51
	Loans and Advances	309.31	730.27	789.33	911.70	2372.00
	Total (C)	**1,978.90**	**3,511.85**	**3,422.72**	**4490.41**	**6158.34**
D.	**LIABILITIES AND PROVISIONS**					
	Secured Loans	2,165.55	3,657.49	5,633.91	7252.75	8304.64
	Unsecured Loans	99.70	54.50	997.82	1199.87	1269.67
	Current Liabilities & Provisions	358.67	509.63	521.93	423.48	989.25
	Deferred Tax liability	198.38	272.15	462.73	727.88	951.62
	Total (D)	**2,822.30**	**4,493.77**	**7,616.39**	**9603.98**	**11515.18**
E.	**NET WORTH (A+B+C-D)**	**2,567.74**	**3,128.81**	**3,360.60**	**4165.86**	**4648.85**
F.	**REPRESENTED BY:**					
	Share Capital	1,851.07	1,996.07	1,996.07	1996.07	1996.07
	Share Application Money	294.00	-	-	-	-
	Total Reserves and Surplus	424.62	1,133.77	1,364.73	2174.79	2706.08
	Less-Revaluation Reserves	-	-	-	-	-
	Net Reserve and Surplus	424.62	1,133.77	1,364.73	2174.79	2706.08
	Miscellaneous Expenditure	(1.95)	(1.03)	(0.20)	(5.00)	(53.30)
	NET WORTH	**2,567.74**	**3128.81**	**3,360.60**	**4165.86**	**4648.85**

Note: The Above statement should be read with the Notes on Adjustments to Restated Financial Statements, Significant accounting Policies and Notes to account as appearing in Annexure II A, III and IV.

STATEMENT OF PROFIT & LOSS ACCOUNT, AS RESTATED

The profit of the company for each of the five financial years ended on 31st March 2003, 2004, 2005, 2006 & 2007 are as set out below. The Profit and Loss Account read with the significant accounting policies and notes have been arrived at after charging all the expenses including depreciation and after making such adjustment and re-grouping as in the opinion of the Auditors are appropriate.

(Rs. in Lakhs)

Particulars	For the year ended				
	31.03.03	**31.03.04**	**31.03.05**	**31.03.06**	**31.03.2007**
INCOME					
SALES:					
Of products manufactured by the Company					
- Export Sales	-	32.56	195.92	-	-
- Domestic Sales	5,030.77	6,033.87	7,058.67	8090.71	10081.91
Total (A)	**5,030.77**	**6066.43**	**7254.59**	**8090.71**	**10081.91**
Of products traded in by the Company	-	-	-	-	-
Total (B)	-	-	-	-	-
Total Sales (C) (A+B)	**5,030.77**	**6,066.43**	**7,254.59**	**8090.71**	**10081.91**
Less: Excise Duty **(D)**	508.08	859.22	729.49	864.18	1007.46
Net Sales (C-D)	**4522.69**	**5207.21**	**6525.10**	**7226.53**	**9074.45**
Other Income	142.43	165.86	69.84	65.22	67.88
Increase/(Decrease) in Stock	(119.40)	462.59	(435.58)	93.53	2.68
Total	**4545.72**	**5835.66**	**6159.36**	**7385.28**	**9145.01**
EXPENDITURE					
Raw Material Consumed	1,061.25	1,276.86	1,294.11	1540.91	1975.31
Manufacturing Expenses	2,583.52	3,367.65	3,349.80	3,435.85	3869.25
Payment and provision for employees	185.47	190.79	211.08	261.98	333.47
Administration & Other Expenses	42.68	54.73	83.61	71.03	142.66
Miscellaneous Expenses w/o	1.07	0.92	0.83	0.20	--
Total	**3873.99**	**4890.95**	**4939.43**	**5309.97**	**6320.69**
Profit before Interest, Depreciation and Tax	**671.73**	**944.71**	**1,219.93**	**2075.31**	**2824.32**
Depreciation	419.34	470.99	487.92	543.72	1010.84
Profit before Interest and Tax	**252.39**	**473.72**	**732.01**	**1531.59**	**1813.48**
Interest & Finance Charges	198.78	268.08	267.63	355.53	553.99
(Loss)/Profit on sale of Investment/Assets	-	(3.20)	1.18	(1.43)	(0.96)
Net Profit Before Tax	**53.61**	**202.44**	**465.56**	**1174.63**	**1258.53**
Provision for Income Tax	(4.22)	(16.47)	(40.53)	(98.84)	(206.41)
Adjustments For Income Tax	-	(1.81)	0.23	-	(0.25)
Provision for FBT				(0.59)	(0.74)
Provision for Deferred tax liabilities	(15.59)	(73.77)	-	(265.14)	(223.74)
Net Profit before Adjustments	**33.80**	**110.39**	**425.26**	**810.06**	**827.39**
Adjustments (See Note 2 of Annexure II A)	-	5.87	(196.45)	-	-
Current Tax impact of Adjustments	-	(2.11)	2.15	-	-
Deferred Tax impact of Adjustments	-	-	-	-	-
Net Profit, as Restated	**33.80**	**114.15**	**230.96**	**810.06**	**827.39**
Profit and Loss Balance at the beginning of the year	271.84*	305.64	419.79	650.75	1460.81
Less: Amount Transferred to General Reserve	-	-	-	-	300.00
Balance Carried to Balance Sheet	305.64	419.79	650.75	1460.81	1988.20

Note:

1. The Above statement should be read with the Notes on Adjustments to Restated Financial Statements, Significant accounting Policies and Notes to account as appearing in Annexure II A, III and IV.

2. Depreciation on fixed assets is provided on the basis of Written down Value method except on the Turbine and Deinking Plant on which depreciation has been provided on the straight line method at the rates and in the manner prescribed in schedule XIV to the Companies Act. 1956, Vide GSR No. 756E dated 16.12.1993

* The Company has adopted Accounting Standard 22 (AS-22)-Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India for the first time in preparing the financial statements for the year ended 31St March 2003. The above amount is after adjusting Rs. 182.79 Lakhs relating to Deferred Tax Liability for earlier years.

For further details regarding increase in turnover and profits, please refer to the section titled " Management's Discussion and Analysis of Financial Condition and Results of Operation" beginning at page no. 211 of this Red Herring Prospectus.

SUMMARY STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES, AS RESTATED

The summary statement of restated consolidated Assets and Liabilities of the Group as at 31st March 2005 and 2006 are as set out below:

(Rs. in lakhs)

	Particulars	**As at March 31, 2005**	**As at March 31, 2006**
A	FIXED ASSETS		
	Gross Block	7,665.23	11,065.17
	Less: Depreciation	2,754.19	3,288.40
	Net Block	4,911.04	7,776.77
	Less : Revaluation Reserve	-	-
	Net Block after adjustment for Revaluation Reserve	4,911.04	7,776.77
	Goodwill	275.85	275.85
	Capital Work in Progress	2,470.20	1,329.63
	Total Fixed Assets (A)	**7,657.09**	**9,382.25**
B	INVESTMENTS (B)	-	-
C	CURRENT ASSETS, LOANS AND ADVANCES		
	Inventories	495.01	829.25
	Sundry Debtors	2,119.56	2,706.64
	Cash and bank Balance	19.27	43.26
	Loans and Advances	720.57	912.32
	Total (C)	**3,354.41**	**4,491.47**
D	LIABILITIES AND PROVISIONS		
	Secured Loans	5,633.91	7,252.76
	Unsecured Loans	1,024.55	1,300.43
	Current Liabilities & Provisions	528.80	430.46
	Deferred Tax liability	462.73	727.88
	Total (D)	**7,649.99**	**9,711.53**
E	**NET WORTH (A+B+C-D)**	**3,361.51**	**4,162.19**
F	REPRESENTED BY:		
	Share Capital	1,996.07	1,996.07
	Share Application Money	-	-
	Minority Interest	1.08	0.98
	Total Reserves and Surplus	1,364.56	2,170.14
	Less Revaluation Reserves	-	-
	Net Reserve and Surplus	1,364.56	2,170.14
	Miscellaneous Expenditure	0.20	5.00
	NET WORTH	**3,361.51**	**4,162.19**

STATEMENT OF CONSOLIDATED PROFITS, AS RESTATED

The statement of restated Consolidated Profits of the Group for the Financial Years ended 31st March 2005 and 2006 are set out below:

(Rs. in lakhs)

Particulars	**For the Year Ended**	
	31-Mar-05	**31-Mar-06**
INCOME		
SALES	7,254.59	8,090.71
Less :- Excise Duty	729.49	864.18
Net Sales	**6525.10**	**7226.53**
Other Income/ Job Work	69.84	65.22
Increase/(Decrease) in Stock	(435.58)	93.53
Total	**6159.36**	**7385.28**
EXPENDITURE		
Raw Material Consumed	1,294.11	1,540.91
Manufacturing Expenses	3,349.80	3,435.85
Payment and provision for employees	211.08	261.98
Administration & Other Expenses	83.61	71.03
Miscellaneous Expenses written off	0.83	0.20
Total	**4939.43**	**5309.97**
Profit before Interest, Depreciation and Tax	**1,219.93**	**2,075.31**
Depreciation	487.92	543.72
Profit before Interest and Tax	**732.01**	**1,531.59**
Interest & Finance Charges	267.63	355.53
Profit/Loss on sale of Investment/Assets	1.18	(1.43)
Net Profit Before Tax	**465.56**	**1,174.63**
Less:- Provision for Income Tax for current year	40.30	98.84
Less:- Provision for FBT	-	0.59
Less:- Provision for Deferred tax liabilities for the year	-	265.14
Profit after Tax	**425.26**	**810.06**
Adjustments (See Note 2 of Annexure II A)	(196.45)	-
Current Tax impact of Adjustments	2.15	-
Net Profit as Restated	**230.96**	**810.06**
Post Acquisition Loss of subsidiary Company	**(0.17)**	**(4.48)**
Profit and Loss Balance at the beginning of the year	419.79	650.58
Balance Carried to Balance Sheet	650.58	1,456.16

iv. GENERAL INFORMATION

MAGNUM VENTURES LIMITED

Incorporation

The Company was originally incorporated as Magnum Papers Private Limited on May 29, 1980 with the Registrar of Companies, Delhi and Haryana, New Delhi. The Company was converted into a public limited company and the name of the Company was changed to Magnum Papers Limited, and a fresh Certificate of Incorporation issued on May 31, 1995 by the Registrar of Companies, Delhi and Haryana at New Delhi. The name of the Company was further changed to Magnum Ventures Limited and a fresh certificate of Incorporation obtained on November 15, 2006 from the Registrar of Companies, Delhi & Haryana.

Registered Office
Magnum Ventures Limited
"Magnum House"
3/4326, Ansari Road
Daryaganj
New Delhi - 110 002
Tel/Fax: 91- 11- 23262983
E-mail: ipo@magnumventures.in
Website: www.magnumventures.in

The Company's Registered Office was situated originally at 75-A, Sunder Nagar, New Delhi. The Registered Office was shifted to 687, Chitla Gate, Chawri Bazar, Delhi – 110 006 on 8.1.1985. It was subsequently shifted to 24/6, Samay Pur Badli, Railway Road, Samaypur, Yadav Nagar, Delhi w.e.f. 7.2.2003. The Registered Office was once again shifted to 2/2, Basement, Ansari Road, Daryaganj, New Delhi - 110 002 w.e.f 25.3.2004. Subsequently, the Registered Office was shifted to its present address at "Magnum House", 3/4326, Ansari Road, Daryaganj, New Delhi - 110 002 on 4.2.2006.

Corporate Office

Magnum Ventures Limited
18/41, Site IV, Industrial Area
Sahibabad – 201 010
Ghaziabad
Uttar Pradesh
Tel.: +91-0120-2895200/01/02/03
Fax: +91-0120-2895210
E-mail: ipo@magnumventures.in
Website: www.magnumventures.in

Company Registration No.: 55-10492
CIN No : U21093DL1980PLC010492

Address of the Registrar of Companies:
Registrar of Companies, Delhi & Haryana
IFCI Tower, 4th Floor
61, Nehru Place
New Delhi - 110 019

Production Facilities:

Paper Unit:

i. Unit I: 18/29-30, Site IV, Industrial Area
Sahibabad,
Ghaziabad – 201 010
Uttar Pradesh

18/31, Site IV, Industrial Area
Sahibabad,
Ghaziabad – 201 010
Uttar Pradesh

ii. Unit II & III: 18/41, Site IV, Industrial Area
Sahibabad,
Ghaziabad – 201 010
Uttar Pradesh

Hotel Unit (Proposed Site):

iii. 64/3,4,5 & 6 and 64/5, Site IV, Industrial Area
Sahibabad,
Ghaziabad – 201 010
Uttar Pradesh

BOARD OF DIRECTORS

Name of the Director	Designation	Status
Mr. Praveen Kumar Jain	Chairman & Managing Director	Executive & Non Independent Director
Mr. Pradeep Kumar Jain	Managing Director	Executive & Non Independent Director
Mr. Parmod Kumar Jain	Whole-Time Director	Executive & Non Independent Director
Mr. Vinod Kumar Jain	Whole-Time Director	Executive & Non Independent Director
Mr. Satyendra Prasad Singh	Whole-Time Director	Executive & Non- Independent Director
Capt. Surender Pal Chaudhary	Director	Non Executive & Independent Director
Mr. Dinesh Kumar Mathur	Director	Non Executive & Independent Director
Mr. Paritosh Kumar Jain	Director	Non Executive & Independent Director
Mr. M. Narayanan	Director	Non Executive & Independent Director
Mr. Romesh Koul	Director	Non Executive & Independent Director

Brief Profile of the Chairman, Managing Director and Whole-time Directors

Mr. Praveen Kumar Jain, *Chairman & Managing Director*
Mr. Praveen Kumar Jain, aged 45 years, is a graduate in Arts stream from the University of Delhi. He is a Non-Resident Indian and the Chairman & Managing Director of the Company. He has an experience of over 20 years in the Paper industry. He is primarily involved in strategic decision-making. He has been instrumental in designing and structuring technological up gradation and modernization program being undertaken by the Company. He has hands-on experience in the areas of finance, taxation and accounting department. He is looking after the finance & accounts function of the company, besides company secretarial function. Mr. Jain was appointed as Managing Director with effect from April 9, 2007. He is the Senior Vice President of Sahibabad Industry Association and Ex-Member of the Advisory Board of Central Excise (Meerut). He is also associated as Managing Director of M/s Rose Corner Trading LLC, Dubai.

Mr. Pradeep Kumar Jain, *Managing Director*
Mr. Pradeep Kumar Jain, aged 47 years, is a graduate in Arts stream from the University of Delhi. He has been associated with the Company as Director since its takeover in 1984. He has been appointed as Managing Director w.e.f. February 4, 2006. He, along with his father, entered into the business of manufacturing paper instead of trading in paper products, thus creating tremendous value addition for the Company. Besides assuming overall responsibility of the company, he is looking after the production function of the company. He has acquired practical experience in the manufacture of Paper and Paper Product and has more than 26 years of experience in the Paper Industry. He is responsible for developing new products to meet the customers demand.

Mr. Parmod Kumar Jain, *Whole-Time Director*
Mr. Parmod Kumar Jain, aged 51 years, is a Director of the Company since 1986. He is responsible for Exports and Institutional Sales. Besides, he is also looking after personnel, logistics, liaisoning with different Government departments. He possesses more than 28 years of experience in the manufacturing and marketing of Paper, Paper Products and Paper Board. He is responsible for redressing the customer complaints and advising the production department on aspects of quality improvement taking into account the customers' feedback. He was appointed as a Whole-Time Director of the Company w.e.f January 1, 2007.

Mr. Vinod Kumar Jain, Whole-Time Director
Mr. Vinod Kumar Jain, aged 58 years, has an experience of over 26 years in the trading and manufacturing of paper. He is well versed in marketing of Paper and Paper Products. He looks after the domestic marketing of Company's products, besides developing new markets and customers. He was appointed as a Whole-Time Director of the Company w.e.f January 1, 2007.

Mr. Satyendra Prasad Singh, *Whole-Time Director*
Mr. Satyendra Prasad Singh, aged 53 years, is a graduate in Science from Magadh University, and a Diploma in Pulp & Paper Technology from the Institute of Paper Technology, Saharanpur, Uttar Pradesh. He has more than 29 years of experience. He has been associated with Rohtas Industries Ltd., Bal Krishna Paper Mills, Jayant Paper Mills Ltd., Rollatainers Ltd., Rohit Pulp & Paper Mills Ltd., Pan African Paper Mills, Kenya, and Dev Priya Paper Ltd., prior to his assignment with Magnum. He was appointed as an Additional Director and also as a Whole-Time Director of the Company w.e.f January 27, 2007.

For more details on the Board of Directors, please refer to the section titled "Management and Organisation" beginning from page no. 137 of this Red Herring Prospectus.

VICE PRESIDENT (CORPORATE) & COMPANY SECRETARY & COMPLIANCE OFFICER
Mr. K. Sitaraman
Magnum Ventures Limited
18/41, Site IV
Industrial Area, Sahibabad
Ghaziabad – 201 010
Uttar Pradesh
Tel.: 91- 0120- 2895200/01/02/03
Fax: 91- 0120- 2895210
Email: ipo@magnumventures.in

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

LEGAL ADVISOR TO THE ISSUE

Vaish Associates
10, Hailey Road, # 5-7
New Delhi – 110 001
Tel.: 91-11-42492525
Fax: 91-11-23320484
E-mail: satwinder@vaishlaw.com

BANKERS TO THE COMPANY

Oriental Bank of Commerce
41/22, Site IV, Industrial Area
Sahibabad
Ghaziabad
Uttar Pradesh
Pin: 201 010
Tel.: +91-0120-2897557/2897603/2275697/2275753
Fax: +91-0121-2897557
E-mail: bm0630@obc.co.in

Indian Overseas Bank
2, Navyug Market
Ghaziabad
Uttar Pradesh
Pin: 201 001
Tel.: 91-0120-2791272/2790127
Fax: 91-0120-2790263
E-mail: ghaziabr@meesco.co.in

Punjab National Bank
G.T. Road, Mohan Nagar
Ghaziabad
Uttar Pradesh
Ph.: +91-0120-2657101-07
Fax: +91-0121 2657394
E-mail: pnb_mohannagar@yahoo.co.in

Syndicate Bank
Corporate Finance Branch
Delhi Tamil Sangam Building
R. K. Puram, Sector 5
New Delhi – 110 022
Tel.: +91-11-26190355/26713055
Fax: +91-11-26713055
E-mail: corpfin_synbk@rediffmail.com

BOOK RUNNING LEAD MANAGER

SREI Capital Markets Limited
"Vishwakarma"
86C, Topsia Road (South)
Kolkata- 700 046
Tel : +91-33-39873810/39873845
Fax: +91-33-39873861/39873863
SEBI Registration No.: INM 000003762
Contact Person: Mr. Manoj Agarwal
E-Mail: capital@srei.com
Website: www.srei.com

REGISTRAR TO THE ISSUE

BIGSHARE SERVICES PRIVATE LIMITED
E-2, Ansa Industrial Estate, Sakivihar Road
Saki Naka, Andheri (East)
Mumbai – 400 072
Tel : +91-22-40430200
Fax: +91-22-28475207
Contact Person: Mr. Ashok Shetty
E-mail: ipo@bigshareonline.com
Website: www.bigshareonline.com
SEBI Registration No.: INR 000001385

SYNDICATE MEMBER

AUM Capital Market Private Limited
'Akashdeep', 1st Floor
5, Lower Rawdon Street
Kolkata – 700 020
Tel : +91-33-24861040-43
Fax: +91 33 2476 0191
Contact Person: Mr. Aditya Vikram Choudhary
E-mail: aumcapital@securitiesindia.com

BANKERS TO THE ISSUE & ESCROW COLLECTION BANKS

ICICI Bank Limited
Capital Markets Limited
30, Mumbai Samachar Marg
Mumbai – 400 001
Tel : +91 22 2262 7600
Fax: +91 22 2261 1138
Contact Person: Mr. Sidhartha Sankar Routray
E-mail: sidhartha.routray@icicibank.com
Website: www.icicibank.com

HDFC Bank Limited
26A, Narayan Properties
Off Saki Vihar Road
Andheri (E)
Mumbai - 400 072
Tel : +91 22 2856 9228
Fax: +91 22 2856 9256
Contact Person: Mr. Viral Kothari
Email: viral.kothari@hdfcbank.com
Website: www.hdfcbank.com

Kotak Mahindra Bank Limited
36-38A, Nariman Bhawan
227, Nariman Point
Mumbai – 400 021
Tel : +91 22 6759 4876-77
Fax: +91 22 6648 2710
Contact Person: Mr. Ibrahim Sharief/ Mr. Mahendra Rao
E-mail: ibrahim.sharief@kotak.com/ mahendra.rao@kotak.com
Website: www.kotak.com

Centurion Bank of Punjab Limited
Modern Centre, C-Wing, Ground Floor
Sane Guruji Marg
Mahalaxmi
Mumbai – 400 011
Tel : +91 22 6754 0000
Fax: +91 22 6754 0011
Contact Person: Mr. Harpal Singh
E-mail: harpal.singh@centurionbop.co.in
Website: www. centurionbop.co.in

BNP Paribas
1, Forbes, 6 th Floor
Dr V B Gandhi Marg
Mumbai – 400 023
Tel : +91 22 6618 2650
Fax: +91 22 6633 7521
Contact Person: Mr. Amar Kampani
E-mail: amar.kampani@asia.bnpparibas.com
Website: www.bnpparibas.co.in

STATUTORY AUDITORS TO THE COMPANY
Sunil K Mittal & Co.
Chartered Accountants
8-D, Hansalaya
15, Barakhamba Road
New Delhi - 110 001
Tel./Fax: +91 11 2371 6601/2335 8616
E-mail: sk_jain@email.com/varun_gupta059277@yahoo.co.in

v. STATEMENT OF INTER SE ALLOCATION OF RESPONSIBILITIES AMONGST BOOK RUNNING LEAD MANAGER(S)

Since SREI Capital Markets Limited is the sole BRLM for this Offer, the entire Offer related activities are handled by SREI.

CREDIT RATING

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

IPO GRADING

The Company has not opted for IPO grading in relation to this issue of equity shares.

TRUSTEE

As the present issue is of Equity Shares, appointment of Trustee is not required.

MONITORING AGENCY

Punjab National Bank has been appointed as Project Monitoring Agency for the Company's Hotel project.

Punjab National Bank
G.T. Road, Mohan Nagar
Ghaziabad
Uttar Pradesh
Tel..: +91-0120-2657101-07
Fax: +91-0121 2657394
Contact Person: Mr. V.K. Sharma, Chief Manager
E-mail: pnb_mohannagar@yahoo.co.in

APPRAISING ENTITY

Punjab National Bank
7, Bhikaji Cama Place
New Delhi – 110 066
Tel.: 91-11-26102303
Fax: 91-11-26196456
E-mail: cad@pnbindia.co.in
Website: www.pnbindia.com

BOOK BUILDING PROCESS

Book Building refers to the collection of bids from investors, on the basis of the Red Herring Prospectus within the Price Band. The Issue Price is fixed after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

1. The Company;
2. Book Running Lead Manager being SREI
3. Syndicate Members who are intermediaries registered with SEBI or registered as brokers with the Stock Exchanges and eligible to act as underwriters. The Syndicate Members are appointed by the BRLM;
4. Escrow Collection Bank(s) and
5. Registrar to the Issue

The SEBI DIP Guidelines, have permitted an Issue of securities to the public through the 100% book building facility wherein upto 50% of the net issue to public shall be allocated on a proportionate basis to QIBs out of which 5% shall be allocated to Mutual Funds on a proportionate basis. Further, not less than 15% of the net issue to public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the net issue to public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Magnum will comply with these guidelines for this Issue. In this regard, Magnum has appointed SREI Capital Markets Limited as the BRLM to the Issue, to manage the Issue and procure subscription to the Issue.

Pursuant to amendments to the SEBI Guidelines, QIB Bidders are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. In addition, as per the recent amendments to the SEBI Guidelines, QIBs are required to pay 10% Margin Amount upon submission of the Bid cum Application Form during the Bidding Period and allocation to QIBs will be on a proportionate basis. For further details see the section entitled "Terms of the Issue" on page nos. 248 of this Red Herring Prospectus.

The process of Book Building under SEBI Guidelines, subject to change from time to time, is relatively new and investors are advised to make their own judgment about investment through this process prior to making a Bid or Application in the Issue.

Illustration of Book Building and Price Discovery Process *(Investors should note that the following is solely for the purpose of illustration and is not specific to the Issue)*

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

Number of Equity Shares Bid for	Bid Price (Rs.)	Cumulative Equity Shares	Subscription Shares bid for
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

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

Steps to be taken for bidding:

- Check eligibility for making a Bidding see the section titled "Issue Procedure-Who Can Bid" on page no. 254 of this Red Herring Prospectus;
- Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form.
- If your Bid is for Rs. 50,000 or more, ensure that you have mentioned your PAN and attached copy of your PAN card to the Bid cum Application Form see section titled "Issue Procedure -'PAN' or 'GIR' Number" beginning on page no. 271 of this Red Herring Prospectus); and
- Ensure that the Bid cum Application Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid cum Application Form.

Bid/Issue program

Bidding period/Issue period

Bid/Issue opens on : Monday, August 27, 2007
Bid/Issue closes on : Thursday, August 30, 2007

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m**. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted **only between 10 a.m. and 1 p.m.** (Indian Standard Time) and uploaded until such time as permitted by the BSE and the NSE on the Bid/Issue Closing Date.

The Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band advertised at least one day prior to the Bid/Issue Opening Date.

In case of revision in the Price Band, the Issue Period will be extended for three additional 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 BRLM and at the terminals of the Syndicate

UNDERWRITERS TO THE ISSUE

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

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

(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the ROC)

Name and Address of the Underwriter(s)	**Date of Agreement**	**Indicate No. of Equity Shares to be Underwritten**	**Amount Underwritten (Rs. in lakhs)**
[•]	**[•]**	**[•]**	**[•]**

The above chart is indicative of the underwriting arrangement and this would be finalized after the pricing and actual allocation. The above Underwriting Agreement is dated **[•]**.

In the opinion of the Board of Directors (based on a certificate given to it by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the Securities and Exchange Board of India Act, 1992 or registered as brokers with the Stock Exchange(s). The above Underwriting Agreement has been accepted by the Board of Magnum Ventures Limited at their meeting held on **[•]** on behalf of Magnum, and Magnum has issued letters of acceptance to the Underwriters.

Allocation among underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default, the respective Underwriter, in addition to other obligations to be defined in the underwriting agreement, will also be required to procure/subscribe to the extent of the defaulted amount.

vi. CAPITAL STRUCTURE OF THE COMPANY

Share capital as on the date of filing of the Red Herring Prospectus with SEBI (before and after the Issue) is set forth below:

(In Rupees, except share data)

	Particulars	Nominal Value	Aggregate Value at Issue Price
A	**Authorised Capital** 4,00,00,000 Equity Shares of Rs.10/- each	40,00,00,000	
B	**Issued, Subscribed and Paid up Capital before the Issue** 1,99,60,700 Equity Shares of Rs.10/- each fully paid up	19,96,07,000	26,98,67,104
C	**Present Issue to the Public in terms of this Red Herring Prospectus** **Fresh Issue of:** 1,76,40,750 Equity shares of Rs.10/- each	17,64,07,500	**[•]**
D	**Paid Up Share Capital After the Issue** 3,76,01,450 Equity shares of Rs.10/- each	37,60,14,500	**[•]**
E	**Share Premium Account**		
	Before the Issue	7,02,60,104	
	After the Issue	**[•]**	

The addition to the Share Premium Account on account of the Issue and the balance in the Share Premium Account after the Issue can be determined only after the Issue Price is known, after the Book Building Process.

The Authorised Equity Share Capital of the Company has been built-up as per the details given below:

Date	Number of Shares	Cumulative Number of Shares	Face Value (Rupees)	Authorised Capital (Rupees)	Particulars
On incorporation	5,000	5,000	100	5,00,000	Incorporation
15.11.1984 $	10,000	15,000	100	15,00,000	Increase
30.9.1991 $	35,000	50,000	100	50,00,000	Increase
11.1.1995 $	4,50,000	5,00,000	100	5,00,00,000	Increase
22.5.1995	-	*50,00,000	10	5,00,00,000	Sub-division of face value of Equity Share from Rs. 100/- per Equity Share to Rs. 10/- per Equity Share
29.8.1995	50,00,000	1,00,00,000	10	10,00,00,000	Increase
15.3.1999	25,00,000	1,25,00,000	10	12,50,00,000	Increase
25.1.2000	15,00,000	1,40,00,000	10	14,00,00,000	Increase
12.12.2000	40,00,000	1,80,00,000	10	18,00,00,000	Increase
23.3.2001	20,00,000	2,00,00,000	10	20,00,00,000	Increase
23.3.2006	1,50,00,000	3,50,00,000	10	35,00,00,000	Increase
17.5.2006	20,00,000	3,70,00,000	10	37,00,00,000	Increase
24.1.2007	30,00,000	4,00,00,000	10	40,00,00,000	Increase

$ - Verified from the Minutes Book

The current authorized capital is sufficient to meet the requirements of the fresh issue.

NOTES TO CAPITAL STRUCTURE:

1. Share Capital History of the Company

Capital Build up: The existing equity share capital of the Company has been subscribed and allotted as under:

Date of Allotment	No. of Equity shares	Face Value (Rs)	Issue Price (Rs)	Consideration	Nature of Allotment	No of Equity Shares Cumulative	Paid Up Capital (Rs.)	Cumulative Share Premium (Rs.)
19.6.1980 $	42	100	100	Cash	Subscription on signing of Memorandum of Association	42	4,200	-
6.12.1984 $	8,522	100	100	Cash	Further Allotment	8,564	8,56,400	
12.9.1989 $	6,400	100	100	Cash	Further Allotment	14,964	14,96,400	
7.12.1991 $	27,500	100	100	Cash	Further Allotment	42,464	42,46,400	
22.5.1995	4,24,640**	10	-	-	Sub-Division of face value from Rs. 100/- to Rs. 10/-*	4,24,640	42,46,400	
27.5.1995	7,78,300	-	-	Cash	Bonus Issue at 11:6***	12,02,940	1,20,29,400	
10.7.1995	20,21,000	10	10	Cash	Further Allotment	32,23,940	3,22,39,400	
12.3.1996	2,87,500	10	10	Cash	Further Allotment	35,11,440	3,51,14,400	
26.12.1996	7,27,034	10	24.80	Cash	Further Allotment	42,38,474	4,23,84,740	1,07,60,103.20
20.6.1997	800	10	10	Cash	Further Allotment	42,39,274	4,23,92,740	
13.8.1997	100	10	10	Cash	Further Allotment	42,39,374	4,23,93,740	
6.3.1998	9,88,740	10	10	Cash	Further Allotment	52,28,114	5,22,81,140	
27.4.1998	10,36,680	10	10	Cash	Further Allotment	62,64,794	6,26,47,940	
5.11.1998	4,88,748	10	10	Cash	Further Allotment	67,53,542	6,75,35,420	
19.1.1999	30,10,697	10	10	Cash	Further Allotment	97,64,239	9,76,42,390	
15.11.1999	17,75,238	10	10	Cash	Further Allotment	1,15,39,477	11,53,94,770	
25.12.2000	3,54,500	10	10	Cash	Further Allotment	1,18,93,977	11,89,39,770	
11.5.2001	65,26,723	10	10	Cash	Further Allotment	1,84,20,700	18,42,07,000	
14.9.2001	90,000	10	10	Cash	Further Allotment	1,85,10,700	18,51,07,000	
3.11.2003	6,50,000	10	40	Cash	Further Allotment	1,91,60,700	19,16,07,000	3,02,60,103.20
31.3.2004	8,00,000	10	60	Cash	Further Allotment	1,99,60,700	19,96,07,000	7,02,60,103.20
TOTAL	**1,99,60,700**							

* Face Value of Equity Share sub-divided from Rs. 100/- to Rs. 10/- per share in the AGM dated May 22, 1995.

** 4,24,640 Equity Shares issued in lieu of 42,464 Equity Shares on account of sub-division of face value of Equity Shares.

*** The Company has approved Bonus Issue on 22.5.1995 in the proportion of 11 Equity Shares for every 6 Equity Shares held by the shareholders and allotment was made on 27.5.1995.

$ Verified from the Minutes Book

A. Share Capital history of the Promoters:

Name of the Promoter	Date of Allotment/ Transfer, and made fully paid-up	Consideration	No. of Shares	Face Value (Rs.)	Issue Price/ Transfer Price (Rupees)	%age of Pre-Issue Paid-up Capital	%age of Post-Issue Paid-up Capital
Praveen Kumar Jain	15.12.1984	$ Acquisition through purchase	5	100	100	83.41%	44.28%
	26.12.1984	$ Acquisition through purchase	1,280	100	100		
	12.9.1989	Cash	1,280	100	100		
	7.12.1991	Cash	1,500	100	100		
	27.3.1995	$ Acquisition through purchase	3,000	100	150		
	22.5.1995	Sub-division of face value of Equity Share from Rs. 100/- to Rs. 10/-	*70,650	10	10		
	27.5.1995	Bonus	1,29,500	10	-		
	20.6.1998	Acquisition through purchase	100	10	10		
	16.2.1999	Sale	(100)	10	10		
	11.5.2001	$ Acquisition through purchase	58,00,000	10	10		
	20.6.2002	Acquisition through purchase	3,54,500	10	14.80		
	29.3.2003	Acquisition through purchase	87,53,860	10	10		
	29.3.2003	Acquisition through purchase	90,000	10	14.80		
	3.11.2003	Cash	6,50,000	10	40		
	31.3.2004	Cash	8,00,000	10	60		
	Sub Total (A)		**1,66,48,510**				
Pradeep Kumar Jain	26.12.1984	$ Acquisition through purchase	1,285	100	100	1.00%	0.53%
	12.9.1989	Cash	1,280	100	100		
	7.12.1991	Cash	1,500	100	100		
	27.3.1995	Acquisition through purchase	3,000	100	150		
	22.5.1995	Sub-division of face value of Equity Share from Rs. 100/- to Rs. 10/-	*70,650	10	-		
	27.5.1995	Bonus	1,29,500	10	-		
	3.12.2003	Acquisition through purchase	500	10	20		
	Sub Total (B)		**2,00,650**				
Parmod Kumar Jain	26.12.1984	Acquisition through purchase	1,285	100	100	1.00%	0.53%
	12.9.1989	Cash	1,280	100	100		
	7.12.1991	Cash	1,500	100	100		

	27.3.1995	Acquisition through purchase	3,000	100	150		
	22.5.1995	Sub-division of face value of Equity Share from Rs. 100/- to Rs. 10/-	*70,650	10	-		
	27.5.1995	Bonus	1,29,500	10	-		
	Sub Total (C)		**2,00,150**				
Vinod Kumar Jain	26.12.1984	Acquisition through purchase	1,285	100	100	2.29%	1.22%
	12.9.1989	Cash	1,280	100	100		
	7.12.1991	Cash	1,500	100	100		
	27.3.1995	Acquisition through purchase	3,000	100	150		
	22.5.1995	Sub-division of face value of Equity Share from Rs. 100/- to Rs. 10/-	*70,650	10	-		
	27.5.1995	Bonus	1,29,500	10	-		
	12.3.2000	Transmission	56,700	10	-		
	12.3.2001	Transmission	2,00,000	10	-		
	Sub Total (D)		**4,56,850**				
Total Promoters holding (A+B+C+D)			**1,75,06,160**			**87.70%**	**46.56%**

$ - Verified from the Minutes Book

Promoters Contribution and Lock-in:

i. 3 years lock-in

In terms of chapter IV of the SEBI DIP Guidelines, an aggregate of 20% of the post-issue paid up Equity Share capital of the Company held by the promoters of the Company shall be locked in for a period of three years from the date of allotment in this Issue. The details of the promoter's Equity shares locked in for a period of three years are as under:

Name of the Promoter	Date of Allotment/ Transfer, and made fully paid-up	Consideration	No. of Shares	Face Value (Rs.)	Issue Price/ Transfer Price (Rupees)	%age of Post-Issue Paid-up Capital Locked In	Lock-in Period
Praveen Kumar Jain	15.12.1984	Acquisition through purchase	5	100	100		
	26.12.1984	Acquisition through purchase	1,280	100	100		
	12.9.1989	Cash	1,280	100	100		
	7.12.1991	Cash	1,500	100	100		
	27.3.1995	Acquisition through purchase	3,000	100	150		
	22.5.1995	Sub-division of face value of Equity Share from Rs. 100/- to Rs. 10/-	*70,650	10	10	0.19	1
	27.5.1995	Bonus	1,29,500	10	-	0.34	1

	20.6.1998	Acquisition through purchase	100	10	10	-	-
	16.2.1999	Sale	(100)	10	10	-	-
	11.5.2001	Acquisition through purchase	58,00,000	10	10	15.43	1
	20.6.2002	Acquisition through purchase	3,54,500	10	14.80	0.94	1
	29.3.2003	Acquisition through purchase	87,53,860 (59,80,290 shares locked in for 3 years, balance 27,73,570 shares for 1 year)	10	10	3.10 (59,80,290 shares locked in for 3 years, balance 27,73,570 shares for 1 year)	3
	29.3.2003	Acquisition through purchase	90,000	10	10		3
	3.11.2003	Cash	6,50,000	10	40		3
	31.3.2004	Cash	8,00,000	10	60		3
	Total					**20.00%**	

Total of 75,20,290 equity shares locked in for 3 years, and the balance 91,28,220 equity shares locked in for 1 year.

ii. **1 Year lock-in**

The details of the promoter's Equity shares locked in for a period of one year are as under:

Name of the Promoter	Date of Allotment/ Transfer, and made fully paid-up	Consideration	No. of Shares	Face Value (Rs.)	Issue Price/ Transfer Price (Rupees)	%age of Post-Issue Paid-up Capital	Lock-in Period
Pradeep Kumar Jain	26.12.1984	Acquisition through purchase	1,285	100	100	0.53%	1
	12.9.1989	Cash	1,280	100	100		1
	7.12.1991	Cash	1,500	100	100		1
	27.3.1995	Acquisition through purchase	3,000	100	150		1
	22.5.1995	Sub-division of face value of Equity Share from Rs. 100/- to Rs. 10/-	*70,650	10	-		1
	27.5.1995	Bonus	1,29,500	10	-		1
	3.12.2003	Acquisition through purchase	500	10	20		1
	Sub Total (A)		**2,00,650**				
Parmod Kumar Jain	26.12.1984	Acquisition through purchase	1,285	100	100	0.53%	1
	12.9.1989	Cash	1,280	100	100		1
	7.12.1991	Cash	1,500	100	100		1
	27.3.1995	Acquisition through purchase	3,000	100	150		1
	22.5.1995	Sub-division of face value of Equity Share from Rs. 100/- to Rs. 10/-	*70,650	10	-		1

	27.5.1995	Bonus	1,29,500	10	-		1
	Sub Total (B)		**2,00,150**				
Vinod Kumar Jain	26.12.1984	Acquisition through purchase	1,285	100	100	1.22%	1
	12.9.1989	Cash	1,280	100	100		1
	7.12.1991	Cash	1,500	100	100		1
	27.3.1995	Acquisition through purchase	3,000	100	150		1
	22.5.1995	Sub-division of face value of Equity Share from Rs. 100/- to Rs. 10/-	*70,650	10	-		1
	27.5.1995	Bonus	1,29,500	10	-		1
	12.3.2000	Transmission	56,700	10	-		1
	12.3.2001	Transmission	2,00,000	10	-		1
	Sub Total (C)		**4,56,850**				
Total Promoters holding (A+B+C)			**8,57,650**				

B. Shareholding pattern of persons in Promoters Group:

Name of the Promoters' Group	Date of Allotment/ Transfer, and made fully paid-up	Consideration	No. of Shares	Face Value (Rs.)	Issue Price/ Transfer Price (Rupees)	%age of Pre-Issue Paid-up Capital	%age of Post-Issue Paid-up Capital
Salek Chand Jain	15.12.1984	Acquisition through purchase	14	100	100	0.88%	0.47%
	26.12.1984	Acquisition through purchase	2,805	100	100		
	26.12.1984	Acquisition through purchase	577	100	100		
	7.2.1986	Acquisition through purchase	28	100	100		
	12.9.1989	Cash	1,280	100	100		
	7.12.1991	Cash	1,500	100	100		
	22.5.1995	Sub-division of face value of Equity Share from Rs. 100/- to Rs. 10/-	*62,040	10	-		
	27.5.1995	Bonus	1,13,700	10	-		
	Sub Total (A)		**1,75,740**				
Monika Jain	27.3.1995	Acquisition through purchase	1,000	100	150	1.29%	0.68%
	22.5.1995	Sub-division of face value of Equity Share from Rs. 100/- to Rs. 10/-	*10,000	10	-		
	27.5.1995	Bonus	18,300	10	-		
	19.1.1998	Transmission	28,300	10	-		
	3.10.2000	Acquisition through purchase	2,00,000	10	10		
	Sub Total (B)		**2,56,600**				
Rita Jain	27.3.1995	Acquisition through purchase	1,000	100	150	0.89%	0.47%

	22.5.1995	Sub-division of face value of Equity Share from Rs. 100/- to Rs. 10/-	*10,000	10	-		
	27.5.1995	Bonus	18,300	10	-		
	15.9.2000	Acquisition through purchase	1,50,000	10	150		
	Sub Total (C)		**1,78,200**				
Veena Jain	27.3.1995	Acquisition through purchase	3,000	10	150	1.93%	1.02%
	22.5.1995	Sub-division of face value of Equity Share from Rs. 100/- to Rs. 10/-	*30,000	10	-		
	27.5.1995	Bonus	55,000	10	-		
	15.9.2000	Acquisition through purchase	2,00,000	10	1.5		
	3.10.2000	Acquisition through purchase	1,00,000	10	10		
	Sub Total (D)		**3,85,000**				
Abhey Jain	20.6.1997	Cash	100	10	10	1.52%	0.81%
	3.10.2000	Acquisition through purchase	3,02,500	10	1.5		
	Sub Total (E)		**3,02,600**				
Asha Jain	20.6.1997	Cash	100	10	10	0.88%	0.47%
	15.9.2000	Acquisition through purchase	1,76,000	10	1.5		
	Sub Total (F)		**1,76,100**				
Pradeep Kumar Jain (HUF)	20.6.1997	Cash	100	10	10	0.75%	0.40%
	15.9.2000	Acquisition through purchase	1,50,000	10	1.5		
	Sub Total (G)		**1,50,100**				
Parmod Kumar Jain (HUF)	20.6.1997	Cash	100	10	10	2.16%	1.14%
	15.9.2000	Acquisition through purchase	2,00,000	10	1.5		
	3.10.2000	Acquisition through purchase	2,30,000	10	1.5		
	Sub Total (H)		**4,30,100**				
Vinod Kumar Jain (HUF)	20.6.1997	Cash	100	10	10	2.00%	1.06%
	15.9.2000	Acquisition through purchase	2,00,000	10	1.5		
	3.10.2000	Acquisition through purchase	2,00,000	10	1.5		
	Sub Total (I)		**4,00,100**				
Total Promoter Group holding (A+B+C+D+E+F+G+H+I)			**24,54,540**			**12.30%**	**6.52%**

$ - Verified from the Minutes Book

2. Promoters' Contribution and lock-in-period

The following Equity Shares of the Promoters' Group shall be locked-in for a period of 1 year as a part of Promoters' Contribution:

Name of the Promoters' Group	No. of Equity Shares	%age of Post-Issue Paid-up Capital	Lock-in Period
Salek Chand Jain	1,75,740	0.47%	1
Monika Jain	2,56,600	0.68%	1
Rita Jain	1,78,200	0.47%	1
Veena Jain	3,85,000	1.02%	1
Abhey Jain	3,02,600	0.81%	1
Asha Jain	1,76,100	0.47%	1
Pradeep Kumar Jain (HUF)	1,50,100	0.40%	1
Parmod Kumar Jain (HUF)	4,30,100	1.14%	1
Vinod Kumar Jain (HUF)	4,00,100	1.06%	1

1. Out of the total Promoters' holding, 20% of the Post-Issue Equity Share Capital i.e., 75,20,290 Equity Shares will be under lock in for 3 years. In terms of Clause 4.12.1 of the SEBI DIP Guidelines, the balance equity shareholding of the promoters i.e. 99,85,870 Equity Shares (in excess of the aforesaid 20%) shall be locked in for a period of one year. The Promoters' Contribution has been brought in to the extent of not less than the specified minimum lot and from persons defined as Promoters under the SEBI DIP Guidelines. The promoters will not be participating in the proposed issue

2. In terms of Clause 4.13.1 of the SEBI DIP Guidelines, the lock-in shares mentioned above has been arrived on the basis of 'Issued Last, Locked First'. The promoters have given a written undertaking that these shares shall not be transferred except inter se transfer as per the SEBI guidelines.

3. In terms of Clause 4.14.1 of the SEBI Guidelines, in addition to the lock-in of 20% of post-issue shareholding of the Promoter for three years, as specified above, the entire pre-issue share capital shall be locked in for a period of one year from the date of allotment in this issue.

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

5. Further, in terms of Clause 4.16(a) of the SEBI Guidelines, Equity Shares held by shareholders other than the Promoter may be transferred to any other person holding shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

6. The lock-in period shall commence from the date of allotment of Equity Shares in this issue and the last date of the lock-in shall be reckoned as three years or one year, as applicable, from the date of commercial production or date of allotment of shares in the public issue, whichever is later.

7. In case the final allotment of equity shares exceeds the number of equity shares offered through this issue on account of rounding off to the nearest integer as decided at the time of allotment, the number of shares to be locked in for three years shall be calculated on the increased allotted share capital.

8. Details of Bonus Shares issued :

On 27.5.1995, the Company has issued 7,78,300 Equity Shares of Rs 10 each fully paid-up as bonus shares in the proportion of 11 Equity Shares for every 6 Equity Shares out of general reserves.

9. **Pre-issue and Post-issue Shareholding pattern of the Promoters and the promoters group is as under :**

Name of the Shareholder	Pre Issue		Post Issue	
	No. of Shares	%age Holding	No. of Shares	%age Holding
Promoters				
Praveen Kumar Jain	1,66,48,510	83.41	1,66,48,510	44.28
Pradeep Kumar Jain	2,00,650	1.00	2,00,650	0.53
Parmod Kumar Jain	2,00,150	1.00	2,00,150	0.53
Vinod Kumar Jain	4,56,850	2.29	4,56,850	1.22
Sub Total (a)	**1,75,06,160**	**87.70**	**1,75,06,160**	**46.56**
Promoters' Group				
Relatives of Promoters				
Salek Chand Jain	1,75,740	0.88	1,75,740	0.47
Monika Jain	2,56,600	1.29	2,56,600	0.68
Rita Jain	1,78,200	0.89	1,78,200	0.47
Veena Jain	3,85,000	1.93	3,85,000	1.02
Abhey Jain	3,02,600	1.52	3,02,600	0.81
Asha Jain	1,76,100	0.88	1,76,100	0.47
Sub Total (b)	**14,74,240**	**7.39**	**14,74,240**	**3.92**
HUF				
Pradeep Kumar Jain (HUF)	1,50,100	0.75	1,50,100	0.40
Parmod Kumar Jain (HUF)	4,30,100	2.16	4,30,100	1.14
Vinod Kumar Jain (HUF)	4,00,100	2.00	4,00,100	1.06
Sub Total (c)	**9,80,300**	**4.91**	**9,80,300**	**2.60**
Shareholding of Promoters' Group (a+b+c)	**1,99,60,700**	**100.00**	**1,99,60,700**	**53.08**

10. **Shareholding pattern - Pre-issue and Proposed Post Issue Share Holding Pattern of the Company is as under:**

Category Code	Category of Shareholder	No. of Shareholders	Total no. of shares	No. of shares held in de materialized form	Total shareholding as a %age of total no. of shares (Pre-Issue)		Total Number of shares	Total Shareholding as a % of total number of shares (Post-Issue)	
					As a %age of A + B	As a %age of (A+B+C)		As a % of (A + B)	As a % of (A+B+C)
(A)	**Shareholding of promoter and promoter group**								
(1)	**Indian**								
(a)	Individuals/Hindu undivided Family	13	1,99,60,700	--	100.00	100.00	1,99,60,700	53.08	53.08
(b)	Central Government / State Government (s)	--	--	--	--	--	--	--	--
(c)	Bodies Corporate	--	--	--	--	--	--	--	--
(d)	Financial Institutions/Banks	--	--	--	--	--	--	--	--
(e)	Any other (Specify)	--	--	--	--	--	--	--	--
	Sub-Total (A) (1)	**13**	**1,99,60,700**	**--**	**100.00**	**100.00**	**1,99,60,700**	**53.08**	**53.08**
(2)	**Foreign**								
(a)	Individuals (Non Resident Individuals/Foreign Individuals)	--	--	--	--	--	--	--	--
(b)	Bodies Corporate	--	--	--	--	--	--	--	--
(c)	Institutions	--	--	--	--	--	--	--	--
(d)	Any Other (Overseas Corporate Body)	--	--	--	--	--	--	--	--
	Sub-Total (A) (2)	--	--	--	--	--	--	--	--
	Total Shareholding of Promoter and promoter group (A) = (A)(1)+ (A)(2)	--	--	--	--	--	--	--	--
(B)	**Public Shareholding**								
(1)	**Institutions**	--	--	--	--	--	1,76,40,750	46.92	46.92
(a)	Mutual Funds/UTI	--	--	--	--	--			
(b)	Financial Institutions/Banks	--	--	--	--	--			
(c)	Central Government/State Government(s)	--	--	--	--	--			
(d)	Venture Capital Funds	--	--	--	--	--			
(e)	Insurance Companies	--	--	--	--	--			
(f)	Foreign institutional investor	--	--	--	--	--			
(g)	Foreign Venture Capital Investors	--	--	--	--	--			
(h)	Any Other	--	--	--	--	--			
	Sub Total (B)(1)	--	--	--	--	--			
(2)	Non Institutions								
(a)	Bodies Corporate	--	--	--	--	--			
(b)	Individuals- Individual shareholders holding nominal share capital up to Rs 1 lakh	--	--	--	--	--			
(c)	Individuals- Individual shareholders holding nominal share capital more than Rs 1 lakh	--	--	--	--	--			
	Sub Total (B)(2)	--	--	--	--	--			
	Total Public shareholding (B)= (B)(1) + (B)(2)	--	--	--	--	--	1,76,40,750	46.92	46.92
	Total (A) + (B)	**13**	**1,99,60,700**	**--**	**100.00**	**100.00**	**3,76,01,450**	**100.00**	**100.00**
(C)	Shares held by Custodians & against which Depository	--	--	--	--	--	--	--	--

Category Code	Category of Shareholder	No. of Shareholders	Total no. of shares	No. of shares held in dematerialized form	Total shareholding as a %age of total no. of shares (Pre-Issue)		Total Number of shares	Total Shareholding as a % of total number of shares (Post-Issue)	
					As a %age of A + B	As a %age of (A+B+C)		As a % of (A + B)	As a % of (A+B+C)
	Receipts have been issued								
	Grand Total (A)+(B)+(C)	**13**	**1,99,60,700**	**--**	**100.00**	**100.00**	**3,76,01,450**	**100.00**	**100.00**

\# *Post-Issue shareholding pattern will be determined after the Issue.*

\#\# *Since the Promoters/Promoter Group will not participate in the proposed issue, the entire offering of 1,76,40,750 Equity Shares has been shown to have been taken by the Non-Promoters.*

11. **Equity Shares held by top 10 Shareholders**

a. Top ten shareholders as on the date of filing of this Red Herring Prospectus with RoC is as follows:

Sl. No.	Name of the Shareholder	Number of Shares	% of Issued* capital
1.	Mr Praveen Kumar Jain	1,66,48,510	83.41
2.	Mr Vinod Kumar Jain	4,56,850	2.29
3.	Mr Parmod Kumar Jain (HUF)	4,30,100	2.16
4.	Mr Vinod Kumar Jain (HUF)	4,00,100	2.00
5.	Mrs Veena Jain	3,85,000	1.93
6.	Mr Abhey Jain	3,02,600	1.52
7.	Mrs Monika Jain	2,56,600	1.29
8.	Mr Pradeep Kumar Jain	2,00,650	1.00
9.	Mr Parmod Kumar Jain	2,00,150	1.00
10.	Mrs. Rita Jain	1,78,200	0.89
	Total	**1,94,58,760**	**97.49**

* Issued Capital here represents 1,99,60,700 Equity Shares

b. Top ten shareholders 10 days prior to the date of filing of this Red Herring Prospectus with the RoC is as follows :

Sl. No.	Name of the Shareholder	Number of Shares	% of Issued* capital
1.	Mr Praveen Kumar Jain	1,66,48,510	83.41
2.	Mr Vinod Kumar Jain	4,56,850	2.29
3.	Mr Parmod Kumar Jain (HUF)	4,30,100	2.16
4.	Mr Vinod Kumar Jain (HUF)	4,00,100	2.00
5.	Mrs Veena Jain	3,85,000	1.93
6.	Mr Abhey Jain	3,02,600	1.52
7.	Mrs Monika Jain	2,56,600	1.29
8.	Mr Pradeep Kumar Jain	2,00,650	1.00
9.	Mr Parmod Kumar Jain	2,00,150	1.00
10.	Mrs. Rita Jain	1,78,200	0.89
	Total	**1,94,58,760**	**97.49**

* Issued Capital here represents 1,99,60,700 Equity Shares

c. Top ten shareholders two years prior to date of filing of this Red Herring Prospectus with the RoC is as follows:

Sl. No.	Name of the Shareholder	Number of Shares	% of Issued* capital
1.	Mr Praveen Kumar Jain	1,66,48,510	83.41
2.	Mr Vinod Kumar Jain	4,56,850	2.29
3.	Mr Parmod Kumar Jain (HUF)	4,30,100	2.16
4.	Mr Vinod Kumar Jain (HUF)	4,00,100	2.00
5.	Mrs Veena Jain	3,85,000	1.93

6.	Mr Abhey Jain	3,02,600	1.52
7.	Mrs Monika Jain	2,56,600	1.29
8.	Mr Pradeep Kumar Jain	2,00,650	1.00
9.	Mr Parmod Kumar Jain	2,00,150	1.00
10.	Mrs. Rita Jain	1,78,200	0.89
	Total	**1,94,58,760**	**97.49**

* Issued Capital here represents 1,99,60,700 Equity Shares

12. The Promoter and the Promoter Group Companies have not purchased or sold any Equity Shares during the period of six months preceding the date on which the Red Herring Prospectus is filed with RoC.

13. The Company, its Promoters, Directors and/or the BRLM of the Issue have not entered into any ‘buy-back’ or ‘standby’ arrangement for purchase of the Equity Shares being offered through this Red Herring Prospectus.

14. An over-subscription to the extent of 10% of the Issue size can be retained for the purpose of rounding off to the nearest multiple of minimum allotment lot, while finalizing the allotment.

15. The Company has not raised any bridge loan from any Bank against the proceeds of this Issue.

16. There are no partly paid up Equity Shares as on the date of Red Herring Prospectus.

17. The Equity Shares offered through the Issue will be fully paid up, and hence there shall be no partly paid shares in this issue.

18. An investor cannot make a Bid for more than the number of Equity Shares offered under the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

19. The Issue is being made through the 100% Book Building Process wherein up to 50% of the Issue size shall be allotted to Qualified Institutional Buyers on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue size would be allocated to Non-Institutional Bidders and not less than 35% of the Issue size would be allocated to Retail Individual Bidders on a proportionate basis, subject to valid bids being received from them at or above the Issue Price.

20. Under-subscription, if any, in the QIBs, Non-institutional and Retail Individual Portion would be met with the spill over from any other category at the sole discretion of the Company in consultation with the BRLMs. However if the aggregate demand by mutual funds is less than 4,41,019 shares, the balance equity shares available for allocation in the mutual fund portion will be first added to the QIB portion and be allotted proportionately to the QIB bidders.

21. Investors may note that in case of over-subscription, allotment will be on proportionate basis as detailed in para on “Basis of Allotment” beginning on page no. 274 of this Red Herring Prospectus.

22. The Company shall not make any 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 the submission of the Red Herring Prospectus with SEBI until the Equity Shares to be issued pursuant to the Issue have been listed.

23. The Company at present does not intend or propose to alter the capital structure for a period of six months from the date of filing of this Red Herring Prospectus, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise except that if we enter into acquisitions

or joint ventures, we may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.

24. On the date of filing the Red Herring Prospectus with RoC, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into Equity Shares, which would entitle the existing Promoters or shareholders, or any other person any option to receive Equity Shares after the Offer.

25. The Company has not issued any Bonus Shares or shares out of revaluation reserves or reserves without accrual of cash resources except as stated as follows :.

    On 27.5.1995, the Company has issued 7,78,300 Equity Shares of Rs 10 each fully paid-up as bonus shares in the proportion of 11 Equity Shares for every 6 Equity Shares out of general reserves..

26. The Company has not issued any Equity shares for consideration other than cash.

27. The Company has not offered any Employees Stock Option Scheme or Employees Stock Purchase Scheme for its employees.

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

29. The Company has a total of 13 Equity shareholders as on August 10, 2007.

vii. OBJECTS OF THE ISSUE

The Objects of the Issue are as stated herein below:

a. To modernize its production facilities of its Paper Unit II and III by technological upgradation including replacement of plant and machinery with regard to manufacturing of duplex board, writing and printing paper, and allied sections such as chemicals and Fibre Recovery Section, Recycling of Backward Sysytem etc., at a project cost of Rs. 50 crores.

b. To venture into hospitality industry by setting up a 4 Star Business Hotel with 212 rooms, conference halls, food & beverages and other facilities, at a project cost of Rs. 102.63 crores.

c. To raise resources for general corporate purposes.

d. To meet the expenses of this Issue, and

e. To list the equity shares of Magnum Ventures Limited on the Bombay Stock Exchange Limited (BSE), the Designated Stock Exchange; and National Stock Exchange of India Limited (NSE), which will enhance the Company's brand name and provide liquidity to its shareholders.

The main Objects Clause, and objects incidental or ancillary to the main objects clause, of the Company's Memorandum of Association permits the Company to undertake the existing activities and the activities for which the funds are being raised by the Company, through the present Issue.

COST OF PROJECT AND MEANS OF FINANCING

The cost of project in the Paper and Hotel division and the funding arrangements, as per the Revised Appraisal Report/Note dated December 27, 2006 of Punjab National Bank, is as under:

(**Rs. in lakhs)**

Sl. No.	**Particulars**	**Paper Division**	**Hotel Division**	**Total**
1.	Land and site development	-	857	857
2.	Plant & Machinery	4200	-	4200
3.	Civil work	150	5148	5298
4.	Furniture, Fixtures & Equipments	-	1908	1908
5.	Pre-operating expenses	* 400	143	543
6.	Securities		60	60
7.	Technical know how and management development fees	-	511	511
8.	Interest during construction period	-	800	800
9.	Contingencies	50	537	587
10.	Margin for working capital	200	299	499
	TOTAL	**5000**	**10263**	**15263**

* The total expenses for this issue have been estimated at Rs. 400 lakhs by Punjab National Bank (PNB) in its appraisal. PNB, in its letter dated 6.1.2007, has stated that the Utilisation of Rs. 400 lakhs earlier earmarked for pre-operative expenses (as stated above) is for Public Issue expenses.

TOTAL FUND REQUIREMENT

Sl. No.	**PARTICULARS**	**AMOUNT (Rs. in lakhs)**
A.	Project Cost (for Paper & Hotel) as appraised by Punjab National Bank	* 15263
B.	General Corporate Purposes	**[•]**
C.	**TOTAL FUND REQUIREMENT**	**[•]**

***** Includes Rs. 400 lakhs for Public Issue expenses earlier earmarked for pre-operative expenses.

MEANS OF FINANCE

As per the revised Appraisal Report/Note of PNB, the Project is proposed to be funded from Public Issue of equity shares, and Rupee Term Loans.

(**Rs. in lakhs)**

Sl. No.	Particulars	Paper Division	Hotel Division	Total
1.	Public Issue	1500	3263	4763
2.	Term Loans	3500	7000	10500
	TOTAL	**5000**	**10263**	**15263**

The Rs. 4763 lakhs of Public Issue was earlier proposed to be raised to an extent of Rs. 4263 lakhs from Promoters' contribution, and Rs. 500 lakhs through Internal Accruals. The paper project is under implementation and during the period April 1, 2006 to June 30, 2007; an expenditure of Rs. 3931.81 lakhs has been made comprising Rs. 3209.91 lakhs in the Paper project, and Rs. 721.90 lakhs in the Hotel project as per the following details duly certified by M/s Sunil K. Mittal & Co., Chartered Accountants, being the statutory auditors of the Company, vide their certificate dated 31.7.2007:

Paper:

Plant and Machinery	:	Rs. 3080.34 lakhs
Civil Works	:	Rs. 129.57 lakhs
		Rs. 3209.91 lakhs

Hotel:

Land & Site Development	:	Rs. 184.18 lakhs
Building and Civil Works	:	Rs. 496.64 lakhs
Pre-Operative Expenses	:	Rs. 25.92 lakhs
Technical knowhow and management development fees	:	Rs. 15.16 lakhs
		Rs. 721.90 lakhs

The above funds have been deployed from the following sources:

Term Loan from PNB	:	Rs. 2720.13 lakhs
Internal accruals/Promoters Contribution	:	Rs. 1211.68 lakhs
		Rs. 3931.81 lakhs

On account of the funds being raised for through a 100% book built mechanism, the means of finance for the purposes of the Issue shall be as under:

Sl. No.	PARTICULARS	AMOUNT (Rs. in lakhs)
A.	Term Loans from Punjab National Bank, Oriental Bank of Commerce, Syndicate Bank, and Indian Overseas Bank	10500
B.	Public Issue of Equity Shares	**[•]**
C.	**TOTAL FUNDS RAISED**	**[•]**

In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue. If surplus funds are unavailable, the required financing will be through internal accruals and debt.

Punjab National Bank (PNB) has been appointed as the monitoring agency for the Hotel division and the entire amount of Rs. 10263 lakhs allocated for the hotel division would be monitored by PNB.

Punjab National Bank has sanctioned a sum of Rs. 3500 lakhs for the Paper Unit vide its letter dated 24.7.2006.

In the hotel unit a Consortium of banks including Punjab National Bank (being the Lead Banker in the consortium), Oriental Bank of Commerce, Syndicate bank, and Indian Overseas Bank have together sanctioned a sum of Rs. 7000 lakhs, the details of which are as under:

Name of the Bank	Term Loan sanctioned	Sanction Details
Punjab National Bank	Rs. 2000 lakhs	Sanctioned on 2.11.2006
Oriental Bank of Commerce	Rs. 2000 lakhs	Sanctioned on 25.11.2006
Syndicate Bank	Rs. 1500 lakhs	Sanctioned on 22.12.2006
Indian Overseas Bank	Rs. 1500 lakhs	Sanctioned on 30.12.2006

PAPER UNIT

RATIONALE FOR TECHNOLOGICAL UP GRADATION AND MODERNIZATION OF TECHNICAL INFRASTRUCTURE PROGRAMME):

The plant and machineries were installed in early 1990's. The ageing Plant & Machinery is resulting in lower Capacity utilisation at around 66%. The proposed programme includes modernization / part replacement of plant and machineries with regard to manufacturing of Duplex Boards, Printing and Writing papers, Chemical and Fiber Recovery Section, Recycling of Backwater system and consumption of fresh water and finishing and cutting equipments, etc. This will result in:

a. Higher capacity utilization from present 74.3% to 99.1% in Unit II, and 66.5 to 96.7% in Unit III.
b. Quality Improvement and Cost reduction.
c. Better price realization.
d. Less consumption of fresh water and fuel.
e. Maintain competitiveness in the existing product range by improving technology.

<u>Likely benefits of the technology up-gradation/modernization programme</u>
<u>As per PNB Appraisal Report/Note</u>

The purpose/objective for which the capital investment is being undertaken in the existing plants towards technology up-gradation and benefits that will accrue to the company after implementation of the proposed modernization programme are highlighted as under:

a. PULP SECTION EQUIPMENTS:

The equipments installed in this section primarily work for removing plastic particles, dust ink for improving the brightness of the pulp which is fed to paper and board machine. At present the Company is manufacturing these products with 70-72% brightness. After modernization of critical equipments in the line, the extent of brightness will improve to 75-77%, giving better realization of the end products.

b. CONDENSING SYSTEM:

At present, the Company is able to recycle hot water coming from dryer's section to the extent of 30-35%. After replacing the modernized condensate system, the recycling of hot water will go up to as high as 70%. This shall result in increasing the recycle capacity, besides lowering the consumption of fresh water as well as fuel.

c. EFFLUENT TREATMENT EQUIPMENT:

The manufacturing units are located near Delhi, which attracts strict/stringent effluent norms as per UP Pollution Control Board. At present the Company is consuming 40 m^3 fresh water per tonne production of Paper and Board. After the technological up-gradation/modernization of existing equipment, ETP water, which is presently wasted in drain water, can be canalized for recycling. This will eventually save water cess bill. The sludge recovery system would also help in saving pulp cost.

d. MACHINE SECTION EQUIPMENTS:

These equipments will improve dewatering system from pulp sheet, thus improving the formation of the sheet. The technological advancement of equipments in this line will not only improve formation of the sheet but also reduce the consumption of steam as well as fuel cost.

e. CUTTING AND SLITTING EQUIPMENTS:

These equipments shall be installed for ensuring perfect accuracy of size of reels and sheets as per the requirement of customers. This will also help in reducing wastage of finished goods during reeling and sheeting.

APPRAISAL HISTORY - PAPER UNIT

The project has been appraised by Punjab National Bank vide their Revised Appraisal Report/Note dated 27.12.2006 and its consent letter dated 6.1.2007 for its name being included in the Red Herring Prospectus for this offering and their name being included as appraising agency and for its Appraisal Report/Note being used in this document.

SCOPE OF APPRAISAL

The bank has originally appraised the Cost of Project at Rs. 6000 lakhs, which included margin for working capital of Rs. 1000 lakhs and pre-operative expenses of Rs. 200 lakhs. It was later decided that the modernization and upgradation of plant and machinery would be complete in the month of April, 2007 and the Company should make arrangements for raising additional working capital requirements at relevant point of time. In view of this, the Bank revised the margin for working capital requirement from Rs. 1000 lakhs to Rs. 200 lakhs and revised project cost from Rs. 6000 lakhs to Rs. 5000 lakhs as detailed below:

(**Rs. in lakhs)**

Sl. No.	Particulars	Cost (as per earlier assessment)	Revised Cost
1.	Plant & Machinery	4200.00	4200.00
2.	Civil work	150.00	150.00
3.	Pre-operating expenses	200.00	-
4.	Public issue expenses	400.00	400.00
5.	Provision of contingencies	50.00	50.00
6.	Margin for working capital	1000.00	200.00
	TOTAL	**6000.00**	**5000.00**

The revised Means of Finance as per the earlier Appraisal Report/Note is given below:

(**Rs. in lakhs)**

Sl. No.	Particulars	Amount (as per earlier assessment)	Revised Amount
1.	Term Loan	1000.00	1500.00
2.	Public Issue	5000.00	3500.00
	TOTAL	**6000.00**	**5000.00**

To fund the revised project cost, the Company had requested for sanction of term loan of Rs. 1500 lakhs. Further, in view of the revised project cost and size of IPO, the Company had requested cancellation of the term loan of Rs. 1000 lakhs sanctioned on 21.3.2006 based on the assessment made on the earlier project cost of Rs. 6000 lakhs and requested for sanction of Rs. 1500 lakhs Term Loan.

The Means of Finance was subsequently further revised as under:

MEANS OF FINANCE:

(Rs. in lakhs)

Sl. No.	Particulars	Amount
1.	Term Loan from Punjab National Bank	3500.00
2.	Public Issue	1500.00
	TOTAL	**5000.00**

The Cost of Project and Means of Finance was again restructured. The Company confirms that firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through the proposed public issue has been made.

The salient points and the areas of strength as mentioned in the Appraisal reports have been reproduced below:

STRENGTHS

1. Financially sound promoters with full commitment in managing the business.
2. Unit is strategically located thereby providing a position to exploit the full marketing potential in Delhi and Uttar Pradesh.
3. Steady growth in performance.
4. No default in repayment of term loan of existing bankers.

APPRAISAL HISTORY - HOTEL UNIT

SCOPE OF APPRAISAL

The objective of the Appraisal Note was to provide information on the Hotel project being promoted by the Company, about their financial requirements to the potential lenders to facilitate their evaluation of the debt financing opportunity.

COST OF PROJECT

(Rs. in lakhs)

Sl. No.	**PARTICULARS**	**TOTAL**
1.	Land and Site Development	857
2.	Building and Civil works	5,148
3.	Furniture, Fixtures and Equipments	1,908
4.	Provision for contingencies	537
5.	Pre-operative expenses	143
6.	Securities	60
7.	Technical know-how and management development fees	511
8.	Interest incurred during construction	800
9.	Working Capital	299
	TOTAL	**10,263**

MEANS OF FINANCE

(Rs. in lakhs)

Sl. No.	**PARTICULARS**	**TOTAL**
1.	Term Loans	7,000
2.	Promoters' Contribution/Internal Accruals	3,263
	TOTAL	**10,263**

PNB has since revised its Appraisal Report/Note as mentioned at page no. 33 of this Red Herring Prospectus and accordingly, Rs. 3263 lakhs is proposed to be raised through a public issue.

DETAILED BREAK-UP OF COST

A. PAPER UNIT

TECHNOLOGICAL UP GRADATION AND MODERNIZATION OF MANUFACTURING FACILITIES

1. **PLANT AND MACHINERIES REQUIRED FOR TECHNOLOGICAL UP – GRADATION AND MODERNIZATION AS PER APPRAISAL REPORT**

Sl. No.	Particulars of Machines	Name of Supplier	Cost (Rs. in lakhs)
1.	Machine section consisting of Former, Extractor press rolls, inverted tube, vacuum roll, turning roll, felt rolls, top and bottom press roll, size press roll etc. ETP section consisting of fitter press, online plastic screen system, centrifuges, sludge removing system, primary and secondary clarifier, screen press, back water tanks and pipeline etc.	M/s Peer Paper Machine Pvt. Ltd. (Saharanpur)	1155.00
2.	Pulp mill equipments consisting of bleaching tower, discharge system, centrifugal cleaner, sine screener	M/s Excel Teknika Ltd. (Ghaziabad)	366.00
3.	Mechanical section consisting of Former, Extractor, Press etc. Cutting and slitting section consisting of slitter re-winder, sheet cutter etc.	M/s Hardayal Engineering Works Ltd. (Ghaziabad)	821.00
4.	Condensate recovery system consisting of thermo compressor system, level control system.	M/s Sagar Welding Electrodes (Ghaziabad)	122.00
5.	Mechanic section consisting of press roll, felt rolls, paper rolls, frame pneumatic loading and unloading system, drying cylinder, auto guide, felt stretcher, CI gear, hedieal gear box, line shaft etc.	M/s Servall Engineering Works (Karamadai, Coimbatore)	1111.00
6.	Variable frequency drive for pulp machine section and paper machine section of 132 KW to 315 KW VFD	M/s Tycon Automation Pvt. Ltd. (Delhi)	188.00
7.	Cables, motor, ACB, panel board	M/s Techmech Electricals (Ghaziabad)	153.00
8.	Pipe fittings	M/s Bharat Pipe and Sanitary Store (Ghaziabad)	78.00
9.	Pulp section and mechanic section consisting of consistency transmeter, flow transmeter, pressure transmeter, level transmeter, control valve, PLC	M/s Val Flow Pvt. Ltd.	155.00
	SUB-TOTAL		4149.00
	Add: Cost of Foundation and Related Civil Works @ 5%		207.00
	GRAND TOTAL		4356.00
	SAY		**4350.00**

The Company has received quotations from the aforementioned short-listed suppliers. The quotations are considered competitive with regard to cost, quality of equipments and service during maintenance period. The company has placed orders for some of the machines. The balance machines would be ordered at an appropriate time.

Sl. No.	Particulars	Existing Capacity Utilisation	Post-modernization Capacity Utilisation
1.	Duplex Board	74.3%	99.1%
2.	Writing & Printing	66.5%	96.7%

Item	Existing	Proposed
Duplex Board	230 gms to 600 gms	230 gms to 800 gms
Writing & Printing	50 gms to 80 gms	50 gms to 100 gms

The actual production of the Company for the year-ended 31.3.2007 was 59375.85 MT.

THE EXPENSES FOR THE CIVIL WORK & FOUNDATION ARE ESTIMATED TO BE RS. 207 LAKHS, DETAILS OF WHICH ARE AS FOLLOWS:

Sl. No.	Particulars	Amount (Rs. in lakhs)
1.	Finished goods storage shed	50.00
2.	Chest 25 M3 (2Nos.)	32.00
3.	Civil work in effluents treatment plant	50.00
4.	Machine foundation	40.00
5.	Godown Workshop	35.00
	TOTAL	**207.00**

2. **CONTINGENCIES:**

Provision for Contingencies expenses has been estimated at Rs. 50 Lakhs for the Paper Project being 1% of the total project cost of Rs. 5000 Lakhs.

B. HOTEL UNIT

APPRAISAL

Punjab National Bank has carried out Appraisal for the Company's proposed project of setting up Hotel in Industrial Area, Sahibabad, Ghaziabad. The Technical Cell, PNB, Head Office, New Delhi have found the project to be technically feasible and economically viable proposition.

In terms of the disclaimer of PNB, the objective of the appraisal is to provide information on the hotel project being promoted, about its financial requirements to the potential lenders to facilitate their evaluation of the debt financiang opportunity.

Project

The Company proposes to set up a 4 Star Business Hotel comprising 212 rooms including 100 Deluxe rooms, 100 Executive rooms, and 12 Suites, pure vegetarian all-day dining restaurant, specialty restaurant, business center, health club and other amenities and facilities. Additionally, it would also have a ballroom, two meeting rooms, and four syndicate rooms as part of overall development with adequate parking space.

Consultants

The project feasibility study has been conducted by M/s HVS International, who are having offices in New York, San Francisco, Miami, Dallas, Chicago, Denver, Vancouver, Toronto, London, Madrid, Sydney, New Delhi, Singapore, Hong Kong and Sao Polo. M/s HVS International has reportedly evaluated 1600 hotel projects in 65 countries worldwide.

M/s HVS International concluded in its report that, **`Product, facilities and positioning of the proposed hotel would enable it to compete in the hotel market in Ghaziabad and the projected internal rates of return for the project are also in line with investor expectations and the development of the hotel is feasible.'**

The building map and estimates have been prepared by M/s National Architects and Engineers, an architect firm having handled more than 50 small, medium and large projects including Malls.

1. **LAND AND SITE DEVELOPMENT (Rs. 857 LAKHS)**

The land identified for hotel project is already in possession of the Company. This land area measures 2.61 acres, at plot nos. 64/6, 64/6/3, 64/6/4, and 64/6/5, at the Industrial area, Sahibabad.

The said Land for the hotel project is on 90 years lease from UP State Industrial Development Corporation (UPSIDC). The Company has applied for transfer of lease rights to the Company and for necessary permission/NOC from the Lessor.

As per recent guidelines issued by UP State Industrial Development Corporation Ltd. (UPSIDC), a premium @ Rs. 4000 per sq. meter shall be charged for change of land use for setting up the hotel project. As per this notification, the company is required to pay premium on land area of 9841 sq. meters, which comes to Rs. 394 lakhs. Further, as per this notification FSI (floor space index) has been restricted to 125%, whereas in the Feasibility study report of HVS International, FSI of 175% has been envisaged. For covering FSI of 175%, as suggested by HVS International, the company has to pay extra premium for 50% of FSI which works out to Rs. 250 lakhs approx.

As such, an investment of Rs. 644 lakhs is required towards change of land use and payment of additional levy for increase in FSI.

An amount of Rs. 213 lakhs is required towards site development as per following details:

Sl. No.	PARTICULARS	QUANTITY	RATE	AMOUNT
1.	9" thick decorative boundary wall with 3' height M.S. Grill with dolphur stone and light arrangement –ht.-8'	1,415 rft	1,500/- per rft	21,22,500
2.	The steel decorative gate	2 big	Lumpsum	3,00,000
		2 small		
3.	PCC road	30,600 sq.ft.	100/- per sq.ft	30,60,000
4.	Earth filling	3,30,000 cum	4/- per cum	13,20,000
5.	Swimming pool fancy tiles paving all around swimming pool area		Lumpsum	35,00,000
6.	Terrace garden on 2nd floor high quality with small water body	15,000 sq.ft.	300/- per sq.ft	45,00,000
7.	Landscaping at ground floor water bodies, bridges, Japanese style some wooden shades		Lumpsum	25,00,000
8.	Coverage of open nala (drain) outside the boundary wall about 2' wide	1048.14 sq.mt	1,500/- per sq. mt.	15,72,210
9.	Paving all around nala and development outside nala and road	7,384 sq.mt.	75/- per sq.mt.	5,53,800
	Boring	3 Nos. 6" dia.	1,30,000 each	3,90,000
	Overhead tank			15,00,000
	Total			2,13,18,510
	Say			**213 lakhs**

Merits of selecting the site

The proposed land is on 90 years lease from UPSIDC and located on main Madan Mohan Malviya Marg connecting NH-24 and Hapur Byepass leading to NH-24. This road is now being up-graded to 6-lane road surrounded by industrial area, with 2 existing malls and 2 more malls slated to come up in near future with 2 PVRs (multiplexes). It is a 3-side open plot located 38 kms from the Airport in Delhi, 20 kms from Connaught Place (Delhi's prime business district), and 12 kms from Akshardham Temple. The site is ideally suited for hotel site in this area.

Issues highlighted suggested in the feasibility report/technical appraisal to make the site more suitable for hotel project

In the technical appraisal report, the following corrective steps have been suggested to make the site more suitable for the project.

(i) **Observation**

An open drain borders the site from two sides including the main entrance area. For a hospitality project, this is a disadvantage and corrective measures would be required. HVS International, the company's consultant has recommended complete covering of the drain from both sides to reduce its visibility as well as any stench emanating from it.

The Company has made necessary cost provisions in the project. The company has estimated an amount of Rs. 15.72 lakhs towards coverage of open nala (drain) outside the boundary wall, and a further expenditure of Rs. 5.54 lakhs towards other development outside nala and road. This amount has been duly provided for in the project cost, under the head "Land and Site development".

(ii) Due to construction of front road into 6 lane road, there will be no parking space outside the hotel. (although hotel will be having underground parking of 307 Cars). During marriages, there may be problem of parking and promoters have to arrange other space for parking.

The project envisages minimum parking space for 307 cars, which is considered sufficient. As the site selected for proposed hotel project is 3 side open, there will be no dearth of parking space.

2. **BUILDING**

As per detailed estimate prepared by M/s National Architects and Engineers (Government approved registered valuers), an amount of Rs. 5148 lakhs is proposed for construction of various infrastructural facilities as per following details:

Floor	**Total Area**	**Description**	**Area Sq. Mtrs.**
Basement-II	5808.077	Parking (142 Cars) Services	5,108.077 700.00
Basement-I	5808.77	Parking (165 Cars)	5,808.077
G.F.	3907.61	Banquets (3) Kitchen + Pantry (3) Manager Cabin + Staff Office Block Toilets (3) Restaurants (2) kitchen (1) Gym Shops (4) Reception + Waiting Hall Circulation	948.60 322.01 85.73 120.75 234.20 555.60 200.00 145.00 639.00 656.72
		Sub-Total	3,907.61
F.F. Refuge Floor Area	1373.816 2142.900	Meeting Rooms (3) Syndicate Room (3) Business Centre Toilets Circulation area Refuge Floor (not included in total of covered area here)	620.46 138.24 25.00 40.00 550.116 2142.90

		Sub-Total	3,516.716
Second Floor	1917.868	Rooms (attached Toilets) 45 (inclusive lobby) Terrace Garden (Not included in FAR)	1,917.868 1,816.40
Third Floor	1917.868	Rooms (attached Toilets) 45 inclusive lobby	1,917.868
4th Floor	1917.868	Rooms (attached Toilets) 45 (inclusive lobby)	1,917.868
5th Floor	1917.868	Rooms (attached Toilets) 45 (inclusive lobby)	1,917.868
6th Floor	1780.249	Rooms (attached Toilets) 44 (inclusive lobby)	1780.249
TOTAL			28,492.201

Total Area	**Cost/sq. meter**	**Total Estimate**
28,492.201 sq. metre	18,068.10 (Say Rs.1,678.56 per Sq.ft.)	Rs. 51,47,99,937 (Say Rs. 5148 lakhs)

3. **FURNITURE, FIXTURES & EQUIPMENTS**

As per feasibility study report of HVS International, an amount of Rs. 1908 lakhs has been estimated (based on standard norms for hotel industry @ Rs. 9,00,000/- per room) towards furniture, fixtures and equipments, which are required for 212 guest rooms, 8 conference rooms, 2 food and beverages restaurants and one fitness centre. Furniture & fixtures include fixed woodwork and interiors, headboard, bedside tables, coffee tables, easy chairs, mattresses, music systems etc.

Sl. No.	**Item Head**	**Cost (Rs. in lakhs)**
1.	Furnishing of Guest Rooms (212), General Manager's Apartment, Suites, Corridors	239
2.	Furnishing Public Areas	108
3.	Steel Furniture	10
4.	Pool Furniture	10
5.	Back House and Staff Cafeteria	10
6.	Buy Out Items, Bar in the Guest Room, Lockers, TV Sets, Shaving Sockets and Mirror, Hair Dryer, Electronic Locks and bath fittings	82
7.	Banquet Folding partitions	10
8.	HVAC System, Chillers, Cooling Towers (3 Nos., Air Handling Units, Ducting, Thermal Insulation, Mechanical Ventilation, Electrical Paels etc. (inclusive of Duty)	265
9.	Electrical system, Internal and External electrical installation, with Sub-station, Building Automation and Security system, EPABX and Telephone system/Net working, CATV and Music System (inclusive of Duties, Taxes)	312
10.	Elevators, 6 Nos. Elevators, Service & Guest Elevators	99
11.	Plumbing and Fire Fighting System, Water supply and disposal, Hot water, Mechanical services, Fire Detection/Protection System	277
12.	Captive Power Generation, Diesel Generator Set: 1000 KVA, 2 Nos.	145
13.	Laundry Equipment	25
14.	Kitchen Equipment	114
15.	Spa and Fitness Centre Equipment	25
16.	Computers, hardware and Softwares	25
17.	Office Equipments	5
18.	Office Equipments including Lockers	10
19.	Material Handling equipment (including Uniform Conveyor)	10
20.	House Keeping equipment	10

21.	F & B Service wares (Glass, China & Silverware), Banquet equipments	50
22.	Linen and Uniforms (Rooms, F & B, Uniforms)	35
23.	Grpahics and Signage work	8
24.	Art Work	10
25.	Audio/Video Equipments	14
	GRAND TOTAL	**1908**

4. **PRE-OPERATIVE EXPENSES**

A provision of Rs. 143 lakhs has been made towards pre-operative expenses, the details of which are as under:

(Rs. in lakhs)

Sl. No.	PARTICULARS	AMOUNT
1.	Salaries to staff (Rs. 2 lakhs per month for 36 months)	72
2.	Travelling and conveyance (Rs. 30,000 per month for 36 months)	11
3.	Rates and taxes	3
4.	Insurance on assets	6
5.	Up front fees on term loan	18
6.	Other expenses	33
	TOTAL	**143**

5. **TECHNICAL KNOW HOW AND MANAGEMENT DEVELOPMENT FEES**

The Report has considered a cost of Rs. 511 lakhs towards tie-up of technical franchisee, project management team and training of their staff.

6. **INTEREST DURING CONSTRUCTION PERIOD**

An amount of Rs. 800 lakhs has been estimated on the basis of average utilization of loan amount at proposed interest rate of 10.5%. The details of computation are as under:

Average Utilisation (Rs. in lakhs)	Period (Years)	Interest (%)	Amount (Rs. in lakhs)
350	2.25	10.5	83
700	1.75	10.5	129
1400	1.5	10.5	220
3500	1	10.5	368
		TOTAL	**800**

7. **PROVISION FOR CONTINGENCIES**

An amount of Rs. 537 lakhs has been provided towards contingencies as under:

Sl. No	COMPONENT OF COST	COST (Rs. in lakhs)	% OF CONTINGENCIES	AMOUNT (Rs. in lakhs)
1.	Building and Civil works	5136	7.5	385
2.	Furniture fixture and equipments	1908	8.0	152
	TOTAL			**537**

8. **WORKING CAPITAL MARGIN**

During the first full year of operation (Financial Year 2009-10), the Company has estimated the total working capital requirement at Rs. 299.47 lakhs, for which full provision of this amount has been made in the project cost.

C. PUBLIC ISSUE EXPENSES:

The expenses for this issue includes management fees, underwriting fees, selling commission, distribution expenses, legal fees, fees to advisors, stationery costs, printing costs, advertising expenses, marketing expenses, and listing fees payable to the stock exchanges, among others. The total expenses for this issue have been estimated at Rs. 400 lakhs by Punjab National Bank in its appraisal. PNB, in its letter dated 6.1.2007, has stated that the Utilisation of Rs. 400 lakhs earlier ear-marked for pre-operative expenses is for Public Issue expenses.

Undertaking By The Issuer Company

Pursuant to Clause 2.8 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000, the Company has made firm arrangements for the stated Means of Finance as follows:

(Rs. In lakhs)

		Paper Division	Hotel Division	Total
A	Project cost as appraised by PNB	5000	10263	15263
B	General Corporate Purposes	[●]	[●]	[●]
C	Total Means of finance required	[●]	[●]	[●]
I	Amount to be raised through Public Issue	[●]	[●]	[●]
II	Term Loans from Banks	3500	7000	10500
III	Internal Accruals	[●]	[●]	[●]

The Company hereby confirms that firm arrangements of finance through verifiable means towards 75% of the stated Means of Finance, excluding the amount to be raised through the proposed public issue have been made.

IMPLEMENTATION SCHEDULE

PAPER UNIT

Sl. No.	Activities	Commencement	Completion as per Appraisal Report	Revised Completion dates as per Company Estimates
1.	Quotation for major plant and machineries	December 2005	January 2006	Completed
2.	Placement of orders	June 2006	June/July 2006	Orders placed
3.	Supply of plant and machineries	September 2006	October 2006	48.9% of the total Plant and Machinery received. Balance by August 2007
4.	Installation of plant and machineries	November 2006	January 2007	August 2007
5.	Testing	March 2007	April 2007	September 2007
6.	Commissioning	April 2007	April 2007	September 2007

There is time overrun to the maximum extent of five months in the commissioning of the project. However, since Orders for all the remaining machines have been placed and prices firmed up, no cost overrun is expected.

HOTEL UNIT

Sl. No.	Activities	Commencement	Completion
1.	Purchase of Land	Already possessed	Already possessed
2.	Site Development	September 2006	August 2007
3.	Construction of Building	January 2007	May 2008
4.	Interiors	April 2008	December 2008
5.	Placement of Orders for equipments, utilities, furniture and fixtures	September 2007	December 2007
6.	Supply, installation and commissioning of equipments, utilities, furniture and fixtures	April 2008	December 2008
7.	Application, sanction and connection of power	October 2006	October, 2007
8.	Recruitment of manpower including technical personnel	November 2006	December 2008
9.	Appointment of project development team and technical franchise with chain of hotels	November 2006	September 2008
10.	Soft and final launching of Hotel	January 2009	April 2009

FUNDS DEPLOYED

As per the certificate dated July 31, 2007 issued by Sunil K. Mittal & Co., Chartered Accountants, the Company incurred the following expenditure as on June 30, 2007 towards the objects of the issue and, the sources of finance for the same is given below:

Paper Project:

TECHNOLOGY UPGRADATION AND MODERNISATION OF PAPER UNIT

(**Rs. in lakhs)**

Sl.No	Particulars	Cost Incurred
1.	Plant & Machinery	3080.34
2.	Civil Works	129.57
	TOTAL	**3209.91**

Hotel Project:

(**Rs. in lakhs)**

Sl.No	Particulars	Cost Incurred
1.	Land & Site Development	184.18
2.	Building and Civil Works	496.64
3.	Pre-Operative Expenses	25.92
4.	Technical know how and management development fees	15.16
	TOTAL	**721.90**

SOURCES OF FINANCING OF FUNDS ALREADY DEPLOYED:

The above funds have been deployed from the following sources:

1)	Term Loan from Punjab National Bank	2720.13 lakhs
2)	Internal accrual / Promoter contribution	1211.68 lakhs

		3931.81 lakhs

The Year wise breakup of proposed deployment of funds (inclusive of Term Loans and IPO proceeds, but excluding Public Issue expenses of Rs. 400 lakhs) **is mentioned hereunder:**

PAPER PROJECT

(**Rs. in lakhs)**

Sl. No.	Particulars	Paper Unit Cost of Project	2006-07	2007-08
1.	Plant & Machinery	4200	2180.54	2019.46
2.	Civil works	150	92.17	57.83
3.	Contingencies	50	0.00	50.00
4.	Margin for working capital	200		200.00
	TOTAL	**4600**	**2272.71**	**2327.29**

(As per management Estimates)

HOTEL PROJECT

(**Rs. in lakhs)**

Sl. No.	Particulars	Hotel Division Cost of Project	2006-07	2007-08	2008-09	2009-2010
1.	Land and site development	857	182.60	674.40		
2.	Plant & Machinery	-				
3.	Civil work	5148	62.00	4640.00	446.00	
4.	Furniture, Fixtures & Equipments	1908		200.00	1708.00	
5.	Pre-operating expenses	143	11.57	40.00	83.00	8.43
6.	Securities	60			60.00	
7.	Technical know how and management development fees	511	15.16	300.00	180.00	15.84
8.	Interest during construction period	800	0.00	169.00	260.00	371,00
9.	Contingencies	537		110.00	220.00	207.00
10.	Margin for working capital	299			299.00	
	TOTAL	**10263**	**271.33**	**6133.40**	**3256.00**	**602.27**

(As per management Estimates)

General Corporate Purposes:
The Company is continuously looking for opportunities to grow and towards this a portion of the proceeds of the Issue will be used to meet its general corporate purposes which include but are not restricted to marketing and brand-building, training key employees, working capital requirements, acquisition of businesses and such other activities.

Monitoring of Utilization of Funds:
There is no requirement for a monitoring agency in terms of Clause 8.17 of the SEBI DIP Guidelines, Punjab National Bank, G.T. Road, Mohan Nagar, Ghaziabad, Uttar Pradesh has been appointed as Monitoring Agency for the hotel division and will monitor the utilization of the issue proceeds towards the hotel division

Interim Use of Funds:
Pending any use as described above, the proceeds of the issue shall be invested in high quality interest/ dividend bearing short term/ long term liquid instruments including deposits with banks for the necessary duration. The Company may also use the same to fund its working capital requirement on a temporary basis. These investments would be authorized by the Company's Board or duly authorized committee thereof. The Company may also use the same to fund its working capital requirement on a temporary basis.

viii. BASIC TERMS OF ISSUE

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

Public Issue of 1,76,40,750 Equity Shares of Rs. 10/- each for cash at a price of Rs. **[•]** per equity share for cash aggregating Rs. **[•]** Lakhs being made through a 100% book building process.

Details of the issue structure is tabulated below:

Particulars	**QIBs**	**Non Institutional Bidders**	**Retail Bidders**
Number of Equity Shares (available for allocation) *	Up to 88,20,375 equity shares	Not less than 26,46,112 equity shares	Not less than 61,74,263 equity shares
Percentage of Issue size available for allocation	Up to 50% of the Issue size shall be available for QIBs out of which 5% shall be available for Mutual Funds	Not less than 15% of the Issue size	Not less than 35% of the Issue size
Basis of Allocation or Allotment if Respective category is Oversubscribed (subject to sectoral cap and specified investment limits)	Proportionate	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 200 equity shares thereafter	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 200 equity shares thereafter	200 Equity Shares and thereafter in multiples of 200 thereafter
Maximum Bid	Not exceeding the Issue size subject to regulations as applicable to the Bidders	Not exceeding the Issue size subject to regulations as applicable to the Bidders	Such number of Equity Shares so as to ensure that whereby the Bid Amount does not exceed Rs.1,00,000
Mode of Allotment	Compulsory in Dematerialised form	Compulsory in Dematerialised form	Compulsory in Dematerialised form
Trading Lot/ Market Lot	One Equity Share	One Equity Share	One Equity Share
Who can apply **	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, mutual funds	Companies, Corporate Bodies, Scientific Institutions Societies and Trusts Resident Indian individuals, HUF (in the name of Karta) and NRIs (applying for an	Resident Indian Individuals, HUF(in the name of the Karta) and eligible NRIs applying for an amount up to Rs.1, 00,000.

	registered with SEBI multilateral and bilateral development Financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2,500 Lakhs and pension funds with minimum corpus of Rs. 2,500 Lakhs in accordance with applicable law.	amount exceeding Rs.1,00,000)	
Terms of Payment	Margin amount applicable to QIB Bidders at the time of submission of Bid-cum-Application Form to the members of the Syndicate	Margin Amount applicable to Non Institutional Bidders at the time of submission of Bid-cum-Application Form to the members of the Syndicate	Margin Amount applicable to Retail Individual Bidder at the time of submission of Bid- cum-Application Form to the members of the Syndicate,
Margin Amount	Margin Amount of at least 10% at the time of submission of Bid cum Application Form to the members of the Syndicate	Full Bid Amount at the time of submission of Bid cum Application Form to the members of the Syndicate	Full Bid Amount at the time of submission of Bid cum Application Form to the members of the Syndicate

* Subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in the QIBs, Non-Institutional and Retail categories would be allowed to be met with spill-over inter-se from any category or combination of categories at the discretion of the Company in consultation with the BRLM.

** In case the Bid-cum-Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid-cum-Application Form.

ix. BASIS FOR ISSUE PRICE

The Issue Price will be determined by the Company in consultation with the BRLM on the basis of assessment of market demand for the issued Equity Shares by the Book Building Process. The face value of the Equity Shares is Rs. 10 and the Issue Price is 2.7 times of the face value of the Equity Shares at the lower end of the price band and 3.0 times of the face value at the higher end of the price band.

Investors should read the following summary along with the sections titled “Risk Factors” and “Financial Information” beginning on page nos. x and 159 respectively of this Red Herring Prospectus, and other details about the Company included in the section entitled “Brief History of the Company and Other Corporate Matters” beginning on page no. 133 of this Red Herring Prospectus.

The trading price of the Equity Shares could decline due to these risks and you may lose all or part of your investments.

QUALITATIVE FACTORS

1. Magnum Ventures Limited is a 27-year-old Company engaged in the Paper industry.
2. The Company is strategically located in close proximity to the source of raw materials and main customers for supply of finished products.
3. The Company is eco-friendly as it manufactures paper out of waster paper
4. The Company has Captive Power Plant resulting in uninterrupted power supply at low cost. The Company also has backup power system in the form of DG sets.
5. State-of-the-art De-inking plant gives a major advantage in terms of improving brightness and quality of paper manufactured, resulting in higher price realisation.
6. The Company possesses 62,334.39 sq. mts of land with a built-up area of approx. 4,00,000 sq. ft within NCR, 5 kms from Delhi, resulting in cost advantage as compared to other players in the segment.
7. Presence of strong network of distributors and dealers built by the Company over a decade.
8. Promoters have more than 2 decades of experience in the paper industry.
9. The Company has ISO 9001:2000 certification for quality systems.
10. The Company has access to International Markets and Best Practices Standards through its strong alliance with “Country Inn & Suites by Carlson” Group for its Hotel project.
11. The Company proposes to build 4 Star Business Hotel in Sahibabad Industrial Area.
12. The Hotel property is in close proximity to Delhi border, in Industrial Area of Sahibabad, close to National Highway 24.
13. The Company has a healthy balance sheet, which supports its upgradation and modernization of its Paper division, and setting up of hotel division.

QUANTITATIVE FACTORS *(From Audited Restated Financial Statements)*

1. **Adjusted Earning Per Share (EPS)**

Year	**EPS (Rs.)**	**Weight**
2004-05	1.16	1
2005-06	4.06	2
2006-07	4.15	3
Weighted Average	**3.62**	

Note:

a. EPS calculations have been done in accordance with Accounting Standard 20 – “Earnings per share” issued by the Institute of Chartered Accountants of India.

b. The weighted average of adjusted EPS for these fiscal years have been computed by giving weights of 1, 2 and 3 for the fiscal years ending March 31, 2005, 2006 and 2007 respectively.

2. **Price Earnings (P/E) Ratio in relation to Issue Price of Rs. 27 per share (Lower end of Price Band)**

a. Based on results for Financial Year ended March 31, 2007, EPS is Rs. 4.15:	6.51
b. Based on weighted average, the EPS is Rs. 3.62:	7.46

Price Earnings (P/E) Ratio in relation to Issue Price of Rs. 30 per share (Higher end of Price Band)

a. Based on results for Financial Year ended March 31, 2007, EPS is Rs. 4.15:	7.23
b. Based on weighted average, the EPS is Rs. 3.62:	8.29

Paper Industry P/E (*)	
Highest (Malu Paper)	24.5
Lowest (Kanoi Paper)	2.7
Industry Composite	8.1

Hotel Industry P/E (*)	
Highest (Viceroy Hotels)	72.3
Lowest (ITDC)	7.0
Industry Composite	21.1

Source: Capital Market – July 30-August 12, 2007 Vol XXII/11; Paper & Hotels Industry

3. **Average Return on Net Worth ("RoNW")**

Year	**RONW (%)**	**Weight**
2004-05	6.87	1
2005-06	19.45	2
2006-07	17.80	3
Weighted Average	**16.53**	

Note:

a. The average return on net worth has been computed on the basis of the adjusted profits and losses of the respective years drawn after considering the impact of accounting policy changes and material adjustments/ regroupings pertaining to earlier years.

4. **Minimum Return on Increased Net Worth to maintain pre-issue EPS**

Minimum Return on Increased Total Net Worth, after Issue, needed to maintain Pre-Issue Weighted Average EPS of Rs. 3.62	
At the Issue Price of Rs. 27/- per equity share	15.10%
At the Issue Price of Rs. 30/- per equity share	14.27%

5. **Net Asset Value (NAV) per Share (Rs.)**

(a) As at 31.03.2007	23.29
(b) After Issue	**[•]**
(c) Issue Price	**[•]**

P/E considered only for Companies, which are actively in business in the said sector.

Notes:

a. The Earnings per Share and the average return on net worth has been computed on the basis of the adjusted profits and losses of the respective years drawn after considering the impact of accounting policy changes and material adjustments/prior period items pertaining to the earlier years.

b. The denominator considered for the purpose of calculating Earnings per Share is the average number of Equity Shares outstanding during the year.

c. Net Asset Value Per Share represents Shareholder's Equity as per restated financial statements less miscellaneous expenditure as divided by number of shares outstanding at the end of the period.

6. **Comparison with Industry Peers**

Comparison of the accounting ratios of the issuer company as mentioned above with the peer group i.e., companies of comparable size in the same industry for the year ended 31st March 2007 is as follows:

Peer Companies	Equity Capital (Rs. Cr)	Sales (Rs. Cr)	Book Value (Rs.)	EPS (Rs) $	P/E	RONW in %
Sh. Bhawani Paper *	16.42	49.6	17.0	1.9	6.6	22.9
Sh. Krishna Paper *	8.05	80.2	13.9	-	-	0.7
S.I. Paper Mills	7.50	113.1	54.5	13.5	4.9	23.1
Kalptaru Papers *	4.47	35.6	25.3	6.0	14.3	23.3
Malu Paper *	17.06	57.3	24.0	2.1	24.5	17.1
Ruchira Papers *	22.42	74.8	25.4	1.8	7.4	21.2
Magnum Ventures Ltd.	19.96	100.82	23.29	4.15	**[•]**	17.80

$ Based on Trailing Twelve Months EPS.
P/E based on Market Price of 23.7.2007.
** - Indicate Unaudited figures for year closed March, 2007.*
Source: Capital Market – July 30-August 12, 2007 Vol XXII/11; Paper & Hotels Industry

Since, the Company is diversifying into the Hospitality sector and is to yet commence operations of its Hotel business, the Price Earnings (PE) ratio of the Hotel industry has only been stated at Para 2 above. No comparison however has been made with peers in the Hotel industry.

7. **The face value of the shares is Rs. 10/- and the Issue price is [•] times of the face value.**

The Book Running Lead Manager believes that the Issue Price of Rs. **[•]** is justified in view of the above qualitative and quantitative parameters. The investors may want to peruse the risk factors beginning from page no. x of the Red Herring Prospectus and the financials of the Company including important profitability and return ratios, as set out in the Auditors' report beginning from page no. 159 of the Red Herring Prospectus to have a more informed view of the investment proposition.

x. STATEMENT OF TAX BENEFITS

TAX BENEFITS TO THE COMPANY AND ITS SHAREHOLDERS

To

The Board of Directors
Magnum Ventures Limited
3/4326, Ansari Road
Daryaganj
New Delhi – 110 002

Dear Sirs,

We, the auditors of M/s Magnum Ventures Ltd. (the "Company), hereby report that the enclosed Annexure states the possible tax benefits available to the Company and its shareholders under the various Direct Taxes (such as Income Tax Act, 1961, Wealth Tax Act, 1957, and the Gift Tax Act, 1958) and Indirect Taxes, 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 the business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

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

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

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

The contents of this Annexure are 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 interpretations of the current tax laws.

For SUNIL K. MITTAL & CO.
Chartered Accountants

(VARUN GUPTA)
Partner
Membership No. 503070

Place : New Delhi
Dated: 09.08.2007

ANNEXURE TO THE STATEMENT OF TAX BENEFITS

The tax benefits listed below are the possible benefits available under the current tax laws 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 it faces in the future, it may not choose to fulfill.

SPECIAL TAX BENEFITS AVAILABLE TO COMPANY FOR HOTEL PROJECT:

The following special tax benefits shall be available to the Company:

A. BENEFITS UNDER THE INCOME TAX ACT, 1961

1. In terms of Section 80-ID of the Income Tax Act, 1961 as amended by Finance Act 2007, the Company will be entitled to a deduction of an amount equal to hundred percent of the profits and gains derived from hotel business for five consecutive assessment years beginning from the initial assessment year, subject to the business of hotel located in the specified area, i.e. the National Capital Territory of Delhi and the districts of Faridabad, Gurgaon, Gautam Budh Nagar and Ghaziabad and if such hotel is constructed and starts functioning at any time during the period beginning on the 1st day of April, 2007 and ending on the 31st day of March, 2010

B. BENEFITS UNDER INDIRECT TAXES

1. In terms of Order No. 1502/77-6-2006-10 Tax/04 dated 1st June 2006 issued by Industrial Development Commissioner & Principal Secretary, Government of Uttar Pradesh, the sum of assessed amount of Trade Tax and Central Sales Tax will automatically be converted as Interest free loan for 15 years under the Formulated Industrial Investment Incentive Scheme of the State Government, repayment of which will be made after 7 years without interest.

   It will be optional for the Company to repay the interest free loan after 15 years instead of 7 years but during the currency of such optional exemptions, the remission of interest extended to the company will not exceed 100% of the Fixed Capital Investment of Unit. However the company will have to provide the Bank Guarantee for such amount as Security for the interest free loan granted by the State.

2. In terms of Order No. 984/41-06-180/2005 dated May 22, 2006 issued by the Principal Secretary, Government of Uttar Pradesh. Company will not have to pay luxury tax for the first five years.

II. GENERAL TAX BENEFITS AVAILABLE TO THE COMPANY, RESIDENT SHAREHOLDERS, NRIs, FIIs, MUTUAL FUNDS, VENTURE CAPITAL COMPANIES/FUNDS:

The following general tax benefits shall be available to the Company and its prospective shareholders:

A. BENEFITS UNDER THE INCOME TAX ACT, 1961

I. TO THE COMPANY

1. Under section 10(34) of the Act income earned by way of dividend (whether interim or final) from any domestic company referred to in section 115-O of the Act is exempt from income tax in the hands of the Company.

2. Under section 10(38) of the Act, effective from 1.10.2004 any income arising to the Company from transfer of a long term capital asset being an equity share in the company or unit of a equity oriented Mutual fund on which securities transaction tax is chargeable is exempt from Income Tax.

3. Under section 111A of the Act, effective from 1.10.2004 capital gains arising to the Company from transfer of short term capital assets, being an equity share in the company or unit of an equity oriented Mutual fund, on which security transaction tax is chargeable, will be chargeable to tax at the rate of 10% only (plus applicable surcharge and educational cess)

4. As per the provisions of section 112 of the Act, if the tax on long-term capital gains arising on transfer of listed securities or units, calculated at the rate of 20% with indexation benefit exceeds the tax on capital gains computed at the rate of 10% without indexation benefit, then such excess tax shall be ignored.

5. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains (not covered under the section 10(38) of the Act) arising to the Company on the transfer of shares of the Company shall not be chargeable to tax proportionate to the extent to which such capital gain is invested within a period of 6 months after the date of transfer in the bonds (redeemable after 3 years) issued on or after April 1, 2006 by the National Highways Authority of India (NHAI) or Rural Electrification Corporation Limited (REC) and notified by the Central Government in Official Gazette for the purpose of this section with such conditions as it think fit. In case assets in which such investment was made are transferred or converted in to money within three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in the year in which such transfer takes place.

7. Under section 32(1)(iia), subject to the conditions contained therein, the company is entitled to an additional depreciation of a sum equal to 20% of the actual cost of any new plant & machinery other than office appliances or road transport vehicles acquired and installed by it after 31st day of March 2005.

8. As per the provisions of section 115JAA(1A), where any amount of tax is deposited under sub-section (1) of section 115JB for the assessment year commencing on April 1, 2006 & any subsequent Assessment year, then credit in respect of tax so paid shall be allowed to him in accordance with the provisions of this section.

II. TO RESIDENT SHAREHOLDERS

1. As per provision of section 10(34) of the Act income earned by way of dividend (whether interim or final) from any domestic company referred to in section 115'O' of the Act is totally exempt from income-tax in the hands of the Shareholders.

2. As per the provisions of section 112 of the Act, if the tax on long-term capital gains arising on transfer of listed securities or units, calculated at the rate of 20% with indexation benefit exceeds the tax on capital gains computed at the rate of 10% without indexation benefit, then such excess tax shall be ignored.

3. Under section 10(38) of the Act, effective from 1.10.2004 any income arising to the shareholder from transfer of a long term capital asset being an equity share in the company or unit of a equity oriented Mutual fund on which securities transaction tax is chargeable is exempt from Income Tax.

4. Under section 111A of the Act, effective from 1.10.2004 short term capital gains arising to the shareholder from transfer of short term capital assets, being an equity share in the company or unit of an equity oriented Mutual fund, on which security transaction tax is chargeable, will be chargeable to tax at the rate of 10% only (plus applicable surcharge and educational cess).

5. As per the provisions of section 88E, where the business income of a resident includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the securities transaction tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at, by applying the average rate of income tax on such business income.

6. Any income of the minor children clubbed with the total income of the parent under section 64(1A) of the Income Tax Act will be exempt from tax to the extent of Rs. 1500 per minor child under section 10(32) of the IT Act.

7. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains (not covered under the section 10(38) of the Act) arising to the Company on the transfer of shares of the Company shall not be chargeable to tax proportionate to the extent to which such capital gain is invested within a period of 6 months after the date of transfer in the bonds (redeemable after 3 years) issued on or after April 1, 2006 by the National Highways Authority of India (NHAI) or Rural Electrification Corporation Limited (REC) and notified by the Central Government in Official Gazette for the purpose of this section with such conditions as it think fit. In case assets in which such investment was made are transferred or converted in to money within three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in the year in which such transfer takes place.

8. Under Section 54F 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(36) and 10(38) of the Act) arising to a shareholder being an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company shall not be chargeable to capital gains proportionate to the extent to which the net sales consideration from such shares are used for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

III. TO NON–RESIDENT INDIAN SHAREHOLDERS

1. As per provision of section 10(34) of the Act income earned by way of dividend (whether interim or final) from any domestic company referred to in section 115-O of the Act is totally exempt from income-tax in the hands of the Shareholders.

2. Any income of the minor children clubbed with the total income of the parent under section 64(1A) of the Income Tax Act will be exempt from tax to the extent of Rs. 1500 per minor child under section 10(32) of the IT Act.

3. Under section 115E of the Act, where shares in the company are subscribed for in convertible Foreign Exchange by a non-resident Indian shareholder, capital gains arising to the non resident Indian shareholder on transfer of shares held for a period exceeding 12 months shall (in cases not covered under section 10(38) of the Act) be concessional taxed at a flat rate of 10% (plus applicable surcharge and educational cess on Income tax) without indexation benefit but with protection against foreign exchange fluctuation under the first provision to section 48 of the Act.

4. As per the provisions of section 115F of the Act and subject to the conditions specified therein, gains arising on transfer of a long-term capital asset being shares in an Indian company would not be chargeable to tax proportionately to the extent to which the net consideration received on such transfer is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act. If the asset or savings certificates in which the investment has been made as aforesaid is transferred or converted into money at any time during period of three years from the date of investment, then the amount of capital gains tax exempted earlier would become chargeable to tax as long-term capital gains in the year in which such specified asset or savings certificates are transferred.

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

6. In accordance with the provisions of section 115H of the IT Act, when a Non Resident Indian become assessable as a resident in India, he may furnish a declaration in writing

to the Assessing Officer along with his return of income for that year under Section 139 of the IT 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.

7. Under section 115-I of the Act, a non-resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year in which case the other provisions of the Act shall apply. Under the first provision to section 48 of the Act, in case of a non-resident, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations), protection is provided from fluctuations in the value of rupee in computing capital gains. However under both circumstances indexation benefit shall not be available.

8. Under section 10(38) of the Act, effective from 1.10.2004 any income arising from transfer of a long term capital asset being an equity share in the company or unit of a equity oriented Mutual fund on which securities transaction tax is chargeable is exempt from Income Tax.

9. Under section 111A of the Act, effective from 1.10.2004 short term capital gains arising from transfer of short term capital assets, being an equity share in the company or unit of an equity oriented Mutual fund, on which security transaction tax is chargeable, will be chargeable to tax at the rate of 10% only (plus applicable surcharge and educational cess).

10. As per the provisions of section 88E, where the business income of an assessee includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the securities transaction tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at, by applying the average rate of income tax on such business income.

11. As per the provisions of section 112 of the Act, if the tax on long-term capital gains arising on transfer of listed securities or units, calculated at the rate of 20% with indexation benefit exceeds the tax on capital gains computed at the rate of 10% without indexation benefit, then such excess tax shall be ignored.

12. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains (not covered under the section 10(38) of the Act) arising to the Company on the transfer of shares of the Company shall not be chargeable to tax proportionate to the extent to which such capital gain is invested within a period of 6 months after the date of transfer in the bonds (redeemable after 3 years) issued on or after April 1, 2006 by the National Highways Authority of India (NHAI) or Rural Electrification Corporation Limited (REC) and notified by the Central Government in Official Gazette for the purpose of this section with such conditions as it think fit. In case assets in which such investment was made are transferred or converted in to money within three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in the year in which such transfer takes place.

13. Under Section 54F 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 to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company shall not be chargeable to capital gains proportionate to the extent to which the net sales consideration from such shares are used for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

14. As per the provisions of Section 90(2) of the IT Act, the provisions of the IT Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the Non–Resident.

IV. TO FOREIGN INSTITUTIONAL INVESTORS (FIIs)

1. As per the provisions of Section 90(2) of the IT Act, the provisions of the IT Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the Non – Resident.

2. Under section 10(38) of the Act, effective from 1.10.2004 any income arising from transfer of a long term capital asset being an equity share in the company or unit of a equity oriented Mutual fund on which securities transaction tax is chargeable is exempt from Income Tax.

3. As per the provisions of section 88E, where the business income of an assessee includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the securities transaction tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at, by applying the average rate of income tax on such business income.

4. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains (not covered under the section 10(38) of the Act) arising to the Company on the transfer of shares of the Company shall not be chargeable to tax proportionate to the extent to which such capital gain is invested within a period of 6 months after the date of transfer in the bonds (redeemable after 3 years) issued on or after April 1, 2006 by the National Highways Authority of India (NHAI) or Rural Electrification Corporation Limited (REC) and notified by the Central Government in Official Gazette for the purpose of this section with such conditions as it think fit. In case assets in which such investment was made are transferred or converted in to money within three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in the year in which such transfer takes place.

5. The income by way of short term capital gains (not referred to in section 111A) or long term capital gains (not covered under section 10(38) of the Act) realized by FIIs on sale of shares in the company would be taxed at the following rates as per section 115AD of the Act.

   Short term capital gains - 30% (plus applicable surcharge and the education cess)
   Long term capital gains - 10% (without cost inflation indexation plus applicable surcharge and education cess) (shares held in a company would be considered as a long term capital asset provided they are held for a period exceeding 12 months)

6. Under section 111A of the Act, effective from 1.10.2004 short term capital gains arising from transfer of short term capital assets, being an equity share in the company or unit of an equity oriented Mutual fund, on which security transaction tax is chargeable, will be chargeable to tax at the rate of 10% only (plus applicable surcharge and educational cess).

7. Under section 196D(2) of the Act, no deduction of tax at source will be made in respect of income by way of capital gain arising from the transfer of securities referred to in Section 115AD.

8. Under Section 10(34) of the Act income earned by way of Dividend (Whether interim or final) from any domestic company referred to in Section 115 O of the Act is exempt from income tax in the hands of the company.

V. TO MUTUAL FUNDS

In accordance with section 10(23D) of the Act, any income of a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992 (15 of 1992), or regulations made there under; or Such other Mutual Fund set up by a public sector bank or a public financial institution or authorized by the Reserve Bank of India and subject to such condition specified would be exempt from Income Tax, subject to the conditions as the central government may by notification in the official gazette specify in this behalf.

VI. VENTURE CAPITAL COMPANIES/ FUNDS

In terms of section 10(23FB) of the Act and subject to the conditions specified therein, all Venture Capital undertakings referred to in Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 made under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette and Venture Capital Companies, are eligible for exemption from income tax on all their income, including income from dividend.

B. UNDER THE WEALTH TAX ACT, 1957

Shares of the company held by the shareholder is not an asset within the meaning of section 2(ea) of Wealth–tax Act and hence shares are not liable to Wealth Tax.

C. UNDER THE GIFT TAX ACT 1958

As the Gift Tax Act 1958 has been abolished, hence gift of shares of the company made on or after October 1, 1998 are not liable to gift tax

Notes:

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

ii. In respect of non-residents, taxability of capital gains mentioned above shall be further subject to any benefits available under the Double Taxation Agreement, if any between India and the country in which the non-resident has fiscal domicile.

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

SECTION IV: ABOUT THE ISSUER COMPANY

i. INDUSTRY OVERVIEW

The information presented in this section has been sourced from publicly available documents and information from various sources, including materials from the Government of India, Ministries, websites of ministries, industry related websites and Company estimates. It is understood that the above sources are believed to be reliable, but their accuracy and reliability cannot be guaranteed. None of the information has been independently verfied, although the industry, market and government data are considered reliable.

OVERVIEW – PAPER INDUSTRY

The word ‘paper’ derives from the word ‘papyrus’ and is a substance composed of fibres interlaced into a compact web, which can then be macerated into pulp, dried and pressed. Today, paper includes a wide range of products with very different applications: communication, cultural, educational, artistic, hygienic, sanitary, as well as for storage and transportation of all kinds of goods. It's almost impossible to imagine a life without paper. *(Source: http://www.paperonline.org/whatis/whatis_frame.html)*

Global Scenario

The paper industry globally is dependent on two parameters:
1. The literacy level (which is dependent on government expenditure on education).
2. The GDP growth rates.

The industry is highly diverse, technical and capital intensive. Its performance depends on macro-economic factors and the demand-supply situation. The production of paper and trade is a key economic activity, which accounts for nearly 2.5% of the world’s industrial production and 2% of world trade. Worldwide, pulp and paper industry is the fifth largest industrial consumer of energy, accounting for four percent of the world’s energy use. However norms relating to environmental pollution have restricted rapid expansion of paper industry’s capacity providing potential for future growth.

History of Paper

Paper has a long history, beginning with the ancient Egyptians and continuing to the present day. For thousands of years, hand-made methods dominated and then, during the 19th century, paper production became industrialised. Originally intended purely for writing and printing purposes, a wide variety of paper grades and uses are now available to the consumer.

Grades & Products

Paper is an essential part of our lives and satisfies many human needs. It is used to store and communicate information (newspapers, books, documents and writing paper), for cultural and artistic purposes, to transport and protect food (packaging, sacks, tetra packs), for personal hygiene (tissues, napkins, nappies, etc.) and in medicine (hospital uses). *(Source: http://www.paperonline.org/grades/grades_frame.html)*

- **Newsprint:** This paper is mainly used for printing newspapers. It is made largely from mechanical pulp and/or waste paper, with or without a small amount of filler. Weights usually range from 40 to 52g/m² but can be as high as 65g/m². Newsprint is machine-finished or slightly calendered, white or slightly coloured, and is used in reels for letterpress, offset or flexo printing.

- **Magazine paper:** This is uncoated mechanical paper, suitable for printing or other graphic purposes where less than 90% of the fibre furnish consists of chemical pulp fibres. This grade is also known as groundwood or wood-containing paper and magazine paper, such as heavily filled super-calendered paper for consumer magazines printed by the rotogravure and offset methods.
(Source: http://www.paperonline.org/grades/grades_lev_3/newsprint_frame.html)

- **Writing paper:** This is uncoated woodfree paper, suitable for printing or other graphic purposes, where at least 90% of the fibre furnish consists of chemical pulp fibres. Uncoated woodfree paper can be made from a variety of furnishes, with variable levels of mineral filler and a range of finishing processes such as sizing, calendering, machine-glazing and watermarking. This grade includes most office papers, such as business forms, copier, computer, stationery and book papers. Pigmented and size press “coated” papers (coating less than 5g per side) are covered by this heading.

- **Printing paper:** Also known as coated papers, is all paper suitable for printing or other graphic purposes and coated on one or both sides with minerals such as china clay (kaolin), calcium carbonate, etc. Coating may be done by a variety of methods, both on-machine and off-machine, and may be supplemented by super-calendering.
  (Source: http://www.paperonline.org/grades/grades_lev_3/printing_frame.html)

- **Sanitary and Household:**
  This covers a wide range of tissue and other hygienic papers for use in households or on commercial and industrial premises. Examples are toilet paper and facial tissues, kitchen towels, hand towels and industrial wipes. Some tissue is also used in the manufacture of baby’s nappies, sanitary towels, etc. The parent reel stock is made from virgin pulp or recovered fibre or mixtures of these. It is reported in the production statistics at parent reel weight before conversion to finished products. Import and export statistics however take into account trade in both parent reels and finished products.
  (Source: http://www.paperonline.org/grades/grades_lev_3/sanitary_frame.html)

- **Paper based Packaging materials and products:**

  Case Materials: Paper and Board mainly used in the manufacture of corrugated board. They are made from any combination of virgin and recovered fibres and can be bleached, unbleached or mottled. Included are kraftliner, testliner, semi-chemical fluting, and waste-based fluting (Wellenstoff).

  Folding Boxboard: Often referred to as carton board, it may be single or multiply, coated or uncoated. It is made from virgin and/or recovered fibres, and has good folding properties, stiffness and scoring ability. It is mainly used in cartons for consumer products such as frozen food and for liquid containers.

  Wrappings (up to 150 g/m²): Paper whose main use is wrapping or packaging made from any combination of virgin or recovered fibres, bleached or unbleached. They may be subject to various finishing and/or marking processes. Included are sack kraft, other wrapping krafts, sulphite and greaseproof papers.

  Other papers mainly for packaging purposes: This category embraces all paper and board mainly for packaging purposes other than those listed above. Most are produced from recovered fibres, e.g. greyboard, and go to conversion, which in some cases may be for end-uses other than packaging.
  (Source: http://www.paperonline.org/grades/grades_lev_3/paper_frame.html)

- **Other - Specialised Papers**
  This category includes other paper and board for industrial and special purposes, including cigarette papers and filter papers, as well as gypsum liners and special papers for waxing, insulating, roofing, asphalting, and other specific applications or treatments.

  (Source: http://www.paperonline.org/grades/grades_lev_3/other_frame.html)

INDIAN SCENARIO

The first paper mill in India was established in 1867 and the raw materials utilized were rags and wastepaper. Commercial scale production was started in 1882 and the raw materials were again non-wood fibres, that is, Eulaliopsis binata and Sascharum bengalense. The development of the fractional process of pulping bamboo at the Forest Research Institute, Dehra Dun during 1922-24 provided an impetus to the pulp and paper industry in India and bamboo became the raw material for making various grades of paper.

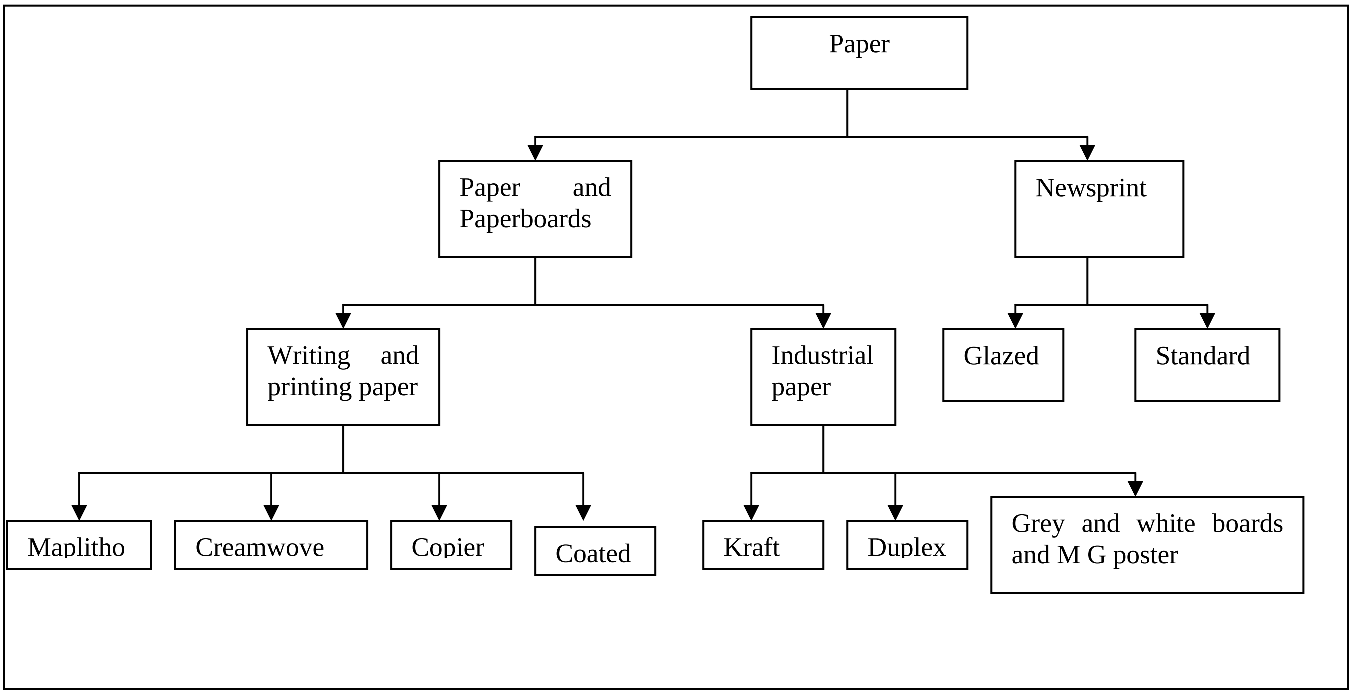
Paper has also enjoyed a relatively strong demand on account of the following:

- The life cycle of a paper product from manufacture to consumption and disposal is short (paper is used more in the nature of consumption good and not as a durable)

- It is widely used, right from the individual to a company.
- There is no real low-cost substitute for paper.

Structure of the paper industry

The Indian paper industry is broadly categorized into 'writing & printing (W&P)', 'industrial' and 'newsprint' segments.



(Source: CRIS INFAC, Annual Review on the Paper Industry, July 2005)

In India, much like in other countries in Asia, most mills are small and only few mills have integrated manufacturing operations, that is, the facility for manufacturing paper from pulp. Also, players operate either in the paper and paperboard or newsprint business.

The total installed capacity for production of paper and paperboard in India increased by 11.8% during the period 2001-2006—from an estimated 5.1 MT to an estimated 5.7 MT. The industry is characterised by a small number of large mills (>20,000 TPA) and a large number of small and medium sized mills. Small and medium size paper mills became important when due to severe paper shortage in the early 1970s, the Government promoted the immediate establishment of small, readily available paper units. They produce primarily low quality paper such as kraft paper and paper boards from recycled paper and various agro-fibres. At present, many of these players have production capacities that are lesser than the minimum economic size of around 50,000 TPA. These capacities are further split up into a number of machines of smaller capacities. Larger players enjoy economies of scale, which helps spread capital costs and reduce the unit cost of sales. *(Source: ICRA, Paper 2007)*

(Source: www.mapofindia.com; Paper & Pulp Industry in India)

Writing and printing (W&P) paper: This includes varieties of paper, normally under 120 GSM (grams per square metre), that are used primarily for writing (stationery) purpose and printing (books, notebooks, share application forms, etc). The various varieties of W&P paper starting from the lower end of the value chain are creamwove, maplitho, copier and coated paper. While the high quality paper segments have been gaining a greater share, the low quality segments still account for major share of the market.

The growth in the demand for the paper in this segment depends, to a large extent, on the growth in population level of literacy, public and private spending on education, level of business activity and growth in the printing industry.

Writing & Printing Paper (W&P)

There are broadly two varieties of paper that are classified as W&P paper – coated and uncoated. Uncoated paper comprises creamwove, maplitho and copier paper. Creamwove is the lowest value segment and, maplitho copier and coated paper are higher value segments.

However, there has been a gradual shift in demand, from the traditional creamwove and maplitho to higher varieties like copier and coated paper.

Creamwove: Creamwove is a wood free paper manufactured from chemical pulp. It is of medium brightness, mainly used for computer stationery, textbooks and notebooks. This is the most widely used variety of paper in India. Creamwove has the largest demand in the W&P segment. Its demand is usually seasonal with higher demand during February to June, when notebooks are generally manufactured and sold.

Demand drivers
The main demand drivers for creamwove are notebooks and textbooks. Government spending on the printing of these also affects demand.

Maplitho: Maplitho is a surfaced sized W&P paper, which is largely used for printing and manufacturing premium notebooks, etc. Demand for this variety depends on corporate spending to a large extent, as annual reports, diaries, calendars etc are printed on this variety and maplitho can be replaced with creamwove in many applications to lower cost. Demand for maplitho is not seasonal, as it is required all through the year since it has various end-uses.

Demand drivers
Demand drivers for maplitho are the printing of annual reports, corporate literature, premium books, diaries, calendars, etc. Hence, corporate spending affects the demand for maplitho to a large extent.

Coated Paper: Coated paper is a superior quality printing paper, which is coated with a solution of adhesive and kaolin. Paper coated on one side is known as 'chrome paper' and paper coated on both sides is known as 'art paper'. The process of coating can be done either on line or off line. In on-line coating, the coating machine is installed at the end of the paper machine. In off-line coating, the coating machine is separate; hence, the base paper is coated by passing it through the coating machine later.

Coated paper is used for printing publicity material (brochures, pamphlets), playing cards, books, labels, calendars, magazines, greeting cards, envelopes and annual reports. Though it is used in a host of applications, its demand depends on corporate spending as coated paper is expensive and for cost cutting, corporate buyers switch to other varieties of paper.

Demand drivers
The demand drivers for coated paper are the printing of brochures, pamphlets, labels, playing cards, calendars, magazines, greeting cards, envelopes, office stationery, etc.

Industrial paper

This includes **kraft paper, duplex boards, grey and white board, and MG paper**. This paper is used for various industrial purposes. The consumption of industrial paper is closely linked to:

- Growth in the packaging industry
- Indusrial production
- Development in packaging technology and substitution by other materials.

The different varieties of paperboards include coated/uncoated duplex, chromo and triplex boards. Kraft paper is available in various varieties, differentiated by strength and grammage, among other criteria.

The industrial paper segment caters to the primary and secondary packaging of manufactured goods. It can be further classified into kraft paper, duplex board, grey and white board, and MG poster.

Kraft paper: Kraft paper is brown paper that we commonly see in the form of brown bags, cartons, etc. It is largely used to manufacture corrugated boxes, bags, sacks, etc. However, corrugated boxes account for 85-90 per cent of the total demand for kraft paper. Demand fro kraft paper depends on the growth in consumer durables, the manufacturing industry, horticulture, FMCG and other such sectors.

Demand drivers
The demand for kraft paper depends on the growth of industries such as FMCG, textile, consumer durables, horticulture and others. Also, growth in exports is one of the key drivers.

Duplex boards: Duplex boards are mainly used as primary packaging for various products like pharmaceuticals, cigarettes, matchboxes, agarbattis, toothpastes and other such consumer items.

Demand drivers
Demand for duplex boards is also dependent on industrial growth. Growths in industries such as pharmaceuticals, cigarettes, matchboxes, hosiery products, etc boost the demand for duplex boards. Increase in malls, shopping center, etc which require attractive display of products also drives demand.

Newsprint

Newsprint is mainly used in the printing of the newspaper and magazines. Although used for printing purposes, newsprint in considered a separate end-use category because of the marked difference in its production process as compared to other W&P varieties of paper. Beside, newsprint is consumed in a very large volume vis-à-vis other varieties of paper.

Strong demand drivers aid growth

The demand for paper depends to a large extent on the economic growth in the country; with the country's economy looking buoyant; growth in the paper industry is not far behind. Apart from economic factors, the demand for different types of paper depends on a variety of other factors like education, corporate spending on advertisement, printing & publishing, growth in export etc. The following factors are expected to have a positive influence on demand and drive for paper in the medium term:

W&P

- Promotion of education to drive demand – Increase in government spending on education.
- Growth in printing & publishing outsourcing.
- Technological advancement to further demand – Increase in demand for paper to support a host of activities and services.

Industrial paper

- Demand for industrial paper to grow in line with the healthy growth in the industrial sector.
- Growth in export to boost demand for packaging paper

INDUSTRY CHARACTERISTICS

India is the world's 15th largest paper producer, 12th largest paper consumer, and provides employment to 1.3 mn people in the country contributing Rs. 25 billion to the Government.

High level of fragmentation in the industry

Indian paper market is estimated to be about Rs 170 billion (Source: equitymaster.com). The industry is highly fragmented with over 500 players and production capacity ranging from less than 1,000 tonnes TPA to 1,00,000 tonnes TPA.

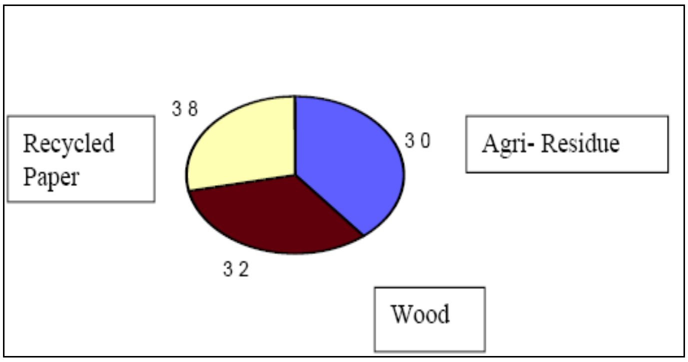
The Indian paper industry, because of its under-presentation, holds much promise.

The per capita consumption of paper in emerging markets is low and, hence, there is greater scope for penetration in these markets, which will result in a higher growth rate. Since established markets have higher per capita consumption, growth would be slower in such markets.

The high level of fragmentation in the Indian paper industry is largely on account of the policies followed by the Government. In the 70s, the Government granted excise concessions to small agro-based mills that resulted in a rapid increase in small mills and consequently enhanced industry capacity.

Raw material availability
There are three kinds of raw materials used in India to manufacture paper – wood/bamboo and wood pulp, agri-residues like bagasse and waste paper. Wood and wood-based pulp dominate the raw material mix for companies engaged in the manufacture of W & P paper, especially in

the higher end of the value chain like maplitho and coated paper. Wastepaper is a predominant input in the production of packaging paper and paperboards. The production of specialty paper involves the use of different varieties of pulp, which lend special characteristics to the paper. The proportion of production of non-wood raw material based paper is increasing over the years. At present about 70% of the total production is based on non-wood raw material and 30% is based on wood based raw material.



Source: Central Pulp & Paper Research Institute, Saharanpur

The industry is facing huge difficulties in terms of availability of raw material and technology upgradation, has also put forward a demand to the government for the creation of a technology upgradation fund, according to a survey conducted on among major Indian paper manufacturers by the Federation of Indian Chambers of Commerce and Industry (FICCI, India enews, May 27, 2007).

The paper industry may soon find a solution to the raw material shortage which is hindering large scale expansion programmes. Over this the industry has proposed a multi stake holder partnership (MSP) which entails a tripartite association between the landowner, land user and the promoter (Paper producer). The Ministry of Environment and Forests has cleared the proposal which is awaiting the nod from the Prime Minister's Office (PMO) and the Union Cabinet. According to the policy, the land holding size will be in the range of 550 hectares and will be given on lease for 30 years through a competitive bidding process. The revenue from the crop will be shared between the stake holders. The proposal, if materialized will be a forerunner to large captive plantations which the industry has been asking for. The industry has sought 1-1.5 million hectares of degraded land near paper mills. Apart from improving the country's forest cover, it will also bring employment in rural areas. Domestic paper producers are faced with rising input costs as bamboo and pulp prices are increasing regularly. The Government so far has not accepted industry's proposal for captive plantations. International pulp prices have jumped by about 87 percent last year from US$ 560 a tonne to US$ 600 now driving companies to hike paper prices by an average of Rs. 2000 a tonne. *(Source: www.telgroup.com, Indian Paper Scenario – February 2007)*

Demand and Supply

Consumption of paper is closely linked to the economic development in the country. In India, the per capita consumption of paper, though low, is gradually improving with domestic economic growth. Currently, the total domestic demand for paper is 7.2 million tonnes whereas the production is 6.7 million tonnes. The gap between consumption and production has increased over a period of time, according to a FICCI survey. (Source: India enews, May 27, 2007)

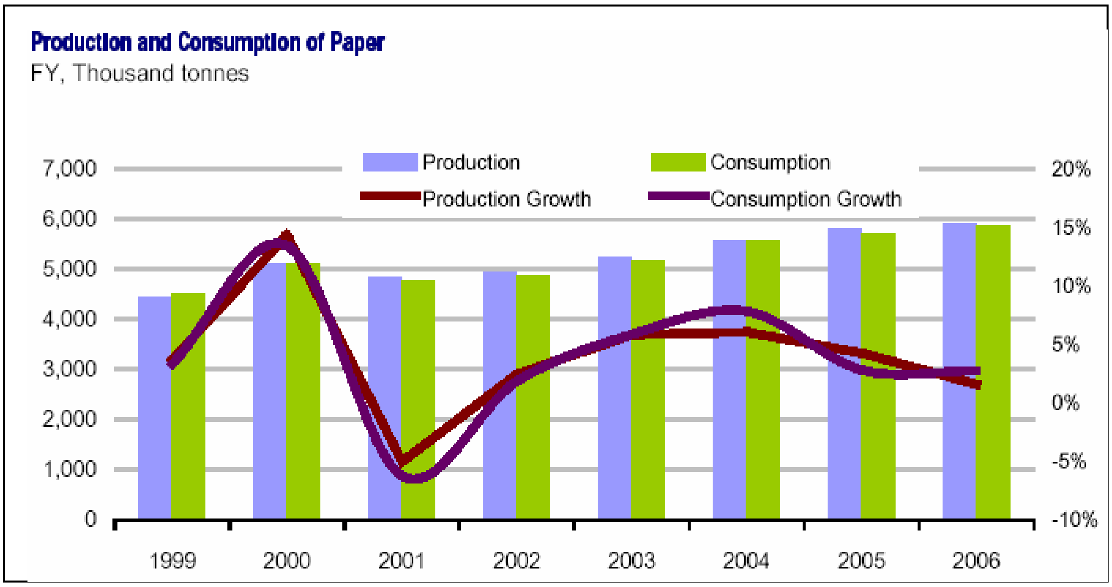
Moderate growth potential exists for the industrial paper segment in the medium term. Pharmaceuticals, tea, powdered milk products; infant foods, cereals, other foods, cosmetics and toiletries, soaps and detergents are expected to be the high demand growth segments. Further, there is a potential to tap new products such as fertilisers.

Country	Per Capita Consumption
China	42
Indonesia	22
India	6.5
Thailand	51
Malaysia	106
Philippines	16
Vietnam	14

Source: Paperloop

Stable growth in demand

India still has one of the world's lowest per capita levels of paper consumption.The demand for paper has been growing steadily over the last few years and is expected to grow at 6.3 per cent in the medium term, in line with its medium-term forecast. The growth potential in consumption is expected to result in a demand supply gap in the industry, which would benefit the segment.



Source: ICRA Paper 2007

Demand & Supply Scenario in India

		2000	2005	2010 1000 tons	2015	Growth 2000-2015	2020
Newsprint	Demand	844	1177	1552	1937	1093	2380
	Supply	456	700	1040	1390	934	1800
	Net Trade	-388	-477	-512	-547		-580
WC printing/writing	Demand	40	61	80	99	59	110
	Supply						
	Net Trade	-40	-61	-80	-99		-110
WF printing/writing	Demand	1490	2125	2870	3880	2390	5215
	Supply	1530	2000	2580	3600	2070	4600
	Net Trade	40	-125	-290	-280		-615
Tissue	Demand	38	75	130	185	147	235
	Supply	30	55	100	170	140	225
	Net Trade	-8	-20	-30	-15		-10
Containerboard	Demand	814	1276	1942	2773	1959	3900
	Supply	806	1155	1840	2650	1844	3600
	Net Trade	-8	-121	-102	-123		-300
Cartonboards	Demand	798	1070	1468	1895	1097	2430
	Supply	828	1100	1300	1800	972	2200
	Net Trade	30	30	-168	-95		-230
Others	Demand	191	222	249	276	85	315
	Supply	200	225	245	265	65	300
	Net Trade	9	3	-4	-11		-15
Total Base Scenario	**Demand**	**4215**	**6006**	**8291**	**11045**	**6830**	**14585**
	Supply	**3850**	**5235**	**7105**	**9875**	**6025**	**12725**
	Net Trade	**-365**	**-771**	**-1170**	**-1170**		**-1860**
Total Conservative	**Demand**	**4215**	**5660**	**9435**	**9435**	**5220**	**11870**

Source : Center for Pulp and Paper Research Institute and Jaakko Poyry Study

Price Realizations to Improve

The Paper cycle has been on a global up trend since early 2003. However, progressive custom duty cuts and an appreciating rupee kept domestic price increases under check. The growth in the domestic paper industry is closely linked with the GDP growth, which is expected to grow healthy at 7-8% over the next few years. Paper prices are also expected to remain buoyant.

The paper prices are expected to remain firm and buoyant for another few years, since the demand is burgeoning and supply is limited due to capacity constraints, and the capacity can not be augmented overnight or month, all upcoming expansions are almost de-bottlenecking, with which the gap between demand and supply can't be abated. Therefore, prices are expected to remain robust. The increased emphasis of Government on education and information technology boom will give more filip to the industry in the coming years.

Domestic paper manufacturers have hiked prices of coated and uncoated paper by Rs. 350-500 a tonne, effective February 2007. This is the fifth price hike by paper companies in the current financial year. There is pressure from rising raw material prices and so the hike will rationalize the market prices. Paper prices have been up by 8-10 percent over the last one year in the domestic market.
(Source: www.telgroup.com, Indian Paper Scenario – February 2007)

Barriers to entry

Threat of substitution is primarily from plastics, which have grabbed share from paperboards in some applications. However, there are indications of a process shift from plastic bags to paper bags as many leading retail chains have already switched or have indicated a favourable stance towards paper shopping bags on account of environmental considerations.

International Competitiveness

Paper Industry has been competitive in select product segments. The cost competitiveness arises from use of relatively labour intensive processes as compared to international manufacturers, which magnifies the country's labour cost advantage. The factors that constrain competitive advantage include uneconomic average mill size, which affects process efficiency, relatively expensive raw materials and high-energy costs.

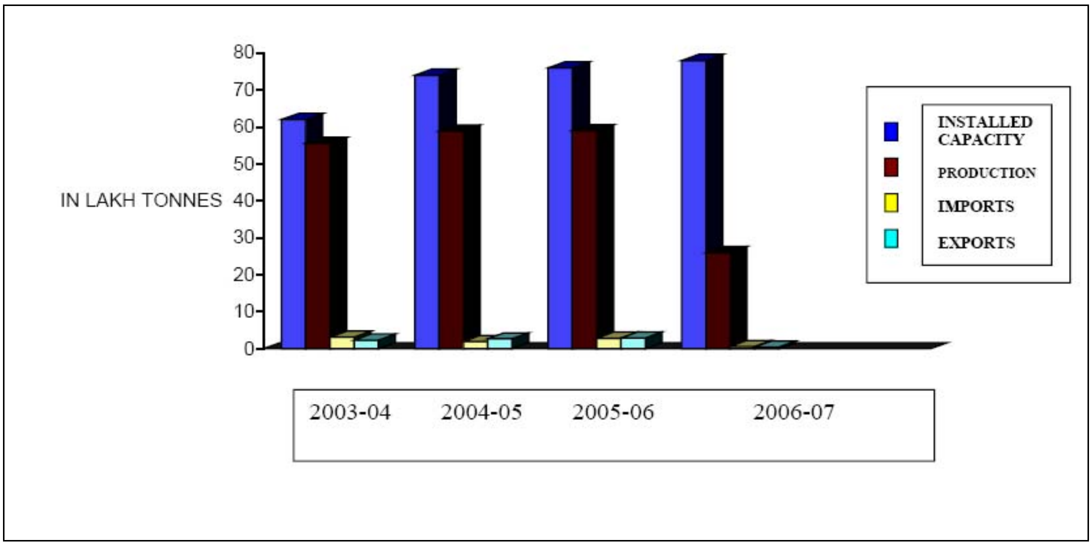
Paper & Paper Board

There are, at present, about 666 units engaged in the manufacture of paper and paperboard out of which nearly 568 are in operation. The country is almost self-sufficient in manufacture of most varieties of paper and paperboard. Import, however, is confined only to certain specialty papers such as light weight coated variety of paper, cheque paper, etc. To meet part of its raw material needs, the industry has to rely on imported wood pulp and waste paper. The production of paper & paperboard during the year 2006-2007 (upto August, 2006) was 26 lakh tonnes.

(Unit=Lakh Tonnes)

Year	Installed Capacity	Production	Imports	Exports
2003-04	62.0	55.6	3.15	2.32
2004-05	74.0	58.9	1.95	2.70
2005-06	76.0	59.0	2.85	2.92
2006-07	78.0	26 (upto August 2006)	0.59 (upto May, 2006)	0.45 (upto May, 2006)

Source: Central Pulp & Paper Research Institute, Saharanpur



Source: Central Pulp & Paper Research Institute, Saharanpur

Opportunities in Paper & Paper Boards:

- Access to International Financing
- Exports of Paper
- Captive Manpower Cost
- Large pool of technical personnel
- Enormous domestic market potential
- Large untapped potential of Outsourcing of Print Jobs
- Government Literacy Programme

SWOT Analysis

SWOT Analysis Indian Paper Industry	
Strength	**Opportunities**
. Large and growing domestic market. . Low personnel and fuel cost . Well developed printing industry . Know how in non wood pulping and application.	. Enormous domestic market potential . Forest plantation potential . Development of the industry based on FDI . Low labor cost and Export potential
Weakness	**Threats**
. Small and fragmented industry structure . Highly skilled and job specific manpower is not available. . Environmental problem . Obsolesce of technology	. Mills lacking International competition . Environmental pressures . Delayed forest plantation and deficit of wood fibers . Short term planning for raw materials.

Industry Outlook

The growth drivers...

Strong demand: Growth in demand for paper is expected to be around 6% to 7% over the next couple of years, more or less in tandem with the GDP growth. Different factors shall drive the demand for different sections of the industry. For example, the Government's increased thrust on education and growth of the media and iformation technology industry is expected to aid the growth of writing and printing paper. A rise in industrial activity and demand for better packaging across sectors will propel the growth for industrial paper. Increasing number of players and the anticipated boom in the newspaper circulations is expected to boost demand for newsprint.

The volumes story: With the rising demand for paper, most of the large paper companies are operating at nearly 100% capacity. These companies are augmenting capacities in order to cater to this demand. The capacity additions have already started taking place and are thus expected to contribute to volume growth going forward.

Increase in realisations: While the demand has been growing at 6% per annum, capacity expansions have been growing at 3%, highlighting the demand-supply mismatch. This has contributed to an upward trend in paper prices and consequently improved realisations. Though the addition of new capacities is likely to catch up with demand over a period of time, in the medium term atleast, the outlook appears stable with paper prices likely to remain firm.

Contribution from value added products: Of late paper companies have been shifting their focus to certain categories of the writing and paper segment (coated, copier), which have a relatively better margin profile as compared to newsprint. These margins are the best not only in the Indian paper industry but are also superior in comparison to its global peers.

The challenges...

Raw material constraints: Over the years, Indian paper companies have faced raw material shortages. This is because in India, the government does not allow paper companies to have private plantations. The fact that raw material costs constitute around half of the total expenditure means that wielding control over the same assumes significant importance. Many of these players have to either depend upon the government or look to import pulp, the chief material required for making paper. To counter this problem, many players have started focusing on social farm forestry programme for securing pulp. This initiative is expected to play a critical role in ensuring pulp requirements in the long-term. The difference between the cost of producing one tonne of paper in India compared to other countries comes to around US$130 per tonne only because of raw material (not factoring-in other inputs' cost). Countries like Brazil, Chile and Indonesia are low cost producers of pulp and paper mainly due to their large-scale units and high-tech man made plantations of pulpwood species. *(Source: India eNews; May 27, 2007)*

High capital cost: Not many greenfield projects have come up in the past in the paper industry on account of the high cost involved. To give a perspective, the cost of setting up a greenfield paper unit with its captive power plant is pegged at Rs. 0.1 million per tonne. The last two major greenfield projects that came up in India were TNPL's bagasse-based 90,000 tonne per annum mill in 1984, followed by Sinar Mas' 115,000 tonne per annum coated paper plant in 1996. As a result, most of the capacities being added at present are brownfield expansions.

Threat from imports: With the Government having reduced the customs duty on both writing and printing paper and newsprint, the sector faces an increasing risk of competition from imports. For example, while the customs duty for writing and printing paper has been reduced from 140% in FY90 to 15% in FY05, the duty on newsprint is as low as 5%. That said, it is mostly the newsprint and coated paper that are expected to face the threat of imports as the domestic prices are closely aligned with the international prices. Other paper segments as such are largely unaffected by the trends in the international paper market. *(Source: www.equitymaster.com, April 24, 2006)*

To sum up ….

Performance of the industry has been constrained due to high cost of production caused by inadequate availability and high cost of raw materials, high-energy cost, etc. Several policy measures have been initiated in recent years to remove the bottlenecks of availability of raw materials and infrastructure development. To bridge the gap due to shortage of raw materials, duty on pulp and waste paper and wood logs/chips have been reduced. Capacity utilization of the industry is 79% approximately as about 98 paper mills, particularly small mills, are sick and /or closed. Government has delicensed the paper industry w.e.f. 17th July, 1997. Several fiscal incentives have also been provided to the paper industry, particularly to those mills, which are based on non-conventional raw material. Paper industry is of cyclical nature and global paper industry being on come back trail, the Indian paper industry has also started looking up. India's per capita consumption of paper is around 7 kg. With the expected increase in literacy rate and growth of the economy, an increase in the per capita consumption of paper is expected. The demand for upstream market of paper products, like, tissue paper, tea bags, filter paper, light weight coated paper, medical grade coated paper, etc., is picking up. These developments are expected to give fillip to the industry. *(Source: Central Pulp & Paper Research Institute, Saharanpur)*

OVERVIEW - HOTEL INDUSTRY

INDUSTRY SCENARIO

- The World Travel & Tourism Council (WTTC) has projected the tourism sector of India to grow at 8.8% in next 10 years, which is expected to make India as one of the world's strongest growing tourism market.
- UP Tourism Minister has announced that due to Commonwealth Games (2010) and other developmental activities, there will be a demand for additional 30,000 rooms and State Government is planning to develop capacity of 5,000 rooms under new Hotel Policy in Ghaziabad, Noida & Greater Noida.
- In Delhi, Hotel Occupancy witnessed a growth of 10.82% in 2004-05. Average rates registered an increase of 29.43%.
- The demand for rooms has risen significantly in nearly all cities during 2005-06. The room supply has only marginally increased in the key cities. This has led to a sharp increase in average room rates in Bangalore, Delhi (NCR), Goa, Hyderabad, Kolkata, Mumbai and Pune.

(Source: PNB Appraisal Report/Note)

- In India, inbound tourist expenditure per head is third highest in the world and even more than global average tourist spending.
- India has been promoting its healthcare tourism by providing the visitors with private healthcare facilities. It is expected that the number of tourists visiting India for the purpose of medical treatment will reach one Million by 2012, representing a CAGR of 28.09% from 2007.
- Disposable income in past (during 2001-2006) grew at a CAGR of 10.11%, thereby driving domestic as well as outbound tourism.
- Room rent accounts for more than 50% of revenue earned by Indian hotel industry.
- Indian outbound tourist flow is expected to increase at a CAGR of 12.79% over the five-year period spanning 2007-2011.
- Tourist influx to India is expected to increase at a CAGR of 22.65% between 2007 and 2011.
- India's share in global tourism is expected to reach 1.5% by 2010 *(Source: www.researchandmarkets.com http://www.researchandmarkets.com/reports/513587/)*

1. **NCR Region**

a) **GHAZIABAD**

Ghaziabad, proximity to Delhi, good highway connectivity with Noida and Greater Noida, and the establishment of the Ghaziabad Master Plan 2021 will greatly benefit Ghaziabad in becoming an important hub for industrial and tourism growth.

Ghaziabad was developed in the initial years as an industrial town, with manufacturing and processing industries being set up. The city today is an industrial hub with many UPSIDC (Uttar Pradesh State Industrial Development Corporation) industrial areas situated in the region. Some major industrial units patronizing Ghaziabad include ITC, Mohan Meakins, Dabur, Bhushan Steels, Shri Ram Pistons, Amrit Vanaspati (Hindustan Lever), Geo Connect, Trelleborg Automotive India, Rockwell Automation and Samtel Picture Tubes and many more.

b) **NOIDA**

NOIDA Industrial Township has been nurtured and developed by the New Okhla Industrial Development Authority, Government of the Uttar Pradesh as an Eco-City. Further it is in close proximity to major industrial townships viz., Meerut (75 Kms), Ghaziabad (25 Kms), Greater Noida (10 Kms) and Faridabad (35 Kms). It is just 14 Kms from Connaught Place.

Spread across 20,316 hectares of notified land, Noida has, over the years, emerged as the only modern integrated industrial township of its kind in the country. The Nizamuddin Bridge, which has been upgraded to six lanes, allows smooth traffic flow in and out of Noida to central Delhi and the traditional Central Business Distt. (CBD) of Connaught Place. The bridge, via the Link Road along the Yamuna River, is the most heavily used traffic route into Noida. It has been breaking new ground in town planning ever since Noida developed international-level industrial, commercial, institutional and residential infrastructure with matching support systems. The total area earmarked for industrial and commercial development is 1,631 acres, of which 321 acres have already been absorbed. Eighteen sectors have been exclusively planned and developed for industrial use and seven more sectors are being planned to cater to future needs. The Noida Software Technology Park (STP), which ranks second in the country in terms of export turnover, and the Infotech Park (ITP), built on 100 acres of land with state-of-the-art infrastructure, housing about 150-200 units, make Noida an attractive place for future investment. Noida has been carefully developed to render the `One-Stop Shop' concept in its true sense, which makes it, perhaps, the only integrated Industrial Township of its kind in the country.

Major employment generating industrial companies that require hotel accommodation include Cadence Systems, Adobe, HCL Corporation, Flex Industries Ltd., Times Watches Ltd. and Phoenix Overseas. There is a fair amount of extended stay generated in Noida due to this.

c) **GREATER NOIDA**

Greater Noida Industrial Development Authority has developed a model integrated industrial township, which is located in the state of Uttar Pradesh on the fringes of Delhi, the national capital. It is in close proximity of major industrial townships.

Strategically located on the fringes of the National Capital, Delhi, Greater Noida falls within the National Capital Region. It is 35 minutes away from New Delhi Railway Station, 55 minutes from the international airport and is close to 4 important industrial centres – Meerut (75 kms), Ghaziabad (25 Km), Faridabad (35 km), Noida (adjacent), Delhi City Centre (38 Km). The proposed regional rail and road networks aims at linking Greater Noida to major existing transport centres, giving access to important cities of Uttar Pradesh and rest of the country.

The city is well connected, both to Delhi and Noida, and with the new international airport and railway station planned; the city is poised for a major development drive. Since the NCR has emerged as a hub for the IT industry, Greater Noida could emerge as an IT destination of the future, leveraging its proximity to the national capital and availability of quality urban infrastructure including housing.

(Source: PNB Appraisal Report/Note)

2. **OTHER KEY DEMAND GENERATORS**

a. 1,500 acres have been earmarked for the development of IT-focussed campus along with residential development in the proposed Hi-Tech city on NH-24 Delhi-Hapur road connecting Noida and Gretaer Noida. Only 25% of the total 1,500 acres have been planned for commercial development. PNB, the appraising agency, estimates that all of the 375 acres would be absorbed in the market by 2012/13.
b. 100 acres have been proposed for the development of the Bio Tech Park near Greater Noida. The Bio Tech Park will focus on projects in Health care, Industrial Bio Technology and Agricultural Bio Technology in the areas of manufacturing and research.
c. Out of the total 2,500 acres development of the Special Economic Zone (SEZ), approximately 200 acres have been earmarked for commercial development. The project is to be set up along the Gautam Buddha Expressway.
d. The Noida Export Processing Zone (NEPZ) coming up in Gautam Buddha Nagar will be covering an area of 1,000 hectares. Out of the total development, 25% translating to approx. 618 acres have been earmarked for commercial development.
e. The total planned development for Noida as per the master plan is 660 hectares. As per the Noida Development Authorities, 30% has been reserved for commercial development. Even if 50% of this actually comes up, it will translate into approximately 225 acres.

(Source: PNB Appraisal Report/Note)

3. **OTHER FORTHCOMING EVENTS**

a) 2010 – Commonwealth Games

Delhi has been selected by the Commonwealth Games Federation as the host city for the 2010 Commonwealth Games. A tentative period of October 3-14, 2010 has been set for the entire sports programme, including the opening and closing ceremonies. The Delhi Games Village is being constructed as a low-rise medium development on a 40-acre site, out of a total of 100 acres, with a possible capacity to accommodate 8,500 athletes and officials.

b) **Delhi Metro Rail Service**

The Delhi Metro Rail Corporation (DMRC) will also make inroads into Ghaziabad. The DMRC has prepared a detailed project report for the extension of the Shahadara line to Ghaziabad via Sahibabad, where the proposed hotel is located. The Ghaziabad Development Authority (GDA) board has decided to grant permission for the Metro rail link from Shahadra to the new bus stand in Ghaziabad. Six stations are planned in the Noida region too. This phase of development is expected to be ready before the Commonwealth Games in 2010.

c) Akshardham Temple

Swaminarayan Akshardham Temple in New Delhi is the capital's newly built architectural landmark on a 100-acre complex at a cost of around USD 44 million. It showcases the essence of India's ancient architecture, traditions and timeless spiritual messages. It was inaugurated on November 6, 2005 and has since attracted approximately 1.4 million visitors. Of this approximately 80% are from neighbouring Delhi and Agra. The Akshardham Temple also houses an inventory of 80 rooms for VIP guests. However, due to high tourist traffic inflow, the temple's room inventory is not enough to sustain the high demand. As per the temple's administration officials, the foreign tourist inflow is estimated to triple over the next three years. This will generate more demand for hotel rooms in the region of East Delhi, Noida, Indirapuram and Ghaziabad and will specially benefit the proposed hotel due to the nature of its facilities of providing pure vegetarian food.

(Source: PNB Appraisal Report/Note)

ADDITION TO SUPPLY

There are six more hotels which are likely to enter into market long with Magnum Hotel', with details as under:

Proposed New Hotel Development around Ghaziabad

PROPOSED PROPERTY	NO. OF ROOMS	OPENING DATE	DEVELOPMENT STAGE
Magnum Papers Hotel	212	April, 2009	Approved
Marriott	200	April, 2009	Early development
Proposed Shipra Hotel	250	April, 2009	Under construction
Proposed Aerens Hotel	35	April, 2009	Early development
Proposed Ramada Plaza	450	April, 2009	Under construction
Proposed Unknown Hotels	550	April, 2009	No Details
Total/Averages	**1,697**		

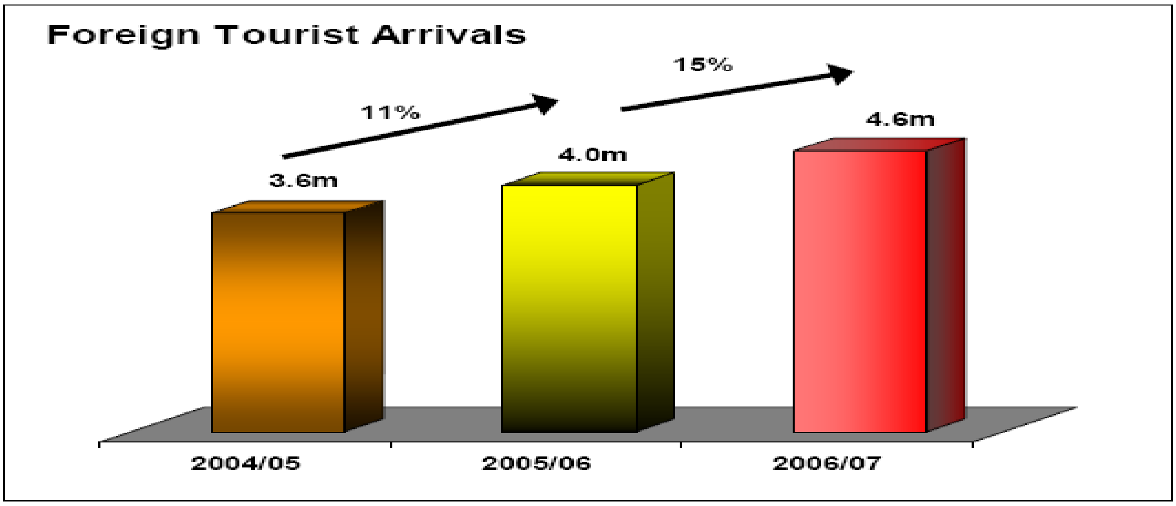
Various national and international hotel developers are keen to enter Noida and Ghaziabad market in near future. As Noida continues to experience growth in the commercial, BPO, IT and ITEs sectors, many more new players are likely to enter in this field. Besides the DDA sites, which are up for auction in places like Shahdra for the development of hotel projects, 8 more hotel sites are proposed for auction in the Noida region. There will be development of 550-units (unknown) to open in the year 2010. Substitution of brands may also take place in the intervening period.

(Source: PNB Appraisal Report/Note)

Foreign Tourist Arrivals

The travel and hospitality industry continues to be the sector, which has largely profited from the fast growing economy of India. This has largely been due to the 4 million tourist arrivals in FY06 (15% growth) over the previous period. The compounded growth in tourist inflow over the last ten years (FY96-FY05) has been 8.2%, while in the last five years; growth stands at 9.1%

per annum. This increase in the number of tourist arrivals in the country lifted the country's standing in the world of tourist destinations. The country is ranked fourth among the world's must see countries.
(Source: www.equitymaster.com; November 28, 2006)



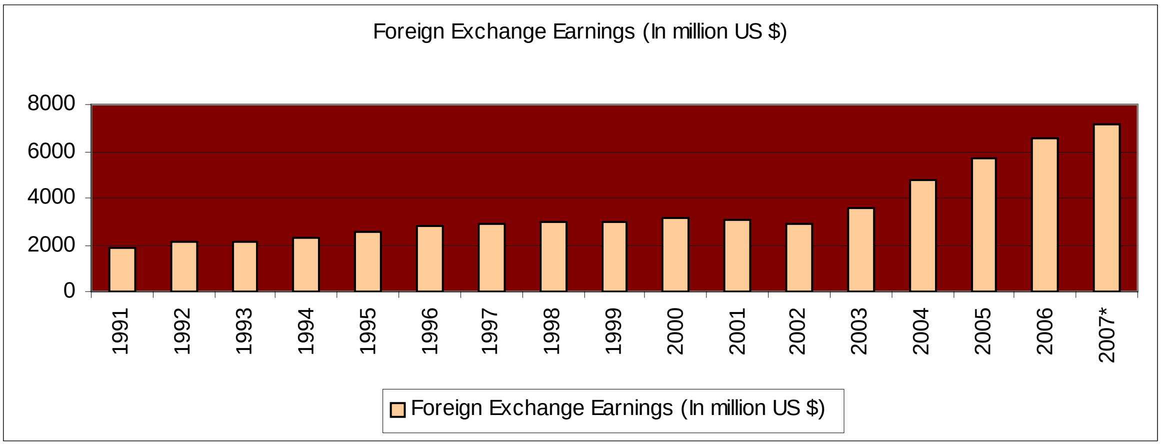
(Source: Ministry of Tourism (http://tourism.nic.in/))

Indian Tourism Industry- Current and expected scenario

India	2006			2016		
	Value (in Rs bn)	% of Total	Growth* (%)	Value (in Rs bn)	% of Total	Growth** (%)
Personal T&T Earnings	935.4	3.8	6.9	2,857.1	4.0	6.7
Business Travel Earnings	260.8	-	8.3	822.1	-	7.0
Government Expenditures	41.2	1.0	7.7	119.0	1.0	6.1
Capital Investment in T&T	681.5	7.2	8.3	2314.2	7.5	7.8
Visitor Exports	302.2	3.3	10.9	1031.3	1.3	7.8
Other Exports	121.5	1.3	14.6	984.6	1.3	17.6
T&T Demand	2342.7	-	8.4	8128.2	-	8.0
T&T Industry GDP	713.8	2.1	7.2	1881.9	1.7	5.1
T&T Economy GDP	1827.6	5.3	7.8	5542.3	5.0	6.6
T&T Industry Employment	10679.6	2.4	0.8	10591.8	2.0	-0.1
T&T Economy Employment	24349.2	5.4	1.4	27015.8	5.1	1.0

Source: World Travel and Tourism Council
Note: T&T: Travel & Tourism
**2006 real growth adjusted for inflation (%)*
***2007-2016 annualized real growth adjusted for inflation (%)*

Receipts from Foreign Tourists



*(Source: Ministry of Tourism), *Till June*

Occupancies & ARR

Occupancies and ARRs have continued to remain strong not only in the metros but also in the secondary cities like Pune (Maharashtra) and Noida (Uttar Pradesh) wherein many new foreign companies and private entrepreneurs are setting up shop owing to the lower costs of land in these areas. Domestic tourism, which has grown at a CAGR of 40% during the past 5 years, is emerging as another key growth driver for the industry. Growth for this segment (constituting of over 300 million tourists) is being led by rising disposable incomes and increased levels of discretionary spending by households. Low cost airlines and Government initiatives have further encouraged growth of domestic tourist flows in the country.

Table 1 Citywide Occupancy

	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07*
Bangalore	63.9%	58.1%	68.1%	69.8%	64.3%	72.0%	79.6%	80.5%	79.0%	82.0%
Kolkata	62.8%	62.0%	58.5%	62.9%	66.4%	65.4%	62.4%	69.5%	77.0%	77.0%
Chennai	70.8%	65.0%	63.2%	64.6%	56.5%	58.3%	67.5%	71.7%	73.0%	79.0%
Delhi	70.3%	62.9%	61.0%	58.9%	53.3%	68.0%	72.4%	79.0%	80.0%	78.0%
Goa	56.5%	57.7%	50.2%	54.5%	53.6%	55.3%	56.7%	62.8%	67.0%	72.0%
Jaipur	54.6%	50.4%	48.5%	55.0%	48.3%	54.0%	58.3%	67.2%	69.0%	73.0%
Mumbai	66.1%	68.0%	65.0%	64.6%	52.0%	63.4%	68.5%	72.4%	74.0%	79.0%
Hyderabad	53.4%	66.0%	61.3%	69.1%	68.0%	70.0%	75.8%	77.6%	82.0%	78.0%

*HVS Estimates
Source: HVS International Research

(Source: Hotel Values In India – Riding Cloud 9!)

The sequential growth in occupancies has been relatively flat as compared to the pervious two years. The flattening of the growth curve can be attributed to the fact that the markets are now growing on a substantially higher base. Over the last one year hotels are seen as firmly adopting a rate vis-à-vis occupancy strategy and the focus in clearly shifting to revenue enhancement at stabilized occupancy levels. Another important development over the last year in most commercial markets has been the quantum of unaccommodated demand.

Table 2	Citywide Average Rates									
	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07*
Bangalore	Rs3,451	Rs3,254	Rs3,025	Rs3,602	Rs3,735	Rs4,300	Rs4,801	Rs7,880	Rs11,100	Rs12,050
Kolkata	3,951	3,888	3,557	3,698	3,409	2,917	2,975	3,213	3,650	4,500
Chennai	3,977	3,600	3,424	3,796	3,535	3,300	3,478	3,662	4,675	5,850
Delhi	4,913	4,626	4,115	4,526	4,338	4,089	4,185	5,200	7,050	9,750
Goa	2,303	2,863	2,727	2,914	2,676	3,000	3,293	3,764	5,000	5,850
Jaipur	2,473	2,533	2,514	2,902	2,949	2,850	2,922	3,604	4,400	5,250
Mumbai	6,169	6,297	5,661	5,555	4,932	4,184	4,274	4,955	6,450	8,625
Hyderabad	1,646	1,579	1,867	2,316	2,414	2,700	2,865	3,490	4,550	5,500

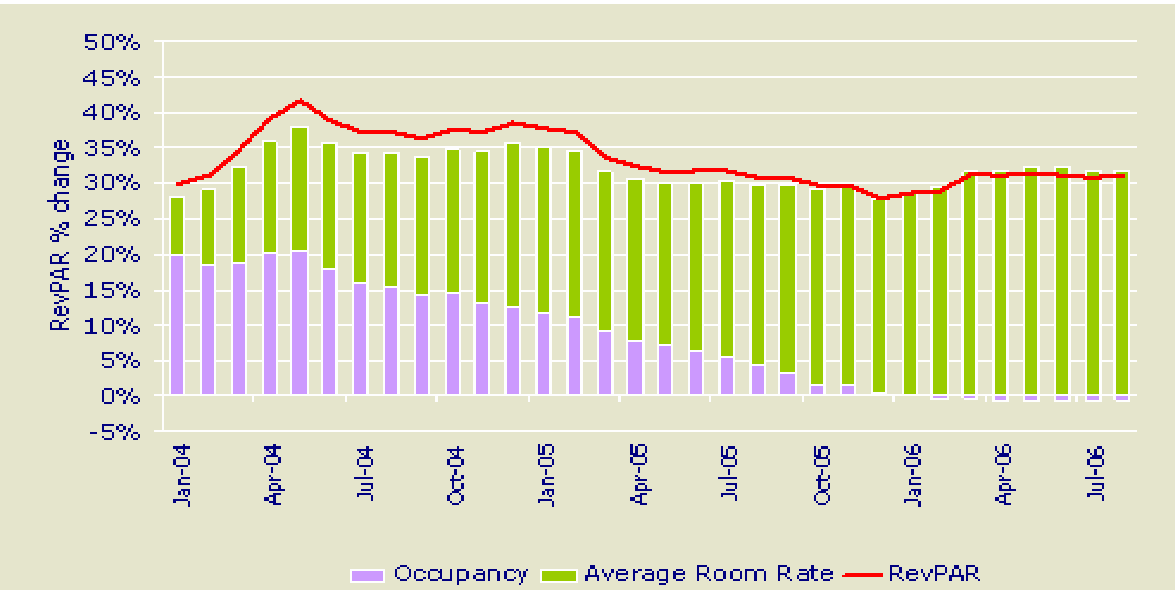
*HVS Estimates
Source: HVS International Research

(Source: Hotel Values In India – Riding Cloud 9!)

In terms of average rates, Bangalore continued to be the most expensive market where rates appreciated by a further 8.6%. Delhi and Mumbai registered the highest percentage growth with 38.3% and 33.7% year-on-year appreciation, respectively. Kolkata and Chennai markets historically have been perceived as very rate sensitive markets with high degree of rate elasticity. For 2006-07, the average rate of growth in Chennai was 25.1% and for Kolkata was 23.3%, an impressive 10-year high appreciation. For Goa and Jaipur the rate appreciation was 17.0% and 19.3%, respectively, while rates in Hyderabad were up by 20.9%.*(Source: Hotel Values In India – Riding Cloud 9!)*

Coupled with unprecedented growth in tourism in the last three-four years, the huge shortfall has enabled hotels in the country to register impressive performance numbers across all performance parameters.

India hotel performance rolling-12 percentage change (US$)
January 2004 – August 2006



Source: HotelBenchmark™ Survey by Deloitte
http://www.hotelbenchmark.com/resources/marketsnapshots/27092006India-EN.aspx

Industry Outlook

- The `Incredible India' campaign has emerged as a huge opportunity for real-estate investors and hoteliers across all segments including luxury and heritage, mid-market and budget hotels. *(Source: Business Line, Feb 11, 2007)*.

- Over the next two years, close to 80,000 hotel rooms are expected to come up in various categories across the country, according to Mr M.N. Javed, Deputy Director-General, Union Ministry of Tourism. Currently, India has some 1,975 hotels with over one-lakh rooms. However, it is estimated that there is still a shortfall of about 1,50,000 hotel rooms. Industry experts said that such a development would attract investments to the tune of Rs. 52,000 crore. *(Source: Business Line, April 12, 2007)*.

- According to industry experts, the steep rise in room rates and strong occupancy level in city hotels are the prime drivers of investments in this sector. Indian companies such as the Taj, Sarovar, Kamats, Oberoi and Lemon Tree have shown interest in setting up budget hotels. Andhra Pradesh, Uttar Pradesh and Rajasthan emerge as front-runners in terms of facilitating new investment in hotel infrastructure. Various other States, such as Bihar, Goa, Orissa and Punjab among others have granted industry-status to the hotel sector by virtue of which the hoteliers can leverage tariff, land and taxation related benefits that are applicable to other industries. *(Source: Business Line February 11, 2007 & April 12, 2007)*

- According to the 2002 estimates of the World Tourism Organisation (WTO), international tourist inflow in India by 2020 would be 10 million, which means the tourist influx has to grow at a CAGR of 6.5% for the next 14 years. This makes the country one of the fastest growing tourist destinations in the world second only to China. As of FY06, the increase in the tourist arrivals is well inline with the WTO estimates. *(Source: www.equitymaster.com)*

- Many international hotel chains either have or are on the lookout for setting up shop in the country. Few are on the lookout for a partner or would be setting up own hotels, government permitting. This clearly shows that India is on the international tourism radar.

- The sector continues to face certain problems. The country continues to be marred by poor infrastructure facilities like poor road management, rail, air and sea connectivity. However, the present government in its endeavour has taken a few initiatives like opening of the partial sky policy. This allows private domestic airline operators to fly on the Indian skies. Some states continue to be in political uncertainties.

- Although prospects are promising, as mentioned earlier, any change in the global geo-political situations can and have adversely affected the performance of this sector. This should be one of the determining factors while investing in this sector.

ii. BUSINESS OVER VIEW

Paper Unit:

MVL is engaged in the business of trading and manufacturing of paper for more than 25 years. The existing manufacturing activities cover writing & printing paper, and duplex boards with an installed capacity of 85,000 MT per annum, based on 3 shifts and 330 working days in a year. The writing & printing paper comprise creamwove, maplitho and xerox papers. MVL is well known in the trade of papers and enjoys commedble respect in business circles. Its commitment to banks/institutions has always been honoured in time. The Company is being managed by a team of professionals with close and active supervision by its Directors.

The Company's properties are spread over industrial land measuring 62,334.39 sq. metres. The Promoters of the company are in the trade of paper for more than 40 years. They started the business in early 80's on a very low profile, but with full commitment and positive approach, the working of the company recorded a steady growth, particularly in the last 7-8 years.

The Company has three manufacturing units for its Paper facilities, located at plot No.18/29, 18/30, 18/31 and 18/41, Site-IV, Industrial Area, Sahibabad, Uttar Pradesh. Unit I is located at plot no. 18/29, 18/30, and 18/31, and manufactures Writing and Printing paper. Unit II and III are located at plot no. 18/41 for manufacturing Duplex Boards and Writing & Printing paper respectively.

The first paper machine of the Company commenced production in the year 1982 with an installed capacity to produce 1185 TPA of writing and printing paper. Since then the Company has gradually increased its production capacity through upgradation and expansion to 85000 TPA.

The Company is presently availing the credit facilities under banking arrangements with existing term loans and working capital facilities from PNB, IOB, Syndicate Bank and OBC. The conduct of accounts with all the banks is satisfactory and the accounts are in standard category.

Most of the plant and machineries were installed in 90's, and to maintain /improve the quality, cost reduction and operational efficiency, the Company is undertaking modernization/ technology up-gradation programs from time to time. The Promoters are again going for a massive technology up-gradation program which includes complete modernization / replacement of plant and machinery with regard to manufacturing of Duplex Board (Machine No. II), Printing and Writing papers (Machine No. III), Chemical and Fiber Recovery Section, Recycling of Backwater System etc.

The Company is running successfully and generating cash profits. The Company has registered a turnover of Rs. 10081.91 lakhs and PAT of Rs. 827.39 lakhs for the financial year 2006-07.

Hotel Unit:

The Company intends to set up a 4 Star Deluxe hotel comprising 212 rooms in Sahibabad District, bordering Delhi. The proposed hotel will be located in the heart of business disctrict of Sahibabad, in District Ghaziabad and falls under the National Capital Region. It is extremely close to Delhi city, is at a very short distance from National Highway 24 and the Inter-State Bus Terminus at Anand Vihar, Delhi.

The Company's proposed Hotel will be located at plot nos. 64/6 (comprising sections 3, 4, 5 & 6), and 64/5, Site-IV, Industrial Area, Sahibabad, Uttar Pradesh.

LOCATION OF THE PROJECT

The manufacturing units are located at Plot no. 18/29, 18/30, 18/31 and 18/41, Site-IV, Industrial Area, Sahibabad, Ghaziabad, Uttar Pradesh. The location is about 5 kms from Delhi on way to Ghaziabad and well connected with transport and communication facilities.

The major locational advantages are with regard to availability of raw material as well as marketing of finished goods in view of its proximity to Delhi, being the capital of India.

The Plot no. 64/6 (comprising sections 3, 4, 5 & 6), and 64/5, Site-IV, Industrial Area, Sahibabad, Uttar Pradesh is the proposed site for the Hotel.

The company is in possession of large industrial land measuring 4381 sq. meters at plot No. 18/29 and 18/30, 23547 sq. meters at plot No.18/41 and 4717 sq. meters at plot No. 18/31. The plot No. 64/6 & 64/5/6 is 9841 & 579.72 sq. meters respectively. In plot nos. 35/1 and 40/2, the area of industrial land measures 10,074 sq. meters and 9195 sq. meters respectively and these are being used for storage of coal, waste paper and fines being generated from captive power plant. As the company derives major cost advantage on purchase of bulk quantities and therefore sufficient space is envisaged for storage as these locations are few yards from the manufacturing units.

DETAILS OF PLANT, MACHINERY, TECHNOLOGY, PROCESS, ETC.

Plant and Machineries

The major plant and machineries for the manufacturing of writing & printing paper, and duplex board includes hydro-pulper, refiner, turbo charger, high density cleaner, inclined screen, centri-cleaner, agitator, Johnson screen, calendaring machine. The existing Plant and Machinery has installed capacity of 257 MT per day.

Most of these plant and machineries were installed earlier in 90's and therefore require technological up-gradation cum modernization. The proposed technological up-gradation includes complete modernization / replacement of plant and machineries with regard to manufacturing of Duplex Board (Unit II), Writing & Printing papers (Unit III), Chemical and Fibre Recovery Section, Recycling of Backwater system and consumption of fresh water and finishing and cutting equipments, etc. This will facilitate the company in improving the quality, cost reduction and enhancement in efficiency. The major heads of items of equipments under modernization and technological upgradation project are:

Equipments	Usage	Expected benefits to be derived
Pulp Section Equipments	Removing of plastic particles, dust ink from the paper & improving brightness of the pulp.	At present the company is manufacturing these products with 70-72% brightness, however after modernization of pulp equipments it is expected to improve the brightness.
Machine Section Equipments	Improving de-watering system from pulp sheet.	Improvement in formation of the sheet and reduction in consumption of steam and fuel cost.
Cutting & Slitting Equipments	Ensuring accuracy under size of reels and sheets.	Reduction of wastage of finished goods while reeling and sheeting.
Condensing System	Re cycling the hot water coming from dryer's section.	Re cycling of hot water to go up as 70% and to re cycle the entire hot water available in the system, resulting in increasing the recycle capacity, less consumption of fresh water as fuel.
Effluent Treatment Equipment	Canalizing of drain water for recycling.	Technological up gradation will enable recycling of drain water and thus saving water cess bill and more compliance towards water pollution laws.

The Company has received quotations from reputed suppliers which mainly includes M/s Peer Paper Machines Pvt. Ltd. (Saharanpur), M/s Excel Teknika Ltd. (Ghaziabad), M/s Hardayal Engineering Works Pvt. Ltd. (Ghaziabad), M/s Servall Engineering works (Karamadai, Coimbatore), M/s Tycon Automation Pvt. Ltd. (Ghaziabad), etc. The quotations are considered competitive with regard to cost, quality of equipments and service during maintenance period.

PLANT AND MACHINERIES FORMING PART OF TECHNOLOGOCAL UPGRADATION AND MODERNIZATION PROJECT

I.(a) MACHINERY RECEIVED FOR PLANT RENOVATION TILL DATE

Sl. No.	Name of Supplier	Particulars of the Machine	(In Rupees)	Total (Rs./ lakhs)
1.	Excel Teknika Limited C-123, Bulandshahar Road Ind. Area, Site No.1 Ghaziabad	Back Water Tank M.S. Fabricated Tank	596140.00	
	-do-	M.S. Fabricated Tank	596140.00	
	-do-	M.S. Fabricated Tank	596140.00	
	-do-	M.S. Fabricated Tank	596140.00	
	-do-	M.S. Fabricated Tank	596140.00	
	-do-	M.S. Fabricated Tank	596140.00	
		Sub-Total	**35,76,840.00**	**35.77**
2.	Hardayal Engg. Works (P) Ltd. S-5, 6 & 7 South of G. T. Road Ghaziabad	Parts of Effluent Treatment Plant	1216126.00	
		Parts of Effluent Treatment Plant	1216126.00	
		Parts of Press Section	1216126.00	
		Paper Roll & Coating Roll		
		High Press Shower	1155318.00	
		High Press Shower	1151318.00	
		High Press Shower	1216126.00	
		Sub-Total	**71,71,140.00**	**71.71**
3.	Shubham Steel 402/15, Loha Mandi Ghaziabad	Steel for manufacturing of Platforms	580480.00	
		Steel for manufacturing of Platforms	568152.00	
		Sub-Total	**11,48,632.00**	**11.49**
4.	Samarth Paper Machine (P) Ltd., C 52 MIDC, Waluj, Aurangabad	Pulp Mill Equipment, Parts of Bleaching Tower discharge system and HD Cleaner	3,36,767	**3.37**
5.	Samarth Paper Machine (P) Ltd., C 52 MIDC,	Pulp Mill Equipment, Parts of Bleaching Tower discharge system, $2M^3$	9,38,829	

	Waluj, Aurangabad	decontaminator		**9.39**
6.	Servall Engineering Works (P) Ltd., No. 31 Bharti Park, 7th Cross Road, Sai Baba Colony, Coimbatore	Drying cylinder section (16 Nos. of Drying Cylinder)	89,64,489.60	**89.64**
7.	Servall Engineering Works (P) Ltd., No. 31 Bharti Park, 7th Cross Road, Sai Baba Colony, Coimbatore	Pope section parts, Drying cylinder, Parts of Machine section (Head Box)	38,76,337.00	**38.76**
8.	Hyper Filteration (P) Ltd. 16/1, A 4 Industrial Area, Sahibabad	Effluent treatment plant, Filter press, On line plastic screen system, primary and secondary clarifier and Pipeline	22,98,296.00	**22.98**
9.	G.L.& V Sweden AB, P.O.Box No. 100, S-12922 Stockholm, Sweden	Filter Disc Complete consisting of 20 pieces sector with PP Filter Bags; 10 pieces holders with Assembly details (Parts of Bleaching Tower Discharge system, Disc Filters) Quantity: 2 Nos. (Imported Machine)	22,79,753.00	**22.80**
10.	Ashu Sales (P) Ltd. Outside Delhi Gate, G T Road, Ghaziabad	Electric Motors	34,90,148.98	**34.90**
11.	ABB Ltd. 4, Mathura Road, Faridabad	Parts of Machine section before pope section, QCS etc.	2,41,11,988.16	**241.12**
12.	VOITH Paper Technology (India) Ltd., 4th Floor, 3-B Shakespeare Sarani, Kolkata	Pulp mill equipment consisting of Bleach multi sorter primary and secondary, Reject sorter alongwith Economiser cleaner	72,10,000	**72.10**
13.	VOITH Paper Fibre System Gmbh & Co. KG, Escher-WYSS Stra Be 25, 88212 Ravensburg, Germany	Pulp Mill equipment, Centrifugal cleaner, Screen basket, Screen plates, Disperger, Filling rotor & stator (Imported)	71,79,074.00	**71.79**
14.	Peer Paper Machine (P) Ltd., 8th KM, Dehradun Road, P.O. Kailashpur, Saharanpur, UP	Machine section parts, Press section parts, Dryer parts, Mechanical drive etc.	24262662.00	**242.63**
15.	Annapurna Exim, 67 Banjara Mujjaffar Nagar (Principal Supplier: China Export Basis Liaocheng Import & Export Co. Ltd., Shandong,	Parts of Press section Ceramic Top (Imported)	3,91,713.00	

	China			**3.92**
16.	Tycon Automation (P) Ltd. B-54, Sector 63 NOIDA	AC Drive system (VFD)	3,63,510.00	**3.64**
17.	Akshit Sales Corporation Opp. Modi Degree College, Sonda Road, Modi Nagar, Ghaziabad	Steel for in-house fabrication	20,02,886	**20.03**
18.	Honey Traders & Suppliers Rohta Road, Gole Bandh Meerut	Former Parts	10,00,000	**10.00**
19.	Max Engineers Punjab Oil Expeller Compound, Near Meerut chungi, Meerut Road, Ghaziabad	Former Parts	50,14,464.00	**50.15**
20.	Mamta Steels 15th Loha Mandi, B.S. Road, Industrial Area, Ghaziabad	Steel for in-house fabrication	14,99,992	**15.00**
21.	Nitesh Trading Co. Plot No. 402 Shop No.6 Loha Mandi, Ghaziabad	Steel for in-house fabrication	10,22,541	**10.23**
22.	S.N.Sales Corpn. Shop No.2, Sadarpur Road, Karpuri Puram, Ghaziabad	Steel for in-house fabrication	20,62,735	**20.63**
23.	Shubham Steels 402/15 Loha Mandi, Ghaziabad	Steel for in-house fabrication	58,71,948	**58.72**
24.	Shree Krishna Enterprises Village Gangola, Kasna Road, Greater NOIDA, Gautam Budh Nagar	Steel for in-house fabrication	30,00,071	**30.00**
25.	Atlas Copco Compressor Sales 401-406, Vishwa Sadan, 9, District Centre, Janakpuri, New Delhi	Air compressor and Air dryer for pneumatic instrument systems	8,72,203.00	**8.72**
26.	Excel Teknika Ltd. C 123 Bulandshahar Road, Industrial Area Site I , Ghaziabad	Pulp mill equipment, fine screen (multi screen) Bleach Tower Discharge parts	52,51,608.00	**52.52**
27.	Hardayal Engineering Works S-5, 6 & 7 South of GT Road, Ghaziabad	Mechanical section parts, Former Parts, Extractor Press, Cutting & Slitting section, Condensate recovery system etc.	1,47,14,101.35	**147.14**
28.	Neer Shree Cement Kota Rajasthan	Supply of One wagon cement contaiing 1,248 bags of 53 Grade	2,44,608.00	**2.45**
29.	Sanya Enterprises, Shop No. 2, Tavetia Market,	Former parts VAT etc.	88,00,000.00	

	Near F Block Shastri Nagar, Ghaziabad			**88.00**
30.	Shyama Enterprises, A-7 Mahendra Enclave, Shastri Nagar, Ghaziabad	Former parts VAT etc.	60,00,000.00	**60.00**
31.	Kumar Trading Co, Near Mill Saketi Meerut	Former parts VAT etc.	70,00,000.00	**70.00**
32.	Sony Trading Company Jani Kalan, Bagpat Road, Meerut	Former parts VAT etc.	75,00,000.00	**75.00**
33.	Rohit Traders 26, Sunil Chaudhary Market Vasant Road, Ghaziabad	Armoured Cable of 95 mm & 300 mm square ACB, Electromagnetic Flow Metre & Differential Pressure Level	49,99,500.00	**50.00**
34.	Shri Shakumbari Traders 125, Loha Mandi Ghaziabad	Full Bore Wall, Knife Edge Gate Valves 102 pieces	47,12,134.00	**47.12**
35.	Advanced Fibre Technologies (AFT) P.O. Box No. 241 Fin-78201 VARKAUS	AFT Mega Flow Screen Cylinders parts of Bleach Tower Discharge System (Imported)	10,67,978.00	**10.68**
36.	O-Sung Trade Company Room 204, Altin OfficeTel 580-1, Gwae Bop Dong Sa Sang Gu Busan South Korea	Dryer Scree & Press Felt for 1st Press Top/4th Press Position (Imported)	3,41,175.00	**3.41**
37.	Shree Gopal Traders Railway Road Dadri Distt. Gautam Budh Nagar U.P.	Former Parts	90,00,000.00	**90.00**
38.	Super Sales SE, 359 Shastri Nagar Ghaziabad	G.I. & M.S. Pipes	49,38,500.00	**49.38**
39.	S.P. Sales Corporation C-42, Sarvodaya Nagar Ghaziabad	AC Drive VFD for different rating and consistency transmitter, electromagnetic flow meter, differential pressure level	88,25,683.00	**88.26**
	TOTAL			**2033.45**

I.(b) MACHINERY RECEIVED FOR PLANT RENOVATION TILL DATE- SECOND HAND MACHINE

Sl. No.	**Name of Supplier**	**Particulars of the Machine**	**(In Rupees)**	**Total (Rs./ lakhs)**
1.	J.K. Paper Limited Jaykaypur Dist. Rayagada Orissa	Pulp Mill Equipment waste & scrap bleach fillers with assembly/spares	16,00,000.00	**16.00**

The above Pulp mill machinery equipment was purchased from M/s. J.K. Paper Limited. The details of the same are as under:

i. Year of manufacturing: 10 years old approx..

ii. Balance estimated life of the machine: 15 years approx.

iii. Function: Washing and thickening of the pulp for better brightness and also more fibre will recovered from the pulp in comparison to the existing equipments which are installed in the Unit.

SUMMARY OF MACHINES ORDERED AND RECEIVED TILL DATE:

i. New Machines : Rs. 2033.45 lakhs
ii. Second-hand Machines : Rs. 16.00 lakhs
Total : Rs. 2049.45 lakhs

II. ORDERS ALREADY PLACED:

(Rs. in lakhs)

Sl. No.	Particulars of Machines	Name of Supplier	Total Cost (Rs. in lakhs)	Advance Paid (Rs. in lakhs)	Date of Order/ Expected Date of Delivery
1.	Pulp Mill Equipment, Parts of Bleaching Tower Discharge system, Decker Drum with MS VAT	Ganga Engineering Works E 55-56 Industrial Area Yamuna Nagar	8.47 (Inclusive of Excise Duty of 16%, Cess thereon of 2%, and CST of 4%)	2.00	Order dated 28.11.2006 Latest by last week of August, 2007
2.	Pope section parts	Servall Engineering Works (P) Ltd., No. 31 Bharti Park, 7th Cross Road, Sai Baba Colony, Coimbatore	78.63 (Inclusive of Excise Duty of 16%, Cess thereon of 2%, and CST of 4%)	13.00	Order dated 13.11.2006 Latest by last week of August, 2007
3.	Effluent treatment plant, Filter press, On line plastic screen system, primary and secondary clarifier and Pipeline	Hyper Filteration (P) Ltd. 16/1, A 4 Industrial Area, Sahibabad	217.00 (Inclusive of Excise Duty of 16%, Cess thereon of 2%, and UPST of 2.5%)	188.65	Order dated 23.11.2006 Latest by 2nd week of August, 2007 (Machines worth Rs. 22.98 lakhs received)
4.	Gear Box	Harison Engineers, B 54 C Gangotri Enclave, Alakananda, Delhi	8.81 (Inclusive of Excise Duty of 16%, Cess thereon of 2%, and CST of 4%)	6.64	Order dated 13.11.2006 Latest by last week of August, 2007
5.	Gear Box	Harison Engineers, B 54 C Gangotri Enclave, Alakananda, Delhi	26.66 (Inclusive of Excise Duty of 16%, Cess thereon of	13.52	Order dated 30.10.2006 Latest by last week of August, 2007

			2%, and CST of 4%)		
6.	Gear Box	Harison Engineers, B 54 C Gangotri Enclave, Alakananda, Delhi	10.62 (Inclusive of Excise Duty of 16%, Cess thereon of 2%, and CST of 4%)	1.75	Order dated 30.8.2006 Latest by last week of August, 2007
7.	Erection & commissioning of QCS etc.	Tycon Automation (P) Ltd. 8/83, Sector 3, Rajinder Nagar, Sahibabad, Distt. Ghaziabad	2.50 (Inclusive of Service Tax)	-	-
8.	Machine section parts, Press section parts, Dryer parts, Mechanical drive etc.	Peer Paper Machine (P) Ltd., 8th KM, Dehradun Road, P.O. Kailashpur, Saharanpur, UP	858.01 (Inclusive of Excise Duty of 16%, Cess thereon of 2%, UPST of 2.5%)	699.47	Order dated 20.11.2006 Revised vide Order dated 25.4.2007 Latest by last week of August, 2007 (Machines worth Rs. 242.63 lakhs received)
9.	Parts of Press section vaccum pumps (Imported) I USD: Rs. 46.30	Gardner Singapore Pte. Ltd. No.1 Gul Link Singapore	US$ 38,000 (Inclusive of Packing & Freight charges upto Mumbai) Equivalent to Rs. 24.06 lakhs (Inclusive of Customs Duty of 12.5%, Excise Duty of of 16%, Cess thereon of 2%, Education Cess on Customs, Excise & Cess of 2% and Additional Duty of 4%)	3.52	Order dated 17.8.2006 Latest by last week of August, 2007
10.	AC Drive system (VFD)	Tycon Automation (P) Ltd. B-54, Sector 63 NOIDA	78.63 (Inclusive of Excise	5.84	Order dated 10.11.2006 Latest by

			Duty of 16%, Cess thereon of 2%, and CST of 4%)		18.8.2007 (Equipments worth Rs. 3.64 lakhs received)
11.	Mechanical section parts, Former Parts, Extractor Press, Cutting & Slitting section, Condensate recovery system etc.	Hardayal Engineering Works S-5, 6 & 7 South of GT Road, Ghaziabad	858.44 (Inclusive of Excise Duty of 16%, Cess thereon of 2%, and UPST of 2.5%)	759.07	Order dated 15.4.2006 Latest by last week of August, 2007 (Equipments worth Rs. 147.14 lakhs received)
12.	Drying Cylinder Section 17 pieces & 1 Alloy Cylinder (Amendment to earlier Order placed on Servall & Peer Machine Private Ltd.)	Servall Engineering Works (P) Ltd., No. 31 Bharti Park, 7th Cross Road, Sai Baba Colony, Coimbatore	109.18 (Inclusive of Excise Duty of 16%, Cess thereon of 3%, and CST of 4%)	23.59	Order dated 25.4.2007 Latest by 22.8.2007
13.	Machine Section Parts fine screen, Screen Basket	Max Engineers Punjab Oil Expeller Compound Near Meerut Chungi Meerut Road Ghaziabad	52.20 (Inclusive of Packing & Forwarding @ 2%, Excise Duty of 16%, Cess thereon of 3%, and UPTT of 2.5%)	-	Order dated 14.4.2007 Latest by 17.8.2007
14.	AC Drive VFD for differet rating and consistency transmitter, electromagnetic flow meter, differential pressure level	S.P. Sales Corporation C-42, Sarvodaya Nagar Ghaziabad	180.54 (Inclusive of Packing & Forwarding @ 2%)	-	Order dated 29.4.2007 Latest by 25.8.2007 (Machinery worth Rs. 88.26 lakhs received)
15.	G.I. & M.S. Pipes	Super Sales SE, 359 Shastri Nagar Ghaziabad	98.00	-	Order dated 25.5.2007 Ready Delivery on payment (Machinery worth Rs. 49.38 lakhs received)
16.	Erection and Commissioning	Hardayal Engineering Works S-5, 6 & 7 South of GT Road, Ghaziabad	84.18 (Inclusive of Service Tax @ 12.24%)	-	Order dated 28.6.2007 Delivery: Ready to start on receipt of equipments
	TOTAL		**2695.93***	**1717.05**	

***** Out of total orders placed of Rs.2695.93 lakhs, machines worth Rs.554.03 lakhs have already been received which has been mentioned in the table titled "Machinery Received For Plant Renovation Till Date" on page no. 81 of this RHP

STATUS SUMMARY OF MACHINERY PURCHASES

SL.NO.	PARTICULARS		VALUE	%AGE
A.	**Total Cost of Plant & Machinery:**		**4191.35**	**100%**
B.	**Value of Machines received**		**2049.45**	**48.90%**
	Domestic		2033.45	48.52%
	Imported		16.00	0.38%
C.	**Value of Orders placed:**		**2141.90**	**51.10%**
	Domestic		2117.84	50.53%
	Imported		24.06	0.57%

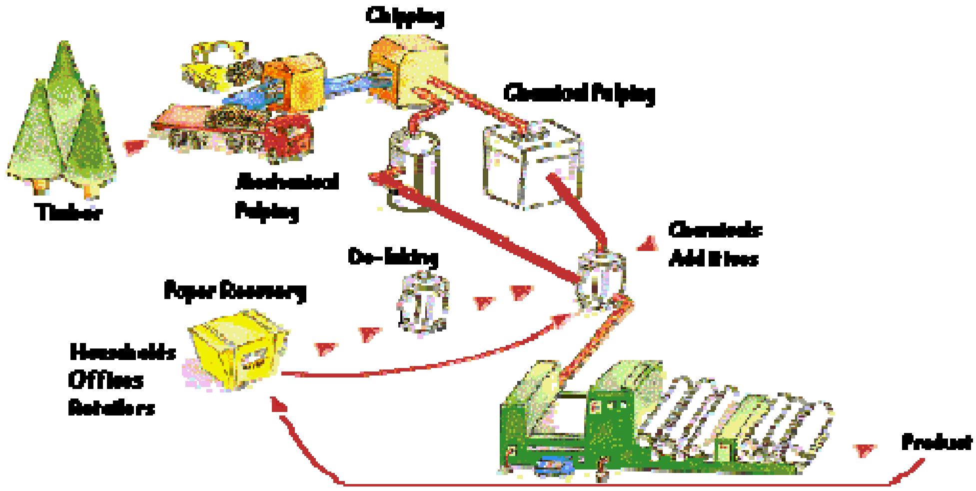
PROCESS AND TECHNOLOGY

The technology for manufacturing of Writing and Printing paper are based on waste paper. Waste paper is sourced through established network of vendors and then segregated and sorted within the factory premises. Waste paper is then crushed and cleaned with the application of chemicals and the residue comes in the form of paper pulp. Pulp received from Pulp Mill is given a mechanical treatment in refiners where the pulp fibres get cutting and brushing action due to the friction created by rotor and starter. After the stock has been made ready for paper making, it is sent to the paper machine through a number of cleaning equipment such as centricleaners, screens etc. Diluted stock is evenly spread on to a forming wire and with the removal of moisture through heated dryers, Paper is produced and with Paper Finishing plant, finished paper is brought in reels or sheet forms.

PRODUCTION PROCESS

Printing and Writing Paper

THE PRODUCTION PROCESS



Raw Materials

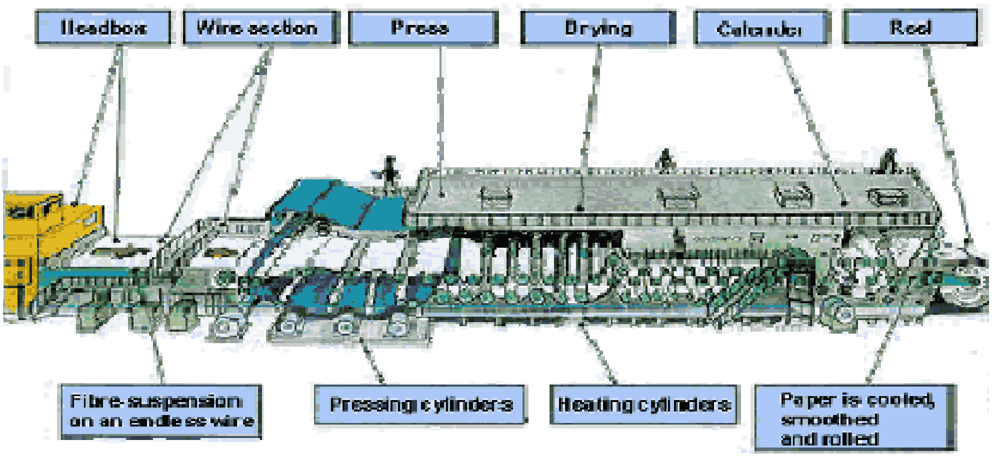
As can be seen from the above diagram, there are two main fibrous raw materials used in papermaking. These are woodpulp (chemical and mechanical) and recovered paper. In addition, a quantity of additives (mainly natural mineral fillers) and dyestuffs are used together with traces of auxiliary chemicals. A further raw material is water, which is used in large quantities during the papermaking process but is then recovered and reused, or returned to the watercourse from which it is extracted.

Woodpulp normally arrives at the paper mill in the form of very thick sheets and recovered paper normally arrives in the form of large, compressed bales. Both these materials have to be broken down so that the individual fibres they contain are completely separated from each other. This process is performed in large vessels known as pulpers where the raw materials are diluted with up to 100 times their weight of water and then subjected to violent mechanical action using steel rotor blades. The resulting slurry (known as papermaking stock) is then passed to holding tanks. During this preliminary stage, auxiliary chemicals and additives may be added. The auxiliary chemicals are usually combined with the fibrous raw materials at levels from below 1% to 2% and can be sizing agents, which reduce ink and water penetration, and process anti-foaming agents. Common additives consist of clay, chalk or titanium dioxide that are added to modify the optical properties of the paper and board or as a fibre substitute. The stock is then pumped through various types of mechanical cleaning equipment to the paper machine.

Papermaking

The Company manufactures printing and writing paper mainly from recovered paper. Pulp normally arrives at the manufacturing unit in the form of recovered paper. The recovered Paper has to be broken down so that the individual fibres it contains are completely separated from each other. This process is performed in large vessels known as pulpers where the raw materials are diluted with up to 100 times their weight of water and then subjected to violent mechanical action using steel rotor blades. The resulting slurry (known as papermaking stock) is then passed to holding tanks. During this preliminary stage, auxiliary chemicals and additives are added.

THE PAPER PRODUCTION LINE



There are other designs of paper machine but, in all cases, the basic principles are the same. Paper machines vary enormously in size and speed depending upon the type of product being made.

On the paper machine, yet further water is added to produce a fibre suspension of as little as 1 to 10 parts fibre to 1000 parts water and the resulting mixture is passed into a head-box which squirts it through a thin, horizontal slit across the full machine width (typically 2 - 6 m) on to a moving, endless wire mesh.

The water is then removed on this wire section by a mixture of gravity and suction in a process known as sheet formation where the fibres start to spread and consolidate into a thin mat, which is almost recognisable as a layer of paper on top of the wire mesh.

This web of wet paper is then lifted from the wire mesh and squeezed between a series of presses where its water content is lowered to about 50%. It then passes around a series of cast-iron cylinders, heated to temperatures in excess of 100ºC, where drying takes place. Here the water content is lowered to between 5% and 8%, its final level. Throughout its passage from the wire mesh to the drying operation, the paper web is supported on various types of endless fabric belts moving at the same speed. After drying, some papers may also undergo surface treatments e.g. sizing and calendering. The latter process consists of smoothing the surface of the paper by passing it between a series of rotating, polished, metal rollers. It is then wound into a reel.

Paper Finishing Operations

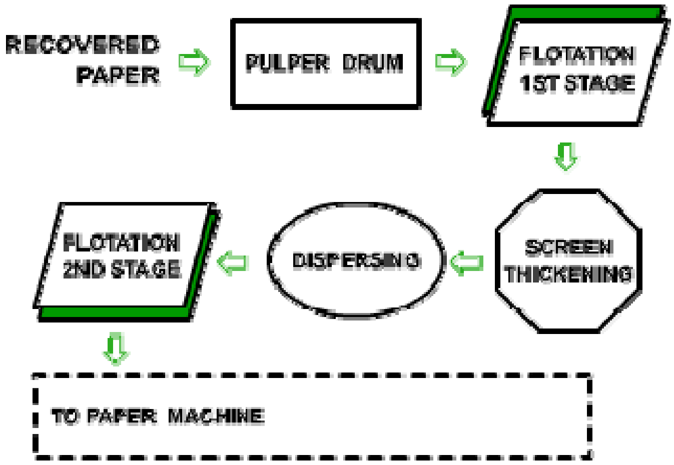
The reels from the paper machine are passed into a separate area where they are subjected to further operations. These may be either simple process, where the reel is slit into a number of more narrow reels or cut into sheets. In some cases, more complicated processes may be performed such as coating (often consisting of the application of clay-based materials for special printing finishes) or more calendaring may be performed. The final reels or sheets are then wrapped and despatched to other companies, which carry out converting and printing operations.

DEINKING

Increasingly, large volumes of used paper are recovered for recycling. Before the recovered paper can be used to manufacture new 'white' grades of paper, like the production of graphic papers, the printing inks have to be removed to increase the whiteness and purity. A chemical process using alkali and detergents is used. The recovered paper is first dissolved in water and separated from the non-fibre impurities. The fibres are then progressively cleaned in order to obtain the pulp and during this stage the ink is removed in a flotation process where air is blown into the solution. The ink adheres to bubbles of air and rises to the surface from where it is separated.

After the ink is removed, the fibre may be bleached, usually with hydrogen peroxide.

THE DEINKING PROCESS



(Source: www.paperonline.org)

Quality Control System

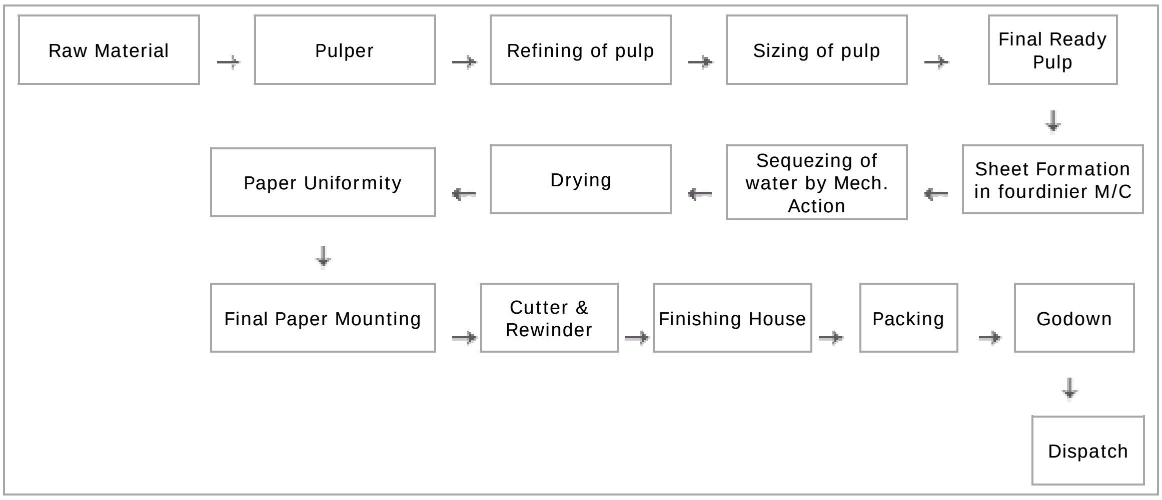
To deliver the final product as per market norms and standards, the Company has pre and post quality control system that are carried on in its in-house laboratory. The laboratory is facilitated with all modern testing equipments.

Duplex Board

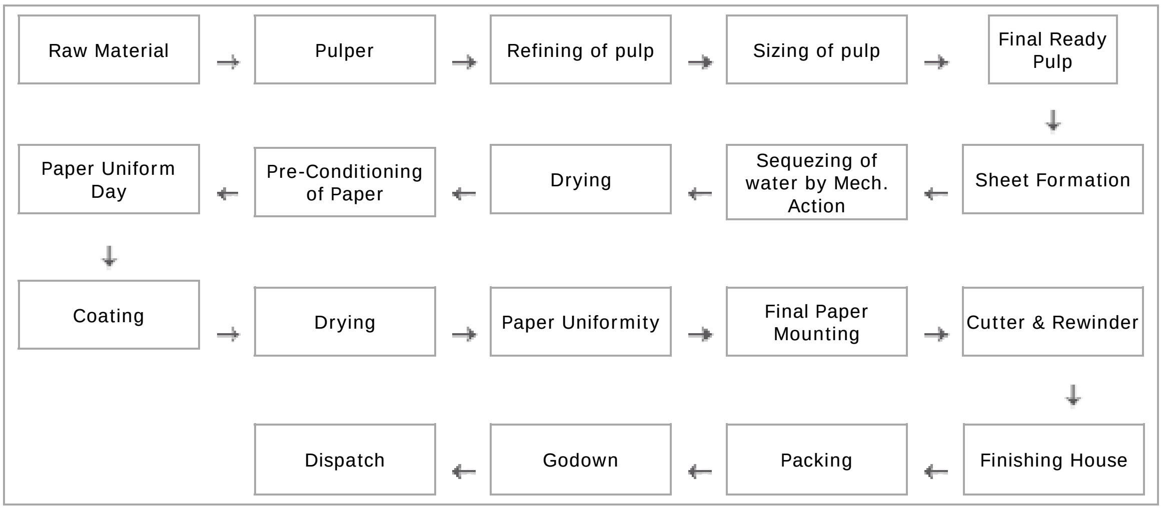
Duplex board consists of two layers, mostly made from waste paper pulp. It is used for packaging purposes and application in FMCG, Pharma industries, textile, hosiery goods and sweets etc. Duplex chromo boards are used for wedding card, envelopes, greeting cards, playing cards and calendars, etc.

The basic raw material for manufacturing of Duplex Board is also recovered waste paper. The waste paper is fed in to the hydropulpers and slushed into pulp. Unslushed materials and other impurities like plastic and metal, etc. are removed. Thickeners are used to thicken the cleaned pulp for further processing. They are further subject to various finishing processes.

FLOW CHART FOR MANUFACTURING OF WRITING & PRINTING PAPER



FLOW CHART FOR MANUFACTRUING OF DUPLEX BOARD



COLLABORATIONS

The Company has not entered into any collaboration for its paper unit. The Company has however entered into a MOU/Franchise Agreement for its proposed hotel project. The salient features of the Agreement are as under:

A. FRANCHISE AGREEMENT – HOTEL UNIT

The Company has entered into a Memorandum of Understanding (MOU) with Country Development & Management Services Private Limited (CDMS) on 29.9.2006, which has the right to offer franchise respecting the hotel brand "Country Inn & Suites by Carlson" and to execute the relevant agreements and has the expertise and know-how in planning, designing, operating, managing and marketing hotels.

In terms of the MOU, the Company and CDMS have mutually agreed as follows:

- MVL agrees to enter into (a) Territory License (Franchise); and (b) Management Agreements (hereinafter collectively referred to as "Agreements") with CDMS for a 212 room Country Inn & Suites By Carlson at Sahibabad within 30 (thirty) days of the execution of the MOU.

- MVL agrees to pay to CDMS the equivalent of US $ 30,000 (American Dollars Thirty Thousand Only) as the non-refundable Fee for the Franchise in three installments.

  The first being the equivalent of US$ 14,000 to be defrayed as mentioned below:
  US$ 7,000 on signing of the MOU,
  US$ 7,000 by November 30, 2006

  The second being the equivalent of US$ 8,000 to be defrayed within six months of execution of the MOU or on signing of the Territory License Agreement (TLA), whichever is earlier and the third being equivalent of US$ 8,000 to be defrayed before six months of opening of the hotel or on June 30, 2009, whichever is earlier.

  The above fee is payable for 150 rooms. The initial fee for 62 rooms equivalent to US $ 6,200 to be defrayed on opening of the hotel.

- CDMS and MVL agree that the Franchise Fee includes the number of rooms as declared in the MOU, i.e., for 212 rooms. Any addition in the number of rooms will require additional pro-rata payments towards the Initial Membership Fee. The amount payable, if any, shall be determined as per mutual agreement between CDMS and MVL.

- MVL will make all payments to CDMS in India in Indian Rupees only. The rate of conversion for American dollars to Indian Rupees will be as per the applicable rate on the date each payment is made.

- The Franchise shall be effective for a term of Ten (10) years. This term shall be renewed for a further period of 10 years (5+5) on terms set out in the relevant agreement. However, at the time of renewal, MVL shall pay such amount as renewal fee as required to be paid at the time of signing the agreement for franchise.

  In addition to the Initial Franchise Fee, once the Hotel is operational, during the Term of the Franchise Agreement, MVL shall pay CDMS, the Royalty Fee equal to 2.75% of gross revenue and incentive fee of 7% of gross operating profit. The gross operating will be before providing for interest and depreciation of the hotel.

- In Addition to the Initial franchise fee and Royalty fee, once the Hotel is operational during the term of the Franchise Agreement, MVL shall pay:

  To CDMS
  - Regional Marketing fee equivalent to 1% (one percent) of Hotels' Gross Room Revenue;
  - Reservation fee equivalent to 0.25% (one fourth percent) of Gross Room Revenue.

To Carlson Hospitality Marketing India Pvt. Ltd. (CHMIPL)

- Brand Marketing fee equivalent to 1.50% (one and one-half percent) of Hotels' Gross Room Revenue.
- Reservation fee equivalent to 0.75% (three fourth percent) of Gross Room Revenue.
- CIS may adjust from time to time to reflect the increased costs related to the development and operations of the reservation system, but only when it imposed a comparable increase for all system hotels in India
- In addition MVL shall also pay directly to Country Inn & Suites by Carlson, USA, a CIS reservation fee of an additional fee of US$ 4.10 for each system reservation delivered through the third party systems which may be adjusted from time to time to reflect the costs related to the development and operations of the reservation system, but only when it imposed a comparable increase generally for system hotels in India.

- None of the above fee includes commissions paid to travel agents, etc. which would be in addition to the above, as per industry norms.

- IT TECHNOLOGY FEE: In addition to other amounts payable, MVL shall also pay directly to CIS, a CIS IT Technology fee @ US$ 1.6 per room/per month (or such revised amount intimated from time to time reflecting the increase in cost generally) calculated on actual number of rooms in a manner, that if the number of rooms are less than 60, or more than 250, fees shall be paid for a minimum of 60 rooms and capped on a maximum of 250 rooms.

- MVL shall also pay to CDMS, Technical Assistance Fee equivalent to US$ 60,000 (United States Dollar sixty thousand only). MVL shall also pay cost of travel, lodging and boarding expenses on actual basis. No local travel cost will be charged.

- Taxes. Licensee shall, in addition to the fees set out, pay all amounts lawfully imposed by any taxing authority in the Country upon fees and services or other amounts payable by Licensee to CDMS or its Affiliates, including but not limited to gross receipts, sales, service, value added or other similar taxes or cess and assessments leviable on the services rendered, royalty or other amounts payable. All of the taxes are distinguishable from income taxes imposed on CDMS by the Country, which are CDMS's responsibility. Licensee will: (i) pay the income withholding taxes on the Fees on CDMS's behalf in a timely manner; (ii) file the required forms, (iii) provide CDMS with receipts for the payments and true copies of the form filed; and (iv) deduct the tax paid from its fee payments to CDMS.

- Training: CDMS shall arrange for orientation and skill program for General Manager either at Sydney or at such location as may be designated by CDMS. General Manager must attend this training within 6 (six) months of joining the CIS Hotel. MVL shall, however, bear expenses related to boarding, lodging, travel, and per diem to its employees.

- MVL shall, once the hotel is operational and during the term of the Franchise Agreement, procure and maintain in full force and effect, Public liability Insurance having coverage of at least One million US Dollars (US $ 1,000,000), insuring the Company, CDMS, Country Inn & Suites by Carlson, USA, CHAP, their affiliates, Directors and officers.

- The Company shall, once the hotel is operational and during the term of the Franchise Agreement, install the HDBM (presently 'Opera'), property management system (PMS) and reservation system approved by Carlson/CDMS to have the system running in line with Carlson.

- The Company shall participate in incentive/marketing/loyalty programs run by Carlson to promote CIS hotels.

- CDMS will arrange for:

(i) International as well as National Reservation System.

(ii) Operations support: Includes system and procedures of operation for each department. Control of quality & implementation cost by regular audits.

(iii) Training: Initial as well as on-going training will be imparted at the Hotel at reasonable cost. The cost of travel and related expenses will be borne by the hotel.

(iv) Efficiency Audits: Regular efficiency audits will be done to maintain a control on the operations of the Hotel. The Company shall pay for air fare and lodging and boarding expenses for three days for CDMS officers to carry out the audit.

- COMPLETION CERTIFICATE FOR OPENING HOTEL:
  Licensee shall only open the Hotel as a "Country Inn & Suites By Carlson" hotel provided that a pre-opening inspection by the Licensor reveals that the Hotel is Complete and is sufficiently prepared for opening as a "CIS" hotel, that it complies with the standards, Manuals and the plans and specifications, and that all necessary municipal and other licenses, permits and approvals have been obtained and, licensor issues a "Certificate of Completion" to enable opening to take place. "Completion" for the purpose of this clause shall be deemed to mean that the hotel received (i) a certificate from the architectural firm engaged by Licensee certifying a fully constructed, furnished and/or renovated hotel ready for public occupancy, (ii) a permanent certificate of occupancy from the appropriate Govt. authority, (iii) any applicable fire or other certificate of safety, (iv) required insurance coverage as per CIS norms has been obtained (v) any other permission/NOC required from any authority (Local, State or Central).

  In the event that the Licensor is unable to issue "Certificate of Completion" to the Company, Licensor shall be required to issue a letter of deficiency setting out the deficiency; the Company shall promptly remedy any deficiencies pursuant whereto, Licensor shall issue "Certificate of Completion" enabling the Company to open the Hotel.

- All key personnel like, General Manager, F& B Manager, Financial Controller, Executive Chief, chief engineer etc, of the hotel shall be appointed with the approval of the CDMS.
- The Company must adhere to the date of opening mentioned in the MOU.

The initial fee paid by the Company to CDMS in non-returnable even if the Company decides (i) not to execute the Agreements as required, (ii) is unable to demonstrate that construction work of the hotel has started or is likely to start latest by May, 2007, then, the amount of US$ 14,000 paid till then by the Company to CDMS shall stand forfeited and the Company shall have no right to seek recover of the same or to enforce any right to claim that it has any priority to operating a hotel as a Country Inn & Suites By Carlson Franchisee. It is further agreed that if the Company fails to complete the hotel by December 31, 2009, the amount paid by the Company to CDMS till such date will stand forfeited and the Company shall have no right to seek recover of the same or to enforce any right to claim that it has any priority to operating a hotel as a Country Inn & Suites By Carlson Franchisee.

SCHEDULE OF PAYMENT OF TECHNICAL SERVICE FEE

The total compensation will be of US$ 60,000. The payment schedule is as below:

1. 20% of the total fees as commissioning amount on or before January 1, 2007 or at the time of first meeting with the architects, whichever is earlier.
2. 10% of the total fees on submission of 1 st set of Revised Technical Plans for all hotel floors.
3. 10% of the total on submission of coMVLete layout (i.e. equipment etc.) for all hotel floors.
4. 10% of the total fees on submission of internal layouts for all B.O.H. plans i.e. laundry, house keeping, main store, pantry area, staff cafeteria, staff changes room, executive locker, dining area and other related areas.
5. 10% of the total fees on submission of detailed services plans i.e. electrical, plumbing and HVAC for all areas in failing under point no.3, i.e. kitchen, and related food services areas of the hotel.
6. 10% on submission of detailed services plans (electrical planning, HVAC etc.) for all area in point no. 4.

7. 15% on installation of technical specification for all kitchens, laundry equipment and BOQ's for the same.
8. 15% on installation and commissioning of all kitchen and laundry equipments.

The above fee shall be payable in Indian currency at the rate applicable on the date of payment.

MATTERS SPECIFICALLY AGREED TO BE COVERED IN TERRITORY LICENCE AGREEMENT OR MANAGEMENT AGREEMENT OR IN SIDE LETTERS

1. The hotel will be pure vegetarian and no liquor will be served in the public areas.

2. The rental and other income from other activities within the boundary premises of the hotel shall be part of the revenue from the hotel.

3. Radius: Upto seven (7) years from the date of signing of MOU, CDMS will not grant any license to operate any other CIS hotel within a radius of 7 kms from hotel site. After 7 years, Magnum will have the first right of refusal to have another CIS hotel within a radius of 7 km. MVL shall exercise its right of refusal within a period of 90 days from the date of receipt of the notice. In case of refusal of the option by Magnum, CDMS has the right to grant license to operate another CIS to third party.

4. Damages; In case of termination of agreement, Magnum will pay to CDMS the following damages:

   (a) if the agreement terminates within two years of the operation of the hotel : Rs. 50 lakhs (25+25) for TLA and Management agreement.
   (b) After two years of operation: Rs. 1 crore (50+50) for TLA and Management agreement.

5. In case of termination of contract, Magnum will cease to use the marks, business system, standards, signage of CIS but will not alter the exterior, lobby, wood works, bed spreads etc. unless the same has logo of CIS.

6. It has been agreed that operational budget will be submitted to MVL at least 90 days before the beginning of the financial year and the same shall be approved by MVL within 45 days of the receipt of the same. Notice of convening the budget meeting shall be conveyed at least 7 days prior to the date of meeting.

7. The use of complementary rooms and other services to be consumed by MVL will be charged on the basis of agreed formula, worked out separately and shall be reviewed every year.

8. The management fee as mentioned in the Management Agreement will be paid in the following manner:

   (a) 75% immediately on raising the invoice for management fee.
   (b) Balance within 30 days of completion of audit or 30th September of the next financial year whichever is earlier.

B. <u>MANAGEMENT AGREEMENT – HOTEL UNIT</u>

The Company has entered into a Management Agreement with Country Development & Management Services Private Limited (CDMS) on 31.1.2007. Some of the salient features of the Agreement are as under:

PRE-OPENING, GRAND OPENING AND TECHNICAL ASSISTANCE SERVICES

3.1 Pre-Opening and Grand Opening Plan. At Owner's request, Operator shall prepare a Pre-Opening and Grand Opening plan which shall provide for the proper opening of the Hotel and shall, without limitation, include the following to be performed by Operator:

(a) Assisting in recruitment, hiring, orientation and training of all personnel to work at the Hotel.

(b) Marketing, sales, advertising and public relations activities designed to attract guests and functions to the Hotel on and after the Opening date.

(c) Assist and guidance in the acquisition of all licenses and permits required to operate the Hotel such as business, liquor and restaurant licenses.

(d) Assist in purchasing of all inventories and Operating Supplies with funds provided by Owner.

(e) Accounting for the funds provided by Owner to be used to pay for the Pre-Opening and Grand Opening activities.

(f) Assisting in negotiation of leases, licenses and concession agreements in consultation with the Owner for Hotel space to be used by third parties.

(g) Assisting and guidance in arranging for services required in the ordinary course of operating the Hotel including, without limitation, electric, gas, telephone, security, water, sewer, building and equipment maintenance and pest control.

(h) Preparation of the Partial Fiscal Year's Operating Budget.

3.2 Pre-Opening Budget. As soon as reasonably possible after the signing of this Agreement, Owner will establish a projected Opening Date. Within one hundred twenty (120) days of the establishment of the projected Opening Date, Operator, at Owner's request, will submit, a budget covering the eighteen month period prior to that date (or such lesser period as actually exists), setting forth the approximate cost of Pre-Opening and Grand Opening activities ("Pre-Opening Budget"). The Pre-Opening Budget shall be subject to Owner's approval and shall not be exceeded without Owner's consent unless the actual Opening Date occurs after the projected Opening Date, in which case the Pre-Opening Budget shall be increased and the funds shall be provided by Owner to cover the costs caused by such delay. The current estimate for the Pre-Opening Budget is approximately Rs. 15 Lakhs. At Operator's request, Owner will pay the actual amount required to fund the Pre-Opening and Grand Opening activities into the Agency Account.

In addition to the amount required to fund the Pre-Opening and Grand Opening activities, Owner recognizes that additional funds will be required to purchase the Operating Supplies and that these are not a part of the Pre-Opening Budget.

3.3 Operator's Responsibility. If Operator is requested to perform the Technical Assistance Services, Operator shall reform them subject to any limitation on the authority of Operator to perform the duties contained in Section 4.2 which shall also apply to Operator in the performance of the activities pursuant to this Article 3.

3.4 LEFT BLANK INTENTIONALLY

3.5 LEFT BLANK INTENTIONALLY

3.6 Construction Standards. Operator shall deliver to Owner, the Manual. Owner shall review this Manual and call to Operator's attention during the development of the Plans and Specifications and through to completion of construction, any planned or actual deviations from the Manual. Unless such deviations are brought to Operator's attention and the requirements of the Manual relating thereto specifically waived in writing, Owner, subject to the requirements of governmental authorities having jurisdiction, will comply with the Manual's standards and requirements in connection with the construction of the Hotel.

3.7 Commencement/Suspension. Operator is not obligated to perform any Pre-Opening or Grand Opening activities or Technical Assistance Services (or once commenced, it may suspend such performance) in the event any amounts required to be paid pursuant to this Article are not paid when due.

OPERATION OF THE HOTEL

4.1 Operator's Rights. Owner hereby grants to Operator the exclusive right to direct and supervise the management and operation of the Hotel on and after the Opening Date, and Operator hereby undertakes and agrees to exercise that right, as the agent for Owner with the right to determine the programs and policies to be followed in connection therewith, all in accordance with the provisions of this Agreement and the License Agreement. However, Operator agrees to consult with and obtain the approval of the Owner on all major programs and policy matters, which could substantially affect the type, and character of the Hotel. Every person performing services in connection with this Agreement, including any agent or employee of Operator, or any agent or employee of Owner hired by Operator, shall be acting as the agent of the Owner.

In exercising such rights under this Agreement, Operator shall make available all of the benefits of the Business System as generally made available to other international hotels managed by Operator, including but not limited to all of the areas identified in Section 4.2. Operator shall perform these obligations and make the benefits available directly or through its Affiliates. If accomplished through its Affiliates, Operator shall still be directly responsible to Owner and Owner's obligations pursuant to this Agreement shall still run directly to Operator.

4.2 Duties of Operator. Operator shall direct and supervise the management and operation of the Hotel and all of its facilities and activities in the same manner as is customary and usual in the operation of a System Hotel, subject to funds made available by Owner. Without limiting the generality of the foregoing and Section 4.1, Operator is hereby granted the sole authority and assumes the obligation to perform its responsibilities according to Operator's standards in the areas that are customarily the subject of hotel management and operation, including, but not limited to, accounting, personnel, labor relations, training, food and beverage, Furniture and Equipment, Operating Supplies, purchasing, housekeeping, kitchen and laundry, signage, maintenance and repair, renovation, expansion, public relations, life-safety, engineering, insurance, leases, licenses and concessions, marketing, advertising, reservations, entertainment, sales, security and loss prevention, administration, front office, and routine legal matters, subject to the following:

(a) Each person hired or retained shall be the employee of Owner and not of Operator, except that the Hotel manager and other executive personnel may, at Operator's option, be Operator's employees on secondment to Owner but their salaries and other related expenses, including those covered by Operator's expatriate policy, shall constitute an Advance and will be charged to the Hotel's operation.

(b) All leases, licenses or concessions shall be in Owner's name and those with duration in excess of one year or involving non-budget expenditure shall be executed only with Owner's prior approval or by officers of Owner.

(c) Any service contract such as, without limitation, electricity, gas, maintenance, telephone, etc., with duration in excess of one year or involving an expenditure of more than Rs. Five Lakhs annually shall be executed only with Owner's prior approval or by officers of Owner.

(d) Collective bargaining agreements or labor contracts shall be approved and executed only by an officer of Owner, as employer.

(e) The cost of any items purchased through Operator or its Affiliates may include a purchasing fee.

(f) Operator, without further approval, may authorize minor capital improvements totaling not more than Rs. Five Lakhs per Fiscal Year, in addition to those contained in the approved Capital Expenditure Budget. *Provided always that no single item out of this sum of Rs. five Lakhs shall exceed Rs .one lakh*.

(g) Operator and Owner shall meet to define those routine legal actions such as removal of tenants and collection matters which Operator may authorize in Owner's name without Owner's prior approval, taking into account hotel management practice in the country in which the Hotel is located.

(h) The Hotel shall participate in all promotional programs established for System Hotels.

BUDGETS

5.1 Preparation and Approval. Operator shall supervise the preparation of a proposed Operating Budget and Capital Expenditure Budget in Indian Rupees, based on the Uniform System for submittal to Owner at least 45 days prior to the beginning of each Full Fiscal Year. If Owner fails to disapprove the proposed Budgets within twenty (20) days, they shall be considered approved. If Owner disapproves of the Operating Budget and the parties cannot agree on a new one by the end of the then current Fiscal Year, the Operating Budget for that Fiscal Year shall remain in effect until a new one is approved. If Owner disapproves of the Capital Expenditure Budget and the parties cannot agree on a new one by the end of the then current Fiscal Year, Operator, at Owner's expense, may make such reasonable capital expenditures necessary to keep the Hotel and the operation from deteriorating.

5.2 Qualifications. The Operating Budget constitutes estimates based on economic conditions, competitive factors and available data covering room and occupancy rates for the Hotel and comparable hotels located in the same geographic or market area. The actual results for the Hotel may differ from the estimates contained in the Operating Budget. While Operator will endeavor to direct and supervise the management and operation of the Hotel within the Operating Budget, Owner agrees that Operator does not warrant or represent in any way, in whole or in part, that Gross Revenue or Income Before Fixed Charges, as budgeted, will be met or exceeded, or that expenses will not be exceeded.

EXPENSES TO BE BORNE BY OWNER

Subject to Article 7 everything done by Operator in the performance of its obligations pursuant to this Agreement shall be for and on behalf of Owner and all expenses, debts and liabilities including without limitation those incurred in connection with Technical Assistance Services, the Pre-Opening and Grand Opening activities and those arising in the course of business of the Hotel are and shall be the obligations of the Owner. Subject to Article 25 Operator shall not be liable for any of such obligations by reason of its direction or supervision of the management or operation of the Hotel. Owner is responsible for filing this Agreement with any governmental authorities as may be required by law and paying any costs incurred in connection with that filing.

EXPENSES TO BE BORNE BY OPERATOR

Except with respect to such personnel who are regularly or temporarily employed on a full-time basis at the Hotel, or as otherwise specifically provided in this Agreement, or as subsequently agreed to in writing by the parties, the supervisory services of Operator's or its Affiliates' Corporate Staff Employees rendered in connection with the operation of the Hotel, other than Reimbursable Expenses, shall be provided by Operator at its expense and not charged to Owner.

OPERATOR'S FEES

14.1 Management Fee. In consideration of the management services provided by Operator, for each Fiscal Year after the Opening Date, Owner will pay Operator a fee equal to Seven percent (7%) of the Income Before Fixed Charges ("Management Fee") for the entire term of the agreement. The Management Fee is payable for each Accounting Period on the last day of the next succeeding Accounting Period at that percentage of the Income Before fixed Charges for that Accounting Period. At the end of each Fiscal Year following the annual audit, an adjustment will be made, if necessary, so that the Management Fee equals that percentage of Income Before fixed Charges for the Fiscal Year covered by such audit, and all sums due either Operator or Owner shall be paid immediately.

14.2 Taxes. Owner shall, in addition to the fees set out elsewhere herein, pay all amounts lawfully imposed by any taxing authority in the Country upon fees and services or other amounts payable by Owner to Operator or its Affiliates, including but not limited to gross receipts, sales, service, value added or other similar taxes or cesses and assessments leviable on the services rendered, royalty or other amounts payable. All of the above taxes are distinguishable from income taxes imposed on Owner by the Country, which are owner's responsibility. Licensee will: (i) pay the income withholding taxes on the Fees on owner's behalf in a timely manner; (ii) file the required forms, (iii) provide owner with receipts for the payments and true copies of the forms filed; and (iv) deduct the tax paid from its fee payments to owner.

TERM OF AGREEMENT AND TERMINATION

17.1 Term. This Agreement shall commence on the date set forth on page 1 of this Agreement and expire at the earlier of the termination or expiration of the License Agreement or the end of the month in which the 10th anniversary of the Opening Date occurs.

(a) Early Termination. This Agreement can be terminated earlier as set forth in this Agreement. If either party exercises its right to terminate early, the rights and obligations of the parties will cease except as to matters which accrued before termination.

(b) The Owner can terminate if Operator fails to keep, observe or perform any material covenant, agreement, term or provision of this Agreement to be kept, observed or performed by Operator, and such default shall continue for a period of sixty (60) days after notice thereof by Owner to Operator.

(c) The Operator can terminate:

1. If the Owner fails to keep, observe or perform any material covenant, agreement, term or provision of this Agreement to be kept, observed or performed by Owner, and such default shall continue for a period of sixty (60) days after notice thereof by Operator to the Owner, or ten (10) days after such notice in the case the default relates to Owner's failure to pay money.
2. If any license or permit necessary for the operation of the Hotel is not issued on or before the Opening Date; or
3. If Owner fails to obtain firm investment and financing commitments in amounts and upon terms satisfactory to Operator, within six months of the execution of this Agreement, or, if after such commitments are obtained, the commitments are withdrawn or the funds are not made available.
4. If Owner has not commenced construction of the Hotel prior to May 1, 2007 and thereafter cause it to continue without interruption to completion.
5. If Opening Date has not occurred prior to December 31, 2009.
6. If the construction of the Hotel departs materially from what Operator approved under the provisions of Article 2.

17.2 Remedies in Connection with Termination. Termination of this Agreement by either party does not constitute a waiver of that party's right to damages to which it is entitled under applicable law, or to submit the claim for such damages to arbitration.

C. TERRITORY LICENSE AGREEMENT – HOTEL UNIT

The Company has entered into a Territory License Agreement with Country Development & Management Services Private Limited (CDMS) on 31.1.2007. Some of the salient features of the Agreement are as under:

GRANT OF LICENSE

1.1 LICENSED LOCATION. Subject to the terms and conditions of this Agreement, the Licensor hereby grants to the Licensee the right and license to operate one 212 roomed hotel in conformity with the Business System using the Marks at the following single location: **64/6, Site IV, Sahibabad, Distt. Ghaziabad (U.P.)** , hereinafter referred to as the "Licensed Location".

1.2 CONDITIONS TO LICENSE. The Licensee hereby undertakes the obligation to operate the Hotel under the Business System at the Licensed Location using the Marks in strict compliance with the terms and conditions of this Agreement for the entire term. The rights and privileges granted to the Licensee by the Licensor under this Agreement are applicable only to the Licensed Location and may not be used elsewhere or at any other location by the Licensee, except as specifically provided for in this Agreement. The Licensee will not have the right to franchise, sublicense or license its rights under this Agreement. The Licensee will not have the right to assign or transfer its rights under this Agreement, except as specifically provided for in Article 18 of this Agreement.

1.3 RESERVATION OF RIGHTS. This License is specifically limited to the Licensed Location and does not confer rights of any kind to any other location, area, market or territory. Except for the rights granted with respect to the Licensed Location, Licensor reserves for itself, its affiliates and CIS and its affiliates, the absolute right to develop, construct, own, operate and manage ("Develop") license third parties the right to Develop (i) Business System hotels, (ii) hotels under other brands or systems, and (iii) other non-hotel businesses, using the Business System or the Marks, or both. This may be done at any location even though the Business System hotels, other hotels or other non-hotel businesses compete with the Hotel. Neither CIS nor Licensor have any obligation to grant any rights to Licensee with respect to the Business System hotels, other hotels or non-hotel businesses established under this reservation.

Notwithstanding what is set out in the foregoing paragraph, Licensor hereby specifically agrees and confirms that it shall not, during a period of **Seven** years ending **28th September, 2013**, offer or license any other hotel as a CIS branded hotel within the radius of 7 kms from the licensed location. Thereafter, the Licensee shall have the right of first refusal (within 90 days) for any CIS hotel in the municipal limits specified in this paragraph, subject to the Licensee matching the financial and other terms and a site location and executing the then prevailing Territory License Agreement, and, other agreement that is envisaged.

1.5 LICENSED NAME. The Licensee will operate its Hotel under the name "Country Inns & Suites By Carlson – **Sahibabad, Distt. Ghaziabad (U. P.)** (the "Licensed Name"), and will not change the Licensed Name of its Hotel or use any other Marks of the Licensor except with the Licensor's written permission.

1.6 The Licensee confirms that the Opening Date, as defined in Article 23 of this Agreement is **December 31, 2009**. Based on the election of the Opening Date by the Licensee, the Parties have agreed that (a) if the hotel does not open by the Opening Date elected by the Licensee aforesaid, then, the Licensor shall not be obliged to comply with this agreement, and the Licensee shall have no right to enforce this agreement for the first nine months beyond the Opening Date elected by the Licensee that the hotel remains unopened, unless the Licensee pays the Licensor, a deferral fee equal to US$ 1500 per month, within seven days of the end of each month of delay, and, (b) if the hotel does not open within nine months of the Opening Date elected by the Licensee, the Licensee shall have no right to enforce this agreement even on the payment of the monthly deferral fees agreed to herein unless waiver is granted in writing by the Licensor and the Licensee agreeing to comply with such additional conditions that the Licensor in its absolute discretion may impose.

TERM OF LICENSE

2.1 TERM. The term of this Agreement commences on the date set forth on page 1 of this Agreement and expire at the earlier of the termination or expiration of this Agreement or the end of the month in which the 10th anniversary of the Opening Date occurs. This Agreement will not constitute a contract between the parties and will not be enforceable until it has been signed by both the Licensee and the Licensor, and until the signed Agreement has been delivered to the Licensee.

2.2 Option for Renewal. Upon the expiration of this Agreement Licensee will have an option to renew this Agreement for a further period of ten (10) years provided the Licensee has complied with the following conditions:

2.2.1 Licensee has given CIS written notice at least six (6) months prior to the expiration of said rights of its desire to renew; and

2.2.2 Licensee has complied with all of the material terms and conditions of this Agreement; and complied with the Licensor's operating and quality standards and procedures; and

2.2.3 All monetary obligations owed by Licensee to the Licensor have been paid, and have been timely met throughout that entire period; and

2.2.4 Licensee agrees to comply with and execute the then current standard form Territory License Agreement and pay the Franchise Fees and other amounts provided for in that form of agreement for such extension.

FEES AND PAYMENTS

4.1 INITIAL FRANCHISE FEE. The Licensee will pay the Licensor an Initial Franchise Fee in Indian Rupees equivalent to US $ 30,000 only (United States Dollars Thirty Thousand only), all of which will be due on the date this Agreement is executed by the Licensee and payable as set out hereunder:

a) On or prior to the signing of the Memorandum of Understanding, the Indian Rupees equivalent to US $ 7,000 (US$ Seven Thousand only), which amount the Licensor confirms as having received.

b) By November 30, 2006, the Indian Rupees equivalent to US $ 7,000 (US$ Seven Thousand only).

c) Six months after the execution of the MOU, the Indian Rupees equivalent to US$ 8,000 (US$ Eight Thousand only).

d) Six months before the opening of the hotel or on June 30, 2009, whichever is earlier, the Indian Rupees equivalent to US $ 8000 (US$ Eight Thousand only).

And the Licensee admits that the same is fully earned fully on the date that this agreement is executed by the Licensee and that it is non refundable. In the event that the number of rooms in the hotel exceed 150, then, the fees shall stand increased by the Indian Rupee equivalent of US$ 6,200, and, such fees shall become payable as soon as the Licensee communicates the decision for increasing rooms is communicated to the Licensor or opening of the hotel, whichever is earlier. Further, the Licensee shall pay such percentage of the increased fee along with the communication as it has paid respecting the earlier agreed amount.

4.2 AMOUNT OF ROYALTY FEE. In addition to the Initial Franchise Fee, the Licensee will, for the entire term of this Agreement, pay to the Licensor a monthly Royalty Fee equal to two and point seven five percent (2.75%) of the Licensee's monthly Gross Revenue, as defined in Article 23, which are received, billed or generated by, at, as a result of, or from the Licensee's Hotel. The monthly Royalty Fees paid by the Licensee to the Licensor will not be refundable to the Licensee under any circumstances.

4.3 AMOUNT OF BRAND MARKETING FEE. The Licensee will pay the Carlson Hospitality Marketing India Private Limited, a monthly Brand Marketing Fee equal to one and a half percent (1.50%) of the Licensee's monthly Gross Room Revenues for deposit in a marketing fund ("Marketing Fund"). Some or all of this Marketing Fund will be used by CIS at its sole discretion, for the costs and expenses relating to the training and marketing of the Country Inns & Suites Hotels and the Reservation System, and including, but not limited to, production costs, costs to purchase media time and space, publication costs, costs for national or regional directories, training and education, research, public relations, Information Systems, salaries, long distance telephone charges, travel costs, office supplies and all other administrative costs. The balance, if any, will be used by Licensee to promote the Hotel in the relevant markets.

4.4 Regional Marketing Fees. During the term of this Agreement, CIS, in its sole discretion, may establish a Regional Marketing Fund to advertise and promote the Marks and Country Inns & Suites Hotels which are located in a certain geographical area which may include the Hotel. In that event, Licensee will pay to Licensor one percent (1%) of the Gross Room Revenues for use as a part of this Regional Marketing Fund. The principles which apply to the expenditure of the Brand Marketing Fund also apply to this fund

4.5 LICENSEE'S OBLIGATION TO PAY. The Licensee's failure to pay the any amounts as provided in this Agreement will be deemed to be a material breach of this Agreement. The Licensee's obligation to pay all amounts under the terms of this Agreement will be absolute and unconditional, and will remain in full force and effect until the term of this Agreement has expired or until this Agreement has been terminated in accordance with the terms and conditions set forth in this Agreement and applicable law. The Licensee will not have the "right of offset" and, as a consequence, the Licensee will timely pay all amounts due to the Licensor under this Agreement regardless of any claims or allegations that the Licensee may allege against the Licensor or CIS. The amounts paid by the Licensee to the Licensor will not be refundable to the Licensee under any circumstances.

4.6 DATE PAYABLE;INTEREST ON UNPAID FEES. The monthly Royalty Fees, Brand Marketing Fees and Regional Marketing Fees will be paid to the Licensor on or before the tenth (10th) day of each month for the preceding month and will be paid and submitted with the Licensee's monthly reports required under Article 17 of this Agreement. If the Licensee fails to remit the any amounts owed to the Licensor when due, then the unpaid and past due amounts will bear interest at the rate of one percent (1%) per month. The Licensee will pay the Licensor for all costs incurred by the Licensor in the collection of unpaid and past due monthly amounts including, but not limited to, attorneys' fees, deposition costs, expert witness fees, investigation costs, accounting fees, filing fees, and travel expenses.

4.7 IT TECHNOLOGY FEE : In addition to other amounts payable, the owner shall also pay directly to CIS, a CIS IT Technology fee @ US 1.6 per room/ per month (or such revised amount intimated from time to time reflecting the increase in costs generally) calculated on actual number of rooms in a manner, that if the number of rooms are less than 60, or more than 250, fees shall be paid for a minimum of 60 rooms and capped on a maximum of 250 rooms,.

4.8 Taxes. Licensee shall, in addition to the fees set out elsewhere herein, pay all amounts lawfully imposed by any taxing authority in the Country upon fees and services or other amounts payable by Licensee to CDMS or its Affiliates, including but not limited to gross receipts, sales, service, value added or other similar taxes or cesses and assessments leviable on the services rendered, royalty or other amounts payable. All of the above taxes are distinguishable from income taxes imposed on CDMS by the Country, which are CDMS's responsibility. Licensee will: (i) pay the income withholding taxes on the Fees on CDMS's behalf in a timely manner; (ii) file the required forms, (iii) provide CDMS with receipts for the payments and true copies of the forms filed; and (iv) deduct the tax paid from its fee payments to CDMS.

LICENSOR'S TERMINATION RIGHTS

9.1 CONDITIONS OF BREACH. In addition to the other rights of termination contained in this Agreement, the Licensor will have the right and privilege to terminate this Agreement as provided herein, if: (A) the Licensee fails to open and commence operations of its Hotel when the Licensed Location is ready for the Licensee's occupancy; (B) the Licensee violates any material provision, term or condition of this Agreement including, but not limited to, failure to pay any monetary obligations or fees to the Licensor; (C) the Licensee or any of its partners, Directors, officers or majority stockholders are convicted of, or plead guilty to or no contest to a charge of violating any law relating to the Licensee's Hotel business, or any felony; (D) the Licensee fails to conform to the Business System or the standards of uniformity and quality for the products and services promulgated by the Licensor in connection with the Business System; (E) the Licensee becomes insolvent or makes a general assignment for the benefit of creditors; (F) the Licensee is dissolved; (G) a suit to foreclose any lien or mortgage against the Hotel premises or equipment is instituted against the Licensee and not dismissed within thirty (30) days; (H) the Licensee ceases to do business or otherwise abandons, as defined in Article 23, the Hotel business; (I) the Licensee is involved in any act or conduct which materially impairs the goodwill associated with the Marks or the Business System; (J) construction or renovation of the Hotel building has not been commenced (building slab completed and framing of walls begun) at the Licensed Location on or before August 1, 2007; (K) the Hotel does not open for business as Business System hotel on or before December 31, 2009; or (L) the Licensee hires a General Manager who is deemed by the Licensor to be unqualified to manage the Licensee's Hotel.

9.2 NOTICE OF BREACH. Except as otherwise provided herein, the Licensor will not have the right to terminate this Agreement unless and until: (A) written notice setting forth the alleged breach in detail has been delivered to the Licensee by the Licensor; and (B) after receiving the written notice, the Licensee fails to correct the alleged breach within the period of time specified by applicable law. In the event that applicable law does not specify a time period within which to correct an alleged breach, then the Licensee will have thirty (30) days after receipt of the written notice referred to above to correct the alleged breach, except where such written notice states that the Licensee is delinquent in the payment of any fees or other payments payable to the Licensor pursuant to this Agreement, in which case the Licensee will have ten (10) days after receipt of such written notice to correct the breach by making full payment (including interest as provided for herein) to the Licensor. If the Licensee fails to correct the alleged breach set forth in the written notice within the applicable period of time, then this Agreement may be terminated by the Licensor as provided in this Agreement.

9.3 NOTICE OF TERMINATION. If the Licensor has complied with the notice provisions of Article 9.2 of this Agreement and if the Licensee has not corrected the alleged breach set forth in the written notice from the Licensor within the time period specified in this Agreement, then the Licensor will have the absolute right to terminate this Agreement by giving the Licensee written notice that this Agreement is terminated, and in that event the effective date of termination of this Agreement will be the day the written notice of termination is received by the Licensee.

9.4 DAMAGES. In the event this Agreement is terminated by the Licensor pursuant to this Article, or if the Licensee breaches this Agreement by a wrongful termination or a termination that is not in accordance with the terms and conditions of Article 10 of this Agreement, then the Licensor will be entitled to seek recovery from the Licensee for all damages that the Licensor has sustained and will sustain in the future as a result of the Licensee's breach of this Agreement, taking into consideration the fees and other amounts that would have been payable by the Licensee for the remaining term of this Agreement taking into consideration the based on the following:-

"Average occupancy percentage of the other hotels, multiplied by the number of rooms in the Hotel, and multiplying the result by thirty (30), and multiplying that result by the average daily rates of the other hotels, and multiplying that result by three percent (3%), and multiplying that by 36 months."

9.5 OTHER REMEDIES. Nothing in this Article will preclude the Licensor from seeking damages or other remedies under applicable law or under this Agreement against the Licensee including, but not limited to, attorneys' fees, punitive damages and injunctive relief.

LICENSEE'S TERMINATION RIGHTS

10.1 CONDITIONS OF BREACH. The Licensee will have the right and privilege to terminate this Agreement, as provided herein, if: (A) the Licensor violates any material provision, term or condition of this Agreement; or (B) the Licensor fails to timely pay any material obligations due and owing to the Licensee.

10.2 NOTICE OF BREACH. The Licensee will not have the right to terminate this Agreement or to commence an action or lawsuit against the Licensor for breach of this Agreement, injunctive relief, violation of any state, federal or local law, violation of common law (including allegations of fraud and misrepresentation), rescission, general or punitive damages, or termination, unless and until: (A) written notice setting forth the alleged breach or violation in detail has been delivered to the Licensor by the Licensee; and (B) the Licensor fails to correct the alleged breach or violation within sixty (60) days after receipt of the written notice referred to above. If the Licensor fails to correct the alleged breach or violation as provided herein within sixty (60) days after receiving written notice, then this Agreement may be terminated by the Licensee as provided in this Agreement.

10.3 NOTICE OF TERMINATION. If the Licensee has complied with the notice provisions of this Article and if the Licensor has not corrected the alleged breach set forth in the written notice within the time period specified in this Agreement, then the Licensee will have the right to terminate this Agreement by giving the Licensor written notice that this Agreement is terminated, and in that event the effective date of termination of this Agreement will be the day the written notice is received by the Licensor.

10.4 WAIVER. The Licensee must give the Licensor immediate written notice of an alleged breach or violation of this Agreement after the Licensee has knowledge of, believes, determines, or is of the opinion that there has been an alleged breach or violation of this Agreement by the Licensor. If the Licensee fails to give written notice to the Licensor of an alleged breach or violation of this Agreement within one (1) year from the date that the Licensee has knowledge of, believes, determines or is of the opinion that there has been an alleged breach or violation by the Licensor, then the alleged breach or violation will be deemed to be condoned, approved and waived by the Licensee, the alleged breach or violation will not be deemed to be a breach or violation of this Agreement by the Licensor and the Licensee will be barred from commencing any action against the Licensor for that alleged breach or violation.

10.5 INJUNCTIVE RELIEF AVAILABLE TO LICENSOR. Notwithstanding any provisions to the contrary, if the Licensee gives the Licensor any notice of an alleged breach or violation of this Agreement or of any laws that give rise to damages and/or termination of this Agreement by the Licensee, then the Licensor will have the absolute right to immediately commence legal action against the Licensee to enjoin and prevent the termination of this Agreement by the Licensee without giving the Licensee any notice and without regard to any waiting period that may be contained in this Agreement. If the Licensor commences such legal action against the Licensee, then the Licensee will not have the right to terminate this Agreement as provided herein unless and until a Court of competent jurisdiction has ruled on the merits that the Licensor has breached this Agreement in the manner alleged by the Licensee, and then only if the Licensor fails to correct the breach or violation within sixty (60) days after a final judgment has been entered against the Licensor and all time for appeals by the Licensor has expired. If the Licensor commences any legal action against the Licensee as contemplated by this provision, which will include legal actions for injunctive relief against the Licensee to enjoin termination of this Agreement, then the Licensor will not be required to post any bonds or security whatsoever in such legal action.

LICENSEE'S OBLIGATIONS UPON TERMINATION

11.1 TERMINATION OF USE OF MARKS; OTHER OBLIGATIONS. In the event this Agreement expires or is terminated for any reason, then the Licensee will: (A) immediately cease to operate the Hotel under the Business System; (B) immediately cease to use the Manual, the Marks, and the Reservation System; (C) within ten (10) days after termination or expiration, pay all amounts due and owing to the Licensor under this Agreement; (D) immediately deliver to the Licensor by first class prepaid United States mail all Manuals, brochures, advertising and promotional materials and all other printed materials pertaining to the operation of the Hotel; and (E) comply with all applicable terms and conditions of this Agreement. Upon termination or expiration of this Agreement for any reason, the Licensee's right to use the Marks, the Reservation System and the Business System will terminate immediately.

11.2 ALTERATION OF LICENSED LOCATION. If this Agreement is terminated for any reason or if the Licensed Location ever ceases to be used as a Country Inn & Suites Hotel, then the Licensee will, at its expense, alter, modify and change, both the exterior and interior appearance of the Licensed Location and the Hotel building so that it will be easily distinguished from the standard appearance of a Country Inn & Suites Hotel. At a minimum, such changes and modifications to the Licensed Location will include: (A) immediately discontinuing the use of all of the Licensor's Marks and the Business System; (B) immediately discontinuing the use of the Licensor's Manuals; (C) removing all exterior and interior signs, including the Free Standing Sign, the Building Signs, and the sign can; (D) removing exterior shutters and lattice and replace with standard architectural grill; (E) altering the lobby so that it will be easily distinguished from other Country Inn & Suites Hotels; (F) carpet the wood floor in the lobby; (G) removing all comforters and dust ruffles from each guest room and replace them with standard bedspreads; (H) removing or painting over the wallpaper border in the lobby and each guest room; (I) removing the decorative key rack at the front desk; and (J) removing the guest room number signs in the corridors.

11.3 TELEPHONE DIRECTORY LISTINGS. Upon termination or expiration of this Agreement, the Licensor will have the absolute and unilateral right to notify the telephone company and all listing agencies of the termination or expiration of the

Licensee's right to use all telephone numbers and all classified and other directory listings under the “Country Inn By Carlson” or “Country Suites By Carlson” names.

D. AGREEMENT FOR ARCHITECTURAL CONSULTANCY FOR THE PROPOSED HOTEL PROJECT

The Company has engaged M/s A. Sharma Associates vide an Agreement reference no. MPL/ASA/OFF/2006/08/101 dated September 23, 2006 for the Hotel project. The important terms and conditions of the agreement are as follows:

Important terms and conditions:

1. The scope of the work of the architects shall consist of the following disciplines
   a. Architectural works
   b. Structural Engineering works
   c. HVAC Engineering works
   d. Electrical Engineering works
   e. Fire Protection works
   f. Plumbing and water supply works

2. The following disciplines shall not consists part of the scope of the work of A Sharma Associates and the Company will need to hire specialist consultants for the following disciplines:
   a. Interior Design works
   b. Landscape Architecture
   c. Facility Planning works
   d. Lighting and Building illumination Consultancy
   e. Acoustics and Sound Engineering
   f. Liaison Man (local architect) for Municipal and all Statutory Approvals and Licenses

3. The agreement sets out stipulated time for completion of various stages.

   The Fee Schedule for the architects is as under:

i.	Hotel + Back of the House Areas	: Rs. 40 per sq. ft
ii.	Parking	: Rs. 20 per sq. ft.
iii.	Office Building	: Rs. 20 per sq. ft

   In addition the Company shall pay traveling expenses for the architects / consultants, costs of all perspectives, models and computer renderings, service tax and other incidental expenses.

4. The architects shall endeavor to guard the Company against the defects and deficiencies in the work of the contractors. The architects shall be fully responsible and liable with regard to the design, specifications and structural soundness of the work.

5. The courts of Delhi shall have jurisdiction over matters arising out of the contract.

6. A. Sharma Associates shall indemnify the Company against any claims, loss, and damages on account of suit filed by a third party against patent infringement or copyright violation.

E. AGREEMENT FOR INTERIOR DESIGN SERVICE FOR THE PROPOSED HOTEL PROJECT

The Company has engaged M/s Leo International Design Group Company Limited, 39th Floor, Ocean Tower II, 75/108-109, Sukhumvit Soi 19, Sukhumvit Road, Klongtoey Nua, Vadhana, Bangkok 10110 vide an Agreement dated June 11, 2007 for the Hotel project.

The important terms and conditions of the agreement are as follows:

1. The scope of services include Planning, Concept Presentation (prepare color rendering schemes and materials, paste-up board for all areas showing the visual intent of the designer), Working Drawings/Specifications, Installation, Completion. The firm shall be paid a sum of US$ 220,000 (United States Dollars Two hundred twenty thousand excluding all taxes).

2. Fees shall be paid progressively as follows: -

10% (Ten percent)	:	Upon signing of agreement
20% (Twenty percent)	:	Upon completion of Conceptual design
30% (thirty percent)	:	Upon completion of furniture lay-out finishing plan with

M&E information and related ceiling plan with M& E information.

30% (Thirty percent)	:	Upon completion of working drawing and specification for tender
10% (Ten percent)	:	Upon completion of interior construction work.

F. COMPREHENSIVE PROJECT MANAGEMENT SERVICE FOR THE PROPOSED HOTEL PROJECT

The Company has appointed M/S San Engineers and Consultants, 1-A, Tara Nagar 1st, Jhotwara, Jaipur as Project Management firm for the hotel project.

Scope of Work:

1. **Coordination**
   Coordinate with all agencies involved in the process of hotel construction

2. **Budgeting**
   Prepare Budget of the project and shall also review it on monthly basis.

3. **Tendering**
   Float tender/queries/quotation in the market, prepare the comparative statement and analyze and give recommendation for award of works.

4. **Project Planning and Monitoring**
   Monitor the construction on weakly and monthgly basis. Submit Cash flow statement along with the bar chart.Ensure that the project is completed within the stipulated time frame but subject to timely payment and force measure.

5. **Execution of works**
   Hire professionals from various fields for proper execution and quality control of the project. Watch carefully the performance of the contractors.

6. **Measurement of Works**
   Check mesurement books of the contractor and suppliers. Ensure the prompt settlement of the bills of contractors and suppliers.

7. **Decision at site**
   Ensure prompt decisions on the project problems and will maintain a record of the decisions.

8. **Owner supplied goods**
   Assist in placing of owner-supplied item and maintaining stores and record for the goods and equipment supplied by the owners to various agencies.

9. **EPCG Items**
   Select the items to be procured under EPCG in agreement with the Principle Architect/Client.Once the item is selected shall arrange the quotation along with technical specifications.Shall ensure that all operating manuals and guaranties are properly documented and handed over to the operators.

10. **Manpower**

Shall employ one Senior Project Manager, One Civil Engineer, One Service Engineer, One Interior Engineer, and supervisory staff as and when required.

Fee

Fee of Rs. 100 lakhs (Rs. One hundred lakhs only) towards project management consultancy. Service Tax shall be paid as applicable time to time.

Payment Terms and conditions-

- 10% advance with the order.
- For First four months Rs. 4 (Rs. Four lakhs) per month.
- For Next 14 months Rs. 5 (Rs. Five lakhs) per month.
- For Next 8 month in eight equal monthly instalment.
- Rs. 4 lakhs shall be paid after commissioning.

Other contracts awarded include:

i. Appointment on June 4, 2007 of M/s N.S. Associates Private Limited, 33, Zakir Bagh, Opp. Surya Hotel, New Delhi – 110 025 as Main Contractor for civil works and other related interiors, landscape, site development and road works etc. The commencement date of PCC at basement level is July 1, 2007 and completion date of the entire project is October 31, 2008. The total cost of contract shall be Rs. 2500 lakhs.

ii. Appointment of M/s Design Cell, 927, Sector 17, Gurgaon – 122 001 on June 6, 2007 for Landscape Architectural Design Services, who shall be engaged as Design Consultant to develop the conceptual design, design development, construction documentation and periodic site supervision. The total fees payable would be Rs. 11 lakhs.

iv. INFRASTRUCTURE FACILITIES

A. RAW MATERIALS AND CONSUMABLES:

The major raw material for manufacturing of paper comprises of waste paper and chemicals like rosin, bleaching powder, starch etc. The main raw material for manufacture of writing & printing paper and, duplex boards is waste paper. Waste paper is procured. Waste paper is procured either from the domestic market or international market. In the domestic market there are established suppliers who have big collection centers as well as small dealers who are operating in Local area. In the International market, there are huge established suppliers, having agents in different parts of the world to market the waste paper.

Input-Output Ratio:

Raw Material consumed during Financial Year 2006-07 : 60492.51 MT
Production during the corresponding period : 59375.85 MT

Output Percentage is 98.15%.

Total waste paper required for manufacture of 1 Ton of Writing & Printing Paper and Duplex Board is 1.0229 MT.

Top 10 Suppliers of Waste Paper to the Company in FY 2006-07

Sl. No	PARTY NAME	ADDRESS
1.	Shree Ganik Papers P Ltd	3791,ii Floor Gali Lohewali Chawri Bazar, Delhi
2.	S.K.Traders (Mumbai)	6,Marine House Near Wadi Bunder Bridge, SVB Road, Mumbai
3.	Saket Paper Products P Ltd (Delhi)	45 DDA Flat, Mata Sunderi Road, New Delhi
4.	Jain Trading Corporation (Mumbai)	B-31, Kailash App. No-1, SV Road, Borivali (W), Mumbai-92
5.	M.Y Paper Merchants P Ltd	525, PH-1 Shehzadabad Road Ind. Cum Commercial Area, Inderlok, Delhi-5
6.	Ashapura Trading Co. (Mumbai)	1/3 Vithoba Krupa Building DNC Road Wader Wadi, Dombivili (E) Dist.Thane
7.	Shyam Corporation - Mumbai	Room No - 7 Building No-1/3, 4th Marine Street Near Dhobi Talab, Marine Lines, Mumbai-2
8.	Jai Ambey Traders (Indore)	22-C, Sector –C, Scheme No – 71, Behind Vivendra Garden, West Ring Road, Indore.
9.	Speciality Coating & Laminations	Vishnu Bhawan, 1st Floor, No-5, Ansari Road Daryaganj, Delhi-2
10.	Raj Kumar Trading Co.(Delhi)	5264, Bharat Nagar, Paharganj, Delhi-55

The international suppliers of raw material (waste paper) are as under:

Sl. No.	Party Name	Address
1.	New Port Ch International LLC.	3030 Saturn Street , Sutie 203, Brea CA 92821, USA
2.	Chandpur Enterprises, (Bijnaur) through High Seas Sale	IInd K.m. chandpur Noorpur Road Vill Pipalsana Dis-Bijnore
3.	Paper Link International Ltd.	Post Box 17913 Jabel Ali Free Zone Dubai, UAE
4.	Paper Chase International	Post Box 17651, Jabel Ali Free Zone Dubai-UAE
5.	Cellmark Recycling	Hevvel 7, 5664 HK Geldrop The Netherland
6.	Fiber Trade Inc. (U.S.A)	Bayshore Highway Suite 211burlingame ,

		CA-94010
7.	High Q Solutions Inc.	554 North Fredeick Avenue, 208 Gaithersburg MD20877 USA
8.	The Torgun Corporation	565 Taxter Road Elmsford N.Y.10523 U.S.A.
9.	International Forest Product (U K) Ltd.	Winchombe House Bartholmew Street Newbury Berkshire .
		RG 14 5BN, U.K
10.	International Fibers Exchange	213 A Second Street Sausalito,CA 94965 USA

In view of the fact that the Promoters are in the trade of paper for more than 25 years and, have also developed sufficient vendors, therefore its availability vis-à-vis sources are considered quite smooth. The Company has not entered into any arrangement for supply of raw materials with the suppliers of raw materials but on the basis of the experience of the existing unit and relationship developed with the suppliers, the company does not foresee any problem in procurement of raw material for the plant.

B. **POWER**:

Paper Unit:

Existing Capacity of Power Generation Unit – Turbine: 4.5 MW or 4500 KWH
Existing Capacity of standby DG Sets : 4.5 MW or 4500 KWH
Total Average Power consumption : 92850 KW
Existing Production PM 2: 100 TPD
PM 3: 50 TPD

Power being used for above existing production 80566.575 KW or 537 KW Per Tonne of Board/Paper

Proposed production: 203 Tonnes/per day
Power requirement for proposed production: 1099911 KW/D

After increasing the efficiency of the machines by modernization, the power consumption will come down to 396 KW per Tonne of Board & Paper.

In view of the above, Power supply is sufficient to meet the demand.

The major utilities required for manufacturing paper are power, steam and water. To cut down the power cost, the Company installed co-generation plant of 4.5 MW. As a stand by arrangement, the Company is also in possession of 1 No. of DG set of 3,250 KVA (FO based), 3 Nos. of DG sets of 1,250 KVA each (diesel based), 2 Nos. of DG sets of 500 KVA each and 1 No. of 380 KVA (diesel based), thus ensuring adequate availability of power to meet the requirements.

Hotel Unit: The Company has an estimated connected load of 2,000 KW, for which the Company proposes to move necessary application to UP State Electricity Board. However, the Company proposes to purchase 2 DG Sets of 1,000 KVA each to be used as a standby arrangement.

C. **STEAM**:

Paper Unit:

<u>Steam Requirement</u>

EXISTING PRODUCTION

Machine No.	Production (Tonnes)	Steam Consumption (Tonnes) Total	Per Tonne of Board/Paper
PM 2	100	300	3.0
PM 3	50	150	3.0

Existing Steam required : 18.75 Tons/Hour
Existing Stem Produce – 4.5 MW Turbine Extraction system : 25 Tons/Hour

PROPOSED PRODUCTION

Machine No.	Production (Tonnes)	Steam Consumption (Tonnes) Total	Per Tonne of Board/Paper
PM 2	129	361	2.8
PM 3	74.5	208.6	2.8

Steam required for proposed Production : 23.74 Tons/Hour

After improvement of the consumption of steam condensate system, the Company can reduce steam consumption per ton of Board/Paper by 0.5 to 0.6 tons. So, extra steam will not be required for drying of Board/Paper after modification of machines.

As regards generation of steam, the Company has installed 31 ton per hour high-speed boiler, out of which 10 tons per hour is being used for power generation through turbine of 4.5 MW and 21 tonne per hour is available for drying of paper and board. To meet the requirement of water, the Company has 3 nos. of borewell of 250 ft. deep with 25 H.P. Motor and, water storage tank of 2,00,000 litres.

Hence steam availability is sufficient for existing production and production after modernization.

Hotel Unit: The Company proposes to meet its Water requirement through 3 bore-wells, for which necessary permission would be obtained from concerned authority. The Company would ensure that the ground water is fit for use, or else it would put up necessary softening plant.

D. WATER:

Existing

The Company has 3 borewells having total capacity of 320 m3/hour or 7680 m3/D (Total).
The Present extraction rate of Borewells is 230-235 m3/Hour or 5600 m3/D.
Fresh water being used for Board and paper making is 32-33 m3/Ton.

EXISTING

Production (in tons)	Water consumption (in m3) Total	Per Ton of Duplex Board & Paper
150 Ton/D	4950	33.0

PROPOSED

Production (in tons)	Water consumption (in m3) Total	Per Ton of Duplex Board & Paper
203 Ton/D	6699	33.0

Extra Water required for increased production: 1750 m3
Existing recycled water quantity: 1800 m3/D (Apprx. 35-36%)

After modification of the recycling system, quantity will improve upto 65% recovery. There by the Company's water consumption will reduce by 200 m3/D compared to the existing consumption of 4950 m3.

E. FUEL:

Coal as per Coal as per requirement is purchased through open market auctions made by the Government of India, which is through online bidding. The average coal consumption per month is 192 Tonnes. Furnace oil / diesel as per requirement are directly purchased from Bharat Petroleum Corporation Limited /Indian Oil Corporation.

F. **MANPOWER:**

Paper Unit: The total manpower available at the unit is 310 nos. comprising of 15 nos. under executive category, 60 Nos. under supervisory category, 24 Nos. as administrative/office staff, 80 Nos. as skilled labour, 90 Nos. as un-skilled labour and so on. The management – labour relations are cordial and the company has not experienced any labour trouble in past. Further Sahibabad is an industrially developed town and also about 5 Kms. from Delhi and therefore the availability of workmen is also considered smooth.

Hotel Unit:

The Company proposes to recruit skilled staff to run the Hotel, and the same would be made in consultation with the Company's franchisor.

G. **TRANSPORT**:

Sahibabad is an industrially developed town and about 5 Kms from Delhi and well connected with transport and communication facilities. However to cut down on costs, the Company has planned for purchase of its own fleets.

H. **EFFLUENTS**:

Paper Unit: The Company has obtained no objection from UP Pollution Control Board and has also installed all related mechanical equipments for treatment of polluted water generated from production. With regard to air pollution, the height of the chimney is confirming to the requirements as stipulated by Pollution Control Board.

Hotel Unit: The Company will be installing necessary Effluent Treatment Plant to meet the air and water pollution.

EFFLUENT TREATMENT PLANT

The Company follows the principles of eco friendly processes and cleaner technologies. The Mill uses 100% waste paper as the raw material. The Effluent Treatment Plant is based on the activated sludge process. The process comprises of the following stages:

- PH Adjustments.
- Screening and Primary Clarification for removal of suspended solids.
- Biological Treatment for removal of BOD and COD.
- Secondary Clarification for maintaining proper MLSS.
- Sludge Presses for compacting and removal of primary clarifier and secondary clarifier sludge.
- Purification of treated water by filtration.

The raw effluent is passed through a bar screen and slide hill screen to remove target particles before feeding into the primary clarifier. The PH is adjusted to facilitate correct biological activity. For this, Calcium Hydroxide is added to the raw effluent before it enters the primary clarifier. About 80% of the suspended solids and 50% TDS are removed in the primary clarifier. The Overflow from the primary clarifier is treated in an Aeration Tank provided with Aerators. Urea and DAP are added to provide nutrition to the micro organisms present in the activated sludge. The micro organisms feed on the source of BOD and COD. The BOD & COD are reduced by 90 to 95%. The MLSS is pumped to the secondary clarifier for clarification and removal of the sludge. The sludge is sent to sludge press and can be used as a fertilizer.

PRODUCT PROFILE OF THE COMPANY

The Product range of the Company mainly includes writing and printing papers, duplex board, Xerox papers with installed capacity of 85 k MT per annum based on 3 shift and 330 days working days in a year. The main varieties of printing and writing papers are cream woven, maplitho, bond paper, chromo paper which have applications for text books, note books and office stationery. Private publishers, university and schools are the major customers for printing and writing papers. Duplex boards are used for packaging and its application for FMCG, Pharma industries, textile, hosiery goods, sweets etc. Duplex chromo board are used for wedding card, envelops, greeting cards, playing cards and calendars etc. Colour filed board is used for office files. Photocopier papers are widely used in daily routine.

PRODUCT RANGE – PAPER

S.NO.	GSM RANGE	QUALITY/GRADE	TYPICAL APPLICATION
1.	54-120	Hi Brite Paper	For all Commercial Printing Business Communication, Publications, Diaries, Books and Stationary
2.	54-120	Maplitho	For Calendars, Catalogues, Annual Reports, Advertising brochures, and Pamphlets

PRODUCT RANGE – BOARD

S.NO.	GSM RANGE	GRADE	QUALITY	APPLICATION
1.	230-600	Optio-Graphic White Back (HWC)	Excellent Gloss, Surface, smoothness, Printability & high Strength Properties,	For Readymade Garment Carton, Book Covers & Pharmaceutical packing Boxes
2.	230-600	Optio-Graphic Grey Back (HWC)	Excellent Gloss, Surface, Smoothness, Pritability & high Strength Properties	Suitability for high speed printing machine used for Caton Printing job such as Tea, Toothpaste & Note Book Covers
3.	230-600	Specralight White Back	Medium Gloss, Smoothness, Printability & good strength Properties	Suitable for Printing Playing cards, Note Book Covers Etc.
4.	230-600	Spectralight Grey Back	Medium Gloss, Smoothness, Printability & good strength Properties	Suitable for high speed printing machine used for Carton Printing job such as Tea, Toothpaste & Note Book Covers.
5.	230-600	Spectralight Kraft Back	Medium Gloss, Smoothness, Printability & very high Burst Factor & Stiffness.	Suitable for high speed printing machine for quality jobs.
6.	230-600	Deluxe Duplex Board	Medium Gloss, Smoothness, Printability & Strength Properties.	Suitable for high speed printing machine for quality jobs.

MARKETING

Paper Unit:

The company is manufacturing writing and printing papers, duplex boards, xerox papers and so on. Under writing and printing paper, the main varieties are creamwove, maplitho, bond paper, chromo paper, which have applications in text books, note books and office stationery. Private publishers, universities and schools are the major customers for writing and printing papers. Duplex boards, being another product range, are used for packaging and has application in FMCG, Pharma industries, textile and hosiery goods, sweets and so on. Duplex chromo boards are used for wedding cards, envelops, greeting cards, playing cards, calendars and so on. Colour filed board is used for office files. Photocopier papers are widely used in daily routine. The promoters and their family members are in the trade of papers for more than 4 decades and with sound experience for marketing of such products, entered into manufacturing in 1984.

National capital of Delhi, UP and Haryana are the major marketing centers for the various product range of the Company. The Company has a strong network of distributors, dealers and wholesalers in these regions who have been associated with the Company for marketing of its products for more than 15 years. In view of such strong marketing base, the Company has not experienced any problem with regard to quality, price, and competitiveness, and in fact, the products are sold on account of its integrity and strong commitment of the promoters in the field.

The Company follows a two tier marketing system consisting of:

i. Dealers network spread all over India
ii. Direct marketing to big industrial consumers, Govt. agencies and export.

The Company is ideally located at Sahibabad which is located very close to Delhi, one of the largest markets of paper in India. Apart from its own requirement in a bulk quantity, Delhi is a re-exporting centre to its neighboring states. Supply to Delhi is very fast with almost zero freight factor which is supposed to be a big for marketing its product. The concept of a strong home market is catching up fast due to inventory cost freight factor and lead time in getting the supplies.

Dealer Network

The Company has a strong network of dealers spread all over India for both of its products – Writing & Printing Paper and Duplex Board.

DEALERSHIP AGREEMENTS

The Company has entered into Dealership Agreements with about 25 different Dealers for different exclusive territories. All the agreements are standard in all respects. The important terms and conditions of the agreement are as follows:

1. An annual off take quota for the Company’s products varies for each dealer.
2. The dealer shall be governed by the price and the policy of the Company from time to time.
3. The Company to supply the material to the dealer at its own price, while the dealer would be free to fix the selling price.
   i. The Company shall allow the Dealer credit period of maximum 30 days.
   ii. The dealer shall be responsible for the realization of payment of Central/local/ Sales Tax Form from their parties. The Dealer shall also be responsible for the customs clearance certificate, in case of exports.
   iii. The commission earned by the Dealer from their clients/parties will be reimbursed to the Dealer only after the receipt of full payment and deduction of Excise Duty, Sales Tax paid extra by the Company.
   iv. The tenure of the dealership agreement is not fixed. Either party is entitled to terminate the agreement with a notice period of 3 months after all the accounts have been settled.
   v. The Dealer shall not deal in the similar goods being manufactured by other companies.

Magnum has a very strong system of local deliveries in Delhi market by its own fleet of vehicles, which operate round the clock and delivery of goods is made quickly to its dealers and consumers in Delhi. Locational advantage of being located at Delhi-U.P. Border also helps the Company to get fast transport for sending its material to various destinations at competitive prices.

***Writing & Printing Paper*:** Delhi is the hub of publishing industry. Huge quantity of Writing and Printing Paper is used by the printers based at Delhi to print books, note books, posters pictures, stationery and brochures. Being located close to Delhi, the Company has the advantage of quick repeat of orders, better realization and fast rotation of payment cycle. The Company also has presence in the major publishing markets of Meerut, Mathura and Agra where
its dealers have a strong hold over the publishers of these areas. The Company is known for consistent in quality and this has helped the Company marketing to big industrial consumers.

***Duplex Board*:** Packaging industry in India is having a very good growth rate and Duplex Board is one of the main products used in the packaging industry. Duplex Board is used mainly for the packaging of Garments, FMCG, pharmaceutical packing boxes, cosmetics, spices, liquor, matchbox and scented sticks.

Delhi is considered to be one of the Asia's largest market of ready made garments where Duplex Board is used for making the boxes and the Company will have an advantage because of its close proximity to the market. Similarly Ludhiana is the largest market of hosiery and woolen garments which is currently tapped and further can be explored after the technological expansion of the project. Surat and Varanasi are the famous market for sarees and Duplex boards are used to pack saree boxes. The dealers of the Company at both the places are catering to the needs of the local market. Bangalore and Sivakasi are famous for Agarbatti (scented sticks) and match boxes respectively where very large quantity of Duplex Board is used for its packing and Duplex boards is used here also.

TOP TEN CUSTOMERS DURING THE FINANCIAL YEAR 2006-07:

Sl. No.	Name of the Customer
1.	Super India Paper Products, Delhi
2.	JK Paper Ltd, Gujarat
3.	Shree Enterprises, Jaipur, Rajasthan
4.	P.S. Paper Mart, Delhi
5.	Mangal Enterprises, Delhi
6.	Basant Paper, Meerut, Uttar Pradesh
7.	Chaudhary Paper Mart, Surat, Gujarat
8.	Packs Boards, Varanasi, Uttar Pradesh
9.	Paper Pack Agency, Ahmedabad, Gujarat
10.	J K & Sons Impact Pvt. Ltd, Mumbai, Maharashtra

<u>New Product Development</u>: - In the packaging segment the Company has recently developed a soft quality board called "Folding Chromo Board" ideal for the pharmaceutical industry and the initial response is encouraging. Magnum is also focusing on exports to its neighboring countries, SAARC countries and Gulf Countries.

Hotel Unit:

The Company proposes to have a corporate sales team to manage the sales and marketing activities of the hotel. The Company may also have a regional sales team at each of the metro cities of Delhi, Mumbai, Kolkata and Chennai. The regional sales team would be responsible for securing business for the hotel.

The marketing team's focus would be to maximize its delivery systems through its team and Reservation network. The Company will put in place a network system for reservations. The Company may also enter into agreements with travel agents to offer special rates and charters. The Company may also enter into agreements with different airlines to provide accommodation to their crew.

EXPORT OBLIGATIONS

The Company imported capital goods during the year 2004-05 under the EPCG scheme of the Government of India at import duty rates less than the regular import duty rates and has saved import duty on import of Capital Goods and hence has to fulfill an export obligation in next eight years equal to US$ 15,75,819.78, which is equal to 8 times of the amount of duty saved. Non-fulfilment of export obligation will result into Company's liability to pay duty so saved along with the interest at 15% per annum, and such other amount as specified by the concerned authority.

As against the obligation, the Company has, till March 31, 2007 (which is approx. 3 years from the initial financial year), exported products worth Rs. 6,19,23,808/- (US$ 15,17,740 .39 approximately) (1 US$ taken as Rs. 40.80)

BUSINESS STRATEGY

The Company is operating in a competitive market and the strategy is to enhance revenues through taking advantage of its inherent strengths and business dynamics. The Company plans to increase the revenue in future through better realizations, quality control, cost reduction and improvement in yields. Considering the existing competition in the industry and future entrants, the Company has focused on the following strategies:

A paper-manufacturing unit is a power intensive unit, which also uses steam for drying the paper. The Company already has a 4.5 MW coal based Captive Power Plant to rein in one of the major cost driver i.e., Power. Therefore it becomes an ideal situation to have a Co-Generation Captive Power Plant in a paper mill where the spent steam from the boiler is used to dry paper.

Comprehensive quality approach for production of goods with uniform consistency conforming to accepted national standards through investment in superior production assets, investing in superior testing techniques etc.

As the company upgrades its manufacturing capacities, the competitive strengths will improve. Increase its brand visibility and recall through strengthening the “Magnum” brand.

FUTURE PROSPECTS

Paper Unit:

Domestic Paper demand is presently at 48 lakh tones, which is expected to reach to 69 lakh tones by the year 2010 on an average growth rate of 6-7% per annum. The capacity utilization of the industry is presently at 67%. The paper industry has been performing well since last 3 years and the prices have risen resulting in improvement in dispatches and reduction of inventory levels. Internationally, the paper prices have also gone up on account of improved demand from Southeast Asian economies. The positive industry outlook augurs well for paper manufacturers.

Indian paper industry is the 15th largest in the world and provides employment to 13 lakh people in the country contributing Rs. 2,500 crores to the Government. The industry has recorded a volume growth of CAGR of 5.47% over the last 3 years. In 2003-04, it recorded a volume growth of 6%, in line with the GDP growth. Indian paper industry has a 1:1 correlation with the economy.

The domestic per capita consumption of paper is the lowest at 6 kilograms, compared to the South Asian and the World average of 11 kgs and 53 kgs respectively. The Indian paper industry has an installed capacity of 67 lakh tones while the effective capacity is estimated to be lower at 61.5 lakh tones. The industry produced 52.6 lakh tones of paper in FY 2003-04. Newsprint capacity in India is estimated at 11.2 lakh tonnes. However, domestic production is only 5.9 lakh tonnes, while consumption of newsprint is 11 lakh tonnes.

(Source: PNB Appraisal Report/Note)

LICENSED & INSTALLED CAPACITY FOR PAST THREE YEARS

PAPER UNIT

ITEMS	Unit	2004-05		2005-06		2006-07	
		Installed Capacity	Utilized Capacity	Installed Capacity	Utilized Capacity	Installed Capacity	Utilized Capacity
Writing & Printing Paper	MT	38,250		38,250		38,250	
Board	MT	46,750	47,862.728	46,750	55,601.362	46,750	59375.85
Total		**85,000**	**47,862.728**	**85,000**	**55,601.362**	**85,000**	**59375.85**
Capacity Utilization			56.31%		65.41%		69.85%

PROPOSED CAPACITY UTILISATION FOR NEXT THREE YEARS FROM THE COMMENCEMENT OF COMMERCIAL PRODUCTION/OPERATIONS

PAPER UNIT

ITEMS	Unit	2007-08		2008-09		2009-10	
		Installed Capacity	Utilized Capacity	Installed Capacity	Utilized Capacity	Installed Capacity	Utilized Capacity
Paper	MT	85,000	72,250	85,000	80,750	85,000	80,750
Capacity Utilization			85%		95%		95%

The capacity utilization as estimated by PNB, in its Appraisal Report/Note is higher than the actual average capacity utilization by more than 25% during the previous three years. The reason as to why the capacity utilization was poor earlier, and would substantially improve subsequent to the technology upgradation and modernization, is that most of the plant and machineries were installed in the 90s, and the quality has deteriorated and the operational efficiencies have also reduced over the years. The proposed program plans to undertake technological upgradation which includes modernization, replacement of plant and machinery with regard to manufacturing of Duplex Boards (Unit II), Writing & Printing Papers (Unit III), Chemical and Fibre Recovery section, Recycling of Backward system etc. The Company strongly believes, and PNB, in its technical appraisal, has observed that the capacity utilization would reach the levels of 80,750 MT per annum.

As per the Expression of Opinion Report dated March, 2006 for proposed Scheme of Modernisation of Machine No. 2 and 3 (Unit II & III) for capacity utilization and productivity improvement submitted by M/s Chemprojects Consulting Pvt. Ltd., New Delhi, the main reasons for low capacity utilization, and the reasons for improved capacity utilization post-modification is as follows:

i. Paper Machine 2:
Main Reasons for Low Capacity Utilization- Exisiting CU 74.3%

a. Speed limitations of RF Vat Mould Formers.
b. Insufficient vacuum capacity installed.
c. Extractor Press to replace with double 1000 mm dia drums.
d. Press part rolls, size press rolls, and turning roll to change for desired capacity utlisation.
e. The online Duplex Cutter as well as rewinder capacity limitations.

Reasons for Improved capacity Utilisation post-modification: 99.1%

a. Speed limitations of RF Vat Formers removed by installing high speed formers by Peer paper Machines, Saharanpur.
b. Insufficient vacuum capacity augmented by adding new system as in offer of Peer Paper Machines, Saharanpur and HS Engineering.
c. Extractor Press to replace with double 1000 mm dia drums as in offer of Peer Paper Machines, Saharanpur and HS Engineering.
d. Press part rolls, size press rolls and turning roll changed as in offer of Peer Paper Machines, Saharanpur and HS Engineering.
e. The online Duplex Cutter as well as rewinder capacity as in offer of Hardayal Engineering.

ii. Paper Machine 3:
Main Reasons for Low Capacity Utilization- Exisiting CU 66.5%

a. Speed limitations of Paper Machine to maximum of 220 m./min.
b. Insufficient Press capacity as installed.
c. Insufficient drying capacity.
d. Operating problems of calendar.
e. The Duplex Cutter capacity is low.

Reasons for Improved capacity Utilisation post-modification: 96.7%

a. Speed limitations of Paper Machine increased to 400 m./min as per Servall's offer.
b. Insufficient Press capacity improved to three press system as per Servall's offer.
c. Drying capacity augmented by regrouping drying cylinders as per Servall's offer.
d. Operating problems of calendar rectified as in offer of Servall's offer.
e. The Duplex Cutter modified for capacity increase as per Hardayal's offer.

HOTEL UNIT

ITEMS	Unit	2009-10		2010-11		2011-12	
		Total No. of Rooms	Room Occupancy	Total No. of Rooms	Room Occupancy	Total No. of Rooms	Room Occupancy
No. of Rooms	Nos.	212	136	212	138	212	140
Occupancy	%age		64%		65%		66%

COMPETITION

In the paper industry to which the part of the Company's business now belongs, the Company faces competition from established Indian and International products operating in the markets where the Company is present.

Competition in the hotel industry in Delhi is stiff. Delhi is not only the political capital, it is fast turning out to be a major commercial hub with domestic and multinational companies setting up offices in Delhi, and the NCR of Gurgaon, NOIDA, Ghaziabad and Faridabad. Competition, in the hotel industry, is primarily related to room rates, quality of rooms, brand strength, strategic location vis-à-vis the airport or business disctricts, and the quality of service and amenities. The Company's proposed hotel would fulfill all the above criteria, as it is strategically located in a premier business district bordering Delhi, near the National Highway, in proximity to Connaught Place and Noida, with the Delhi Metro planning to extend its lines up to the viscinity of the hotel property.

INSURANCE

The Company has insurance policies that cover its assets and operations, including third party liabilities. The assets covered by these policies are insured against losses from general liability such as burglary, standard fire and special perils policy, machinery break down insurance, money, electronic equipment, earthquakes, terrorism and other risks to our premises and equipment.

The Company believes that its insurance coverage is adequate as per present requirement of the Company.

Details of the said policy are as provided hereunder:

Sl. No.	Name of the Insurance Company	Description of Property	Total sum insured (In lakhs)	Type of Insurance	Cover Note/ Policy Number	Date of Policy	Date of expiry
1.	IFFCO-TOKIO General Insurance Company Ltd.	Cash	526	Cash Risk Insurance	45011613	1.4.2007	31.3.2008
2.	IFFCO-TOKIO General Insurance Company Ltd.	Building, Stock, Plant & Machinery, Finished Stock, Work-in-Process, Raw Material	6354	Standard Fire & Special Peril	Cover Note No. 41122629	1.4.2007	31.3.2008
3.	IFFCO-TOKIO General Insurance Company Ltd.	Motor Vehicle No. UP 14P 9114	0.59	Motor Vehicle	Cover Note No. 34200238	31.3.2007	30.3.2008
4.	IFFCO-TOKIO General Insurance Company Ltd.	Motor Vehicle No. UP 14D 7361	1.06	Motor Vehicle	Cover Note No. 34200244	31.3.2007	30.3.2008
5.	IFFCO-TOKIO General Insurance Company Ltd.	Motor Vehicle No. UP 14 9451	0.68	Motor Vehicle	Cover Note No. 34200246	31.3.2007	30.3.2008
6.	IFFCO-TOKIO General Insurance Company Ltd.	Motor Vehicle No. UP 14D 9452	0.68	Motor Vehicle	Cover Note No. 34200243	31.3.2007	30.3.2008
7.	IFFCO-TOKIO	Motor Vehicle No.	1.06	Motor Vehicle	Cover Note No. 34200245	31.3.2007	30.3.2008

	General Insurance Company Ltd.	UP 14J 9160					
8.	IFFCO-TOKIO General Insurance Company Ltd.	Motor Vehicle No. UP 14J 9158	0.68	Motor Vehicle	Cover Note No. 34200247	31.3.2007	30.3.2008
9.	IFFCO-TOKIO General Insurance Company Ltd.	Motor Vehicle No. UP 14K 5437	1.06	Motor Vehicle	Cover Note No. 34200249	31.3.2007	30.3.2008
10.	IFFCO-TOKIO General Insurance Company Ltd.	Motor Vehicle No. UP 14K 5436	1.06	Motor Vehicle	Cover Note No. 34516576	31.3.2007	30.3.2008
11.	IFFCO-TOKIO General Insurance Company Ltd.	Motor Vehicle No. UP 14K 5135	1.70	Motor Vehicle	Cover Note No. 34200250	31.3.2007	30.3.2008
12.	IFFCO-TOKIO General Insurance Company Ltd.	Motor Vehicle No. UP 14L 5062	1.28	Motor Vehicle	Cover Note No. 34200248	31.3.2007	30.3.2008
13.	IFFCO-TOKIO General Insurance Company Ltd.	Motor Vehicle No. UP 14S 2605	3.61	Motor Vehicle	36828693	31.3.2007	30.3.2008
14.	IFFCO-TOKIO General Insurance Company Ltd.	Motor Vehicle No. UP14M 7045	1.53	Motor Vehicle	36828678	31.3.2007	30.3.2008
15.	IFFCO-TOKIO General Insurance Company Ltd.	Motor Vehicle No. UP 14T 9071	2.98	Motor Vehicle	Cover Note No. 34200239	31.3.2007	30.3.2008
16.	IFFCO-TOKIO General Insurance Company Ltd.	Motor Vehicle No. UP 14T 9070	2.98	Motor Vehicle	Cover Note No. 34200240	31.3.2007	30.3.2008
17.	IFFCO-TOKIO General Insurance Company Ltd.	Motor Vehicle No. UP 14U 9388	3.83	Motor Vehicle	36828639	31.3.2007	30.3.2008
18.	IFFCO-TOKIO General Insurance Company Ltd.	Motor Vehicle No. UP 14U 9387	3.83	Motor Vehicle	Cover Note No. 34200242	31.3.2007	30.3.2008
19.	IFFCO-TOKIO General Insurance Company Ltd.	Motor Vehicle No. UP 14K 3428	0.05	Motor Vehicle	36825675	31.3.2007	30.3.2008
20.	IFFCO-TOKIO General Insurance Company	Motor Vehicle No. DL 1CH 0556	1.26	Motor Vehicle	36825617	31.3.2007	30.3.2008

	Ltd.						
21.	IFFCO-TOKIO General Insurance Company Ltd.	Motor Vehicle No. DL 65K 9647	0.10	Motor Vehicle	36828604	31.3.2007	30.3.2008
22.	IFFCO-TOKIO General Insurance Company Ltd.	UP-14 X - 8501	0.24	Motor Vehicle	Cover Note No. 34516578	31.3.2007	31.3.2008
23.	IFFCO-TOKIO General Insurance Company Ltd.	UP 14 X-8502	0.24	Motor Vehicle	Cover Note No. 34516577	31.3.2007	31.3.2008
24.	IFFCO-TOKIO General Insurance Company Ltd.	DL 2C AF 9491	3.80	Motor Vehicle	Cover Note No. 34732459	05.07.2007	04.07.2008
25.	IFFCO-TOKIO General Insurance Company Ltd.	DL2C AD 5498	3.90	Motor Vehicle	Cover Note No. 34732458	13.07.2007	12.07.2008
26.	IFFCO-TOKIO General Insurance Company Ltd.	Consignment of Writing Paper in bundles by Road/Rail for voyage from Sahibabad Factory to Kathmandu & Biratnagar (Nepal)	200.00	Marine Cargo Policy	21324414	29.8.2006	28.8.2007
27	IFFCO-TOKIO General Insurance Company Ltd.	JCB HR55E 2738	14.35	Motor Vehicle (JCB Excavator)	Cover Note No. 34732460	04.08.2007	31.07.2008
28	IFFCO-TOKIO General Insurance Company Ltd.	Consignment of Writing Paper in bundles by Road/Rail for voyage from Factory to anywhere in India	2000.00	Marine Open Policy	Cover Note No. 41122633	01.04.2007	31.03.2008
29	IFFCO-TOKIO General Insurance Company Ltd.	Boiler Explosion (Boiler & Special Plant Insurance Policy) Regn No.: UP 5792 of Boiler 31 Ton	450.00	Boiler Explosion	32017822	01.04.2007	31.03.2008

PROPERTY

A. Properties owned by the Company

Sl. No.	Title/Ownership/ Consideration	Nature	Location/ Registration	Area	Khasra/ Khatauni
1.	Magnum Papers Limited Date of Agreement: 11.2.2005 vide Deed of Sale Consideration: Rs. 85,000/-	Freehold Land **Vendor:** Mr. Naurang **Vendee:** Magnum Papers Limited	Village Karkar Marden Pargana Loni, Ghaziabad **Registration:** Registered with Sub-registrar–1 Ghaziabad, Uttar Pradesh vide entry no. 732, book no. 1, volume no. 5900 on pages 155 to 166 dated 11/02/2005.	Total property of area 12.36 square meters with built up room of 7.12 sq. meters bearing House No. 1034 falling in Khasra no. 459	Property No. 1034, part of K.H. No. 459
2.	Magnum Papers Limited Date of Agreement: 8.3.2006 vide Deed of Sale Consideration: Rs. 1,85,000/-	Freehold Land **Vendor:** Mr. Naurang **Vendee:** Magnum Papers Limited	House No. 1046 Khasra 457 & 459 Village Karkar Marden Pargana Loni, Ghaziabad Registration: Registered with Sub-Registrar-1 Ghaziabad, Uttar Pradesh vide entry no 1963 in book no 1 volume no. 6489 on pages 277 to 292 dated 08.03.2006	Property falling under house no. 1046, with total area of 12.77 square meters, which is fully covered. Falling in khasra no. 457 and 459 in Karkar Marden Pargana Loni, Tehsil and District Ghaziabad.	Property No. 1046, part of K.H. No. 457 & 459

B. Properties on Lease

Sl. No	Details of the Properties	
1.	Date & Tenure	Lease dated 31.8.1995 Tenure: 90 Years from 1.2.1995 Registered Lease Deed

	Details of Property Leased	18/41, Site IV Industrial Area Sahibabad - 201010 Ghaziabad Uttar Pradesh Area: 23,547 sq. m Lease Rental: Annual lease rental: Rs.250/hectare/year for the first 30 years. Rent escalation clauses: Rs. 370/hectare/year for the next 30 years after expiry of 30 years. Rs. 620/hectare/year during the next 30 years after the expiry of the first 60 years. Registration Particulars: Registered with Sub-registrar -1, Ghaziabad, Uttar Pradesh vide entry no. 3002 book no.1 volume no. 1021 and additional volume no 1058 on pages 20-37 dated 02.09.1995
	Parties	**Lessor** U.P. State Industrial Development Corporation Limited Kanpur Uttar Pradesh **Lessee** Magnum Papers Private Ltd.
2.	Date & Tenure	Lease dated 12.9.1995 Tenure: 90 Years from 2.8.1980 Registered Lease Deed
	Details of Property Leased	18/29-30, Site IV Industrial Area Sahibabad - 201010 Ghaziabad Uttar Pradesh Area: 4381.01 square meter Lease Rental: Premium of Rs. 3,58,954.75 paid in full Annual lease rental: Rs. 250/hectare/year for the first 30 years. Rent escalation clauses: 370/hectare/year for the next 30 years after expiry of 30 years. Rs. 620/hectare/year during the next 30 years after the expiry of the first 60 years. Registration Particulars: Registered with Sub-registrar, Dadri, Uttar Pradesh. vide entry no 3127/3126 book no1 volume 1021 on pages nos. 167 and additional book volume 1059 on pages 36 to54 dated12/9/1995.
	Parties	**Lessor** U.P. State Industrial Development Corporation Limited Kanpur Uttar Pradesh **Lessee** Magnum Papers Private Ltd.
3.	Date & Tenure	Lease dated 17.2.2005 Tenure: 65 Years Registered Lease Deed

	Details of Property Leased	18/31, Site IV Industrial Area Sahibabad - 201010 Ghaziabad Uttar Pradesh Area: Area 4716.68 square meters (part of factory premises.) Lease Rental: Annual lease rental: Rs. 943.34 for first 5 years Rent escalation clauses: 2358.34 per year for the next 30 years after the expiry of first 5 years. Rs. 4716.68 per year during the next 30 years after the expiry of first 60 years. Registration Particulars: Registered with Sub-Registrar-1Gahziabad, Uttar Pradesh. vide entry no 847 in book no.1 volume no. 5906 on page nos. 209-252 dated 18/02/2005.
	Parties	**Lessor** U.P. State Industrial Development Corporation Limited Kanpur Uttar Pradesh **Lessee** Magnum Papers Ltd.
4.	Date & Tenure	Lease dated 28.8.2001 Tenure: 90 Years Registered Lease Deed
	Details of Property Leased	64/6, and 64/6/(3-5), Site IV Industrial Area Sahibabad - 201010 Ghaziabad Uttar Pradesh Area: 9841.0 square meters. Lease Rental: Premium of Rs 8,59,437 approx paid in full by the lessee Annual lease rental: Rs. 2000/ hectare per year during the first 30 years. Rent escalation clauses Rs.5000/hectacre per year during the next 30 years after the expiry of first 30 years. Rs. 10000/hectacre per year during the next 30 years after the expiry of first 60 years. Registration Particulars: Registered with Sub-Registrar-1 Ghaziabad, Uttar Pradesh, vide entry no3561 and 3562 in book no. 1 volume no. 499 on pages no. 6-106 dated 28.8.2001.
	Parties	**Lessor** U.P. State Industrial Development Corporation Limited Kanpur Uttar Pradesh **Lessee** Magnum Papers Ltd.

5.	Date & Tenure	Lease dated 30.1.2006 Tenure: 57 Years Registered Lease Deed
	Details of Property Leased	64/5/6, Site IV Industrial Area Sahibabad - 201010 Ghaziabad Uttar Pradesh Area: 579.72 square meter. Lease Rental: Premium of Rs. 4,80,978.45 paid in full. Annual lease rental:289.86 for the first 27 years of the total period of 57 years Rent escalation clauses: 579.72 for the next 30 years after expiry of 27 years. Registration Particulars: Registered with Sub-registrar -1, Ghaziabad, Uttar Pradesh, vide entry no.79 in book no1 volume no.6432 on pages 43-72 dated 31st January 2006
	Parties	**Lessor** U.P. State Industrial Development Corporation Limited Kanpur Uttar Pradesh **Lessee** Magnum Papers Ltd.
6.	Date & Tenure	Lease dated 31.3.2005 Tenure: 56 Years **Registered Lease Deed**
	Details of Property Leased	A-40/2, Site IV Industrial Area Sahibabad - 201010 Ghaziabad **Uttar Pradesh** Area: The plot area is 9194.81. Lease Rental: Premium of Rs. 36, 54, 672.20 fully paid by the lessee Annual lease rental: 4597.41 for the first 26 years Rent escalation clauses: 9194.81 for the next 30 years Registration Particulars: Registered with Sub-Registrar-1, Ghaziabad, Uttar Pradesh, vide entry no. 2057 book no. 1 volume 5978 on page nos. 211-240 dated 31/03/2005
	Parties	**Lessor** U.P. State Industrial Development Corporation Limited Kanpur Uttar Pradesh **Lessee** Bisonic Engineers Private Ltd. (amalgamated with Magnum Papers Limited w.e.f 1.4.2006 u/s 391 and 394 of the Companies Act, 1956 vide Order dated 1.11.2006 of the Hon'ble High Court of Delhi)

7.	Date & Tenure	Lease dated 17.2.2005 Tenure: 61 Years Lease Deed
	Details of Property Leased	A-35/1, Site IV Industrial Area Sahibabad - 201010 Ghaziabad Uttar Pradesh Area: 10074.17 square meters Lease Rental: Premium of Rs. 24,28,341.76 has been paid in full by the lessee. Annual lease rental: Rs.2014.83 for the period of first one year. Rent escalation clauses: Rs. 5037.09 for the period of next 30 years after the expiry of the first one-year. Rs. 10074.17 for the next 30 years after the expiry of first 31 years. Registration Particulars: Registered with Sub-registrar-1, Ghaziabad, Uttar Pradesh vide entry no.834 in book no.1 volume no. 5905 on pages 295 to 324 dated17/02/2005.
	Parties	**Lessor** U.P. State Industrial Development Corporation Limited Kanpur Uttar Pradesh **Lessee** Bachins India Private Ltd. (amalgamated with Magnum Papers Limited w.e.f 1.4.2006 u/s 391 and 394 of the Companies Act, 1956 vide Order dated 1.11.2006 of the Hon'ble High Court of Delhi)
8.	Date & Tenure	Lease dated 10.3.2007 Tenure: 11 months w.e.f. 1st March 2007 Expiring on 31st January 2008. Agreement to Lease
	Details of Property Leased	3/4326, Ansari Road Daryaganj New Delhi - 110002 Area: Building situated at 3/4326, Ansari Road, Daryaganj, New Delhi Lease Rental: Monthly lease rental: Rs. 5000
	Parties	**Lessor** Mr. Salek Chand Jain, Mr. Vinod Kumar Jain & Mr. Parmod Kumar Jain **Lessee** Magnum Ventures Ltd.

The Land acquired by the Company is free from all encumbrances and has a clear title. The above land is registered in the name of the Company. No approval is required to be taken by the Company pertaining to the said Land.

PURCHASE OF PROPERTY

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

INTELLECTUAL PROPERTY

The Company had applied for trademark registration in respect of word 'ROYAL MAGNUM' in Class 16 under Application no. 885970 on 9th November 1999 in respect of paper and paper products. The Company has not yet received the Registration Certificate.

The Company does not have any intellectual property rights in the nature of trademarks, copyrights, designs or patents, except in trademarks mentioned herein above.

There are no trademarks (other than mentioned above) and services marks, which have been applied for or registered or used by the Company. No patents or utility models have been applied for or granted to or used by the Company. There are no employee inventions or any compulsory licences, which may be or have been granted in respect thereof. There are no material inventions used by the Company in respect of which patents have not yet been applied for or granted. There are no registered designs applied for or used by the Company. Due to the peculiar business of the Company (i.e., manufacturing of paper and paper products), there are no internal documents setting out the policies and procedures followed by the Company in relation to intellectual property rights. There are no actual or threatened litigation or opposition proceedings relating to any intellectual property rights used by the Company.

DETAILS OF TRADE MARK APPLICATION

Application No.	885970
Filed on	November 9, 1999
Mark	"ROYAL MAGNUM"
Class	16 (Sixteen)
Applicant	Magnum Papers Limited
Period of User	1998
Status	Registration Certificate not received

The Company's logo is not registered.

Government Regulations

The industry and the operations of the Company are subject to various laws and regulations. The proposed hotel project is subject to obtaining and/or acquiring all licenses, permissions and approvals including conversion of land use, building and zoning permits, fire, environment, health and safety permits, and food license.

The Company believes that it will comply with rules and regulations in all material respects with all government regulations, as may be required.

iii. KEY INDUSTRY REGULATIONS

Special Regulations for the Hotel Industry

Statutory

Under the FEMA, payments by companies engaged in the hotel industry under franchise agreements or similar collaboration agreements with foreign parties that are above the following limits require special permission of the Government of India:

- 3% of the capital cost of a project (for the construction of a hotel) towards technical and consultancy services, including fees for architects design, supervision etc.;
- 3% of the net turnover towards franchising and marketing or publicity support fees; and
- 10% of the gross operating profit towards management fee, including incentive fee.

In order to make payments beyond these limits, special permission has to be obtained from the Government of India.

Apart from the above, there are no statutory laws in force in India specific to the hotel industry.

The general regulations applicable to commercial ventures and certain operations of hotels in India are listed in the section titled "Government Approvals/Licensing Arrangements" beginning on page no. 232 of this Red Herring Prospectus.

Tourism Policy of the Government of India

Under the Tourism Policy of the Government of India, hotels may, at their option, obtain classification in a star category by applying to the Ministry of Tourism, Government of India.

The HRACC assesses the hotel based on various criteria including the quality of facilities provided at the hotel. Upon the hotel obtaining the qualifying mark prescribed for a particular status of star classification, and based on a recommendation of the HRACC, the hotel is given the relevant star classification by the Ministry of Tourism, Government of India.

The Government of India, Department of Tourism has a voluntary scheme for classification of fully operational hotels in the following categories:

1. **Star Hotels:**
   5 Star Deluxe
   5 Star
   4 Star
   3 Star
   2 Star and,
   1 Star
2. **Heritage Hotels:**
   Heritage Grand
   Heritage Classic and,
   Heritage

The Hotel & Restaurant Approval & Classification Committee (HRACC) inspects and assesses the hotels based on facilities and services offered. Project approvals are also given in all the above-mentioned categories at the project implementation stage.

Classified hotels/approved projects are eligible for various concessions and facilities that are announced by the Government from time to time besides, getting worldwide publicity through the India Tourism Offices located in India and abroad.

The Government of India, Department of Tourism approves projects of two types: (i) approvals for starting a Star hotel without apartment facilities and (ii) approval for starting a Star Apartment Hotel. Both these types of approvals involve the same procedure in the following 2 stages: (i) the approval of the Project Report and (ii) the classification of the hotel as a star hotel.

The Central Excise Act, 1944

The Central Excise Act, 1944 provides that a person who is engaged in production or any process of production of any specified goods including liquor shall get himself registered with the proper officer as per the procedure / documentation laid down.

The Prevention of Food Adulteration Act, 1954.

The Prevention of Food Adulteration Act is a Central legislation and provides provisions for the prevention of adulteration of food. There may be a separate food adulteration of the state

Environmental Laws, Rules & Regulations

The three major statutes in India which seek to regulate and protect the environment against pollution related activities in India are the Environment Protection Act, 1986, the Water (Prevention and Control of Pollution) Act 1974 and the Air (Prevention and Control of Pollution) Act, 1981. The basic purpose of these statutes is to control, abate and prevent pollution. In order to achieve these objectives, Pollution Control Boards, or PCBs, which are vested with diverse powers to deal with water and air pollution, have been set up in each state. The PCBs are responsible for setting the standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking investigations to ensure that industries are functioning in compliance with the standards prescribed. These authorities also have the power of search, seizure and investigation if the authorities are aware of or suspect pollution. All industries and factories are required to obtain consent orders from the PCBs, which are indicative of the fact that the factory or industry in question is functioning in compliance with the pollution control norms laid down. These are required to be renewed annually.

The issue of management, storage and disposal of hazardous waste is regulated by the Hazardous Waste Management Rules, 1989 made under the Environment Protection Act. Under these rules, the PCBs are empowered to grant authorization for collection, treatment, storage and disposal of hazardous waste, either to the occupier or the operator of the facility.

In addition, the Ministry of Environment and Forests looks into Environment Impact Assessment (EIA). The Ministry receives proposals for expansion, modernization and setting up of projects and the impact which such projects would have on the environment is assessed by the Ministry before granting clearances for the proposed projects.

iv. BRIEF HISTORY OF THE COMPANY AND OTHER CORPORATE MATTERS OF THE COMPANY

Incorporation and Initial Progress

Magnum Ventures Limited was originally incorporated as Magnum Papers Private Limited vide Certificate of Incorporation No. 55-10492 dated May 29, 1980 issued by the Registrar of Companies, Delhi and Haryana, New Delhi. Mr. Siddarth Deshraj, Dr. (Mrs.) Satyawati Deshraj and Mr. Arvind Mohan Deshraj were the subscribers to the Memorandum and Articles of Association. The Company was subsequently taken over by Mr. Salek Chand Jain vide a Memorandum of Agreement dated 15th July 1986 executed between Mr. Salek Chand Jain on one part, and Mr. Siddarth Deshraj & Dr. (Mrs.) Satyawati Deshraj on the other part. The Company was taken over by the current promoters by transfer of ownership through transfer of equity shares in the Company.

The Company was converted into a public limited company vide a special resolution dated February 15, 1995 and a Fresh Certificate of Incorporation dated May 31, 1995 obtained in the name of Magnum Papers Limited from the Registrar of Companies, Delhi and Haryana, New Delhi. The name of the Company was further changed to Magnum Ventures Limited, and a fresh Certificate of Incorporation dated November 15, 2006 was issued by the Registrar of Companies, NCT of Delhi & Haryana, New Delhi.

The Company has its Registered office at "Magnum House", 3/4326, Ansari Road, Daryaganj, New Delhi - 110 002.

The Company's manufacturing facilities for Paper is split into three units; Unit I situated at Plot No. 18/29, 18/30 & 18/31, Site-IV, Industrial Area, Sahibabad, Ghaziabad, Uttar Pradesh produces Writing & Printing paper; Unit II for producing Duplex Board and Unit III for producing Writing & Printing paper are both situated at 18/41, Site-IV, Industrial Area, Sahibabad, Ghaziabad, Uttar Pradesh.

The Company's Hotel is proposed to be built on Plot No. 64/6 (comprising sections 3,4,5 & 6) and, Plot No. 64/5, Site-IV, Industrial Area, Sahibabad, Ghaziabad, Uttar Pradesh.

Major Events in the history of the Company are as follows:

YEAR	MAJOR EVENTS & MILESTONES
1980	▪ Incorporated as Magnum Papers Private Limited on May 29, 1980 with the Registrar of Companies, Delhi & Haryana.
1982	▪ Paper Mill set up with an installed capacity of 1,185 MT per annum. ▪ Commercial production commenced in December.
1984	▪ The Company was taken over by Mr. Salek Chand Jain (the father of the present promoters) along with his sons.
1990	▪ Machine was upgraded and modified for manufacturing of Creamove and Board paper. ▪ Capacity enhanced during the year by 2,400 MT per annum i.e., aggregate capacity being 3,585 MT per annum.
1994	▪ Purchase of Land situated at Plot No. 18/29 and 18/30 adjoining Plot No. 18/31, Site IV, Industrial area, Sahibabad, Ghaziabad, Uttar Pradesh. ▪ Expansion of capacity by 23,000 MT per annum i.e., aggregate capacity being 26,585 MT per annum.
1995	▪ Became a Public Limited Company on May 31, 1995 with the Registrar of Companies, NCT of Delhi & Haryana. ▪ Sub-division of face value of Equity Share of the Company from Rs. 100/- to Rs. 10/-. ▪ Bonus Issue to existing shareholders in the ratio of 11 equity shares for every 6 equity shares held.
1996	▪ Purchase of Land situated at Plot No. 18/41 Site-IV, Industrial Area, Sahibabad, Ghaziabad, Uttar Pradesh, and a separate manufacturing unit (Unit II) set up for manufacturing Duplex Board, having an installed capacity of 5,000 MT per annum i.e., aggregate capacity being 31,585 MT per annum.
1997	▪ DG Set installed for 100% power backup in case of failure and cuts of Grid power.
1999	▪ Set up a Creamove manufacturing unit (Unit III) with a capacity of 11,415

	MT per annum at Plot No. 18/41 Site-IV, Industrial Area, Sahibabad, Ghaziabad, Uttar Pradesh i.e., aggregate capacity being 43,000 MT per annum. ▪ Purchase of Land situated at 64/6, Site-IV, Industrial Area, Sahibabad, Ghaziabad, Uttar Pradesh to cater to the space requirements for Finishing House.
2002	▪ Manufacturing unit at 18/29-30, Industrial Area, Sahibabad was upgraded and modified. Capacity increased by 10,000 MT per annum i.e., aggregate capacity being 53,000 MT per annum.
2004	▪ Duplex Board manufacturing machine installed at Plot No. 18/41, Industrial Area, Sahibabad, upgraded and modified, and capacity increased by 27,000 MT per annum i.e., aggregate capacity being 80,000 MT per annum.
2005	▪ 4.3 MW Captive Power Plant successfully installed. ▪ De-inking Project commenced. ▪ Upgradation and modernization of Paper unit planned. Project appraised by PNB and term loan of Rs. 35 lakhs sanctioned. ▪ Installed capacity increased by 5,000 MT i.e., aggregate being 85,000 MT per annum.
2006	▪ Awarded ISO 9001:2000 certification on March 23, 2006 for quality management systems, by URS Certification Ltd., a JV partner of United Registration of Systems, United Kingdom. ▪ Amalgamation of the Company's two subsidiaries viz., Bachins India (P) Ltd., and Bisonic Engineers Private Limited with Magnum w.e.f 1.4.2006, vide Order dated 1.11.2006 of the Hon'ble High Court of Delhi. ▪ Purchase of Land situated at 64/5, Site-IV, Industrial Area, Sahibabad, Ghaziabad, Uttar Pradesh to cater to the space requirements for Finishing House. ▪ Diversification into Hotel business by setting up a Hotel Division. Plans afoot to construct a 212 room 4 Star Hotel in Sahibabad. Project apparised by Punjab National Bank, and term loan of Rs. 70 crores sanctioned by a consortium of banks comprising PNB: Rs. 20 crores, OBC: Rs. 20 crores, Syndicate Bank: Rs. 15 crores and IOB: Rs. 15 crores. ▪ Name of the Company changed to Magnum Ventures Limited.

Main Objects of the Company

The main objects of the Company as set forth in the Memorandum of Association of the Company is as follows:

1. To carry on the business of manufacturers of and dealers in paper of all kinds, and articles made from paper or pulp and materials used in the manufacture or treatment of paper, including all types of boards and wall and ceiling papers, and packages, boxes, wrappers made of paper, card board, corrugated board, cellophane, polythene and cotton and converted products of all such materials and to provide consultancy in the field of manufacturing, trading or otherwise dealing in paper.

2. To promote, develop, build, construct, operate, manage, run, supervise, engage, provide consultancy or othwerise deal in the businesses and operations of hotel, restaurant, guest house, bar, inn, clubs, pay house lodge, amusement house, amusement parks, fun parks, play house etc.

The Object Clauses of the Memorandum of Association enables the Company to undertake activities for which the funds are being raised in this issue and also the activities, which the Company has been carrying on till date.

Changes in Memorandum of Association of Magnum Ventures Limited

Since Incorporation, the following changes have taken place in the Company's Memorandum of Association:

Date of Amendment	**Amendment**
15.11.1984	Change in Authorised Capital i.e., increase in Authorized Share Capital from Rs. 5 lakhs to Rs. 15 lakhs.
30.9.1991	Change in Authorised Capital i.e., increase in Authorized Share Capital from Rs. 15 lakhs to Rs. 50 lakhs.
11.1.1995	Change in Authorised Capital i.e., increase in Authorized Share Capital from Rs. 50 lakhs to Rs. 5 crores.
31.5.1995	Change in Name i.e, from Magnum Papers Private Limited to Magnum Papers Limited.
22.5.1995	Sub-division of Face Value of Equity Share from Rs. 100/- per share to Rs. 10/- per share
29.8.1995	Change in Authorised Capital i.e., increase in Authorized Share Capital from Rs. 5 crores to Rs. 10 crores.
15.3.1999	Change in Authorised Capital i.e., increase in Authorized Share Capital from Rs. 10 crores to Rs. 12.5 crores.
25.1.2000	Change in Authorised Capital i.e., increase in Authorized Share Capital from Rs. 12.5 crores to Rs. 14 crores.
12.12.2000	Change in Authorised Capital i.e., increase in Authorized Share Capital from Rs. 14 crores to Rs. 18 crores.
23.3.2001	Change in Authorised Capital i.e., increase in Authorized Share Capital from Rs. 18 crores to Rs. 20 crores.
23.3.2006	Change in Authorised Capital i.e., increase in Authorized Share Capital from Rs. 20 crores to Rs. 35 crores.
26.6.2006	• Change in Authorised Capital i.e., increase in Authorized Share Capital from Rs. 35 crores to Rs. 37 crores. • Alteration in Objects Clause by insertion of following clauses as sub-clause 44 to 47 immediately after the existing sub-clause 43 in Part C containing "Other Objects": 44. To Promote, develop, build, construct, operate, manage, run, supervise, engage or otherwise deal in the businesses and operations of hotel, restaurant, guest house, bar, in, clubs, pay house lodge, amusement house, amusement parks, fun parks, play house etc. 45. To carry on the business of an investment company and to invest, subscribe, hold, buy, sell, trade, dispose off or otherwise deal in shares, securities and financial products of all kinds including shares, debentures, bonds, units, government securities, treasury bills, commercial papers, other negotiable instruments. 46. To carry on the business of a company established with the object of financing industrial enterprises; to provide loans and advances, to give guarantees, to provide securities and to otherwise engage in money lending business and to act as a financier. 47. To establish, carry on, undertake or otherwise engage in the business of a finance, hire-purchase, leasing or investment company and to provide finace through leasing, hire-purchase, bill discounting or otherwise.
17.8.2006	Change in Main Objects Clause of the Company pursuant to provisions of Section 17 of the Companies Act, 1956. Part A of Clause III containing the "Main Objects" was altered by inserting new clauses as sub-clause no. 1 and 2 as under: 1. To carry on the business of manufacturers of and dealers in paper of all kinds, and articles made from paper or pulp and materials used in the manufacture or treatment of paper, including all types of boards and wall and ceiling papers, and packages, boxes, wrappers made of paper, card board, corrugated board, cellophane, polythene and cotton and converted products of all such materials and to provide consultancy in the field of manufacturing, trading or otherwise dealing in paper. 2. To promote, develop, build, construct, operate, manage, run,

	supervise, engage, provide consultancy or othwerise deal in the businesses and operations of hotel, restaurant, guest house, bar, inn, clubs, pay house lodge, amusement house, amusement parks, fun parks, play house etc.
15.11.2006	Change in Name of the Company i.e., from Magnum Papers Limited to Magnum Ventures Limited.
24.1.2007	Change in Authorised Capital i.e., increase in Authorized Share Capital from Rs. 37 crores to Rs. 40 crores.

The details of the Capital raised are given in the section titled "Capital Structure" on page no. 19 of the Red Herring Prospectus.

Subsidiaries of the Issuer Company

The Company had two subsidiaries viz., Bachins India Private Limited, and Bisonic Engineers Private Limited. Both the above subsidiaries have been amalgamated under section 394 of the Companies Act, 1956 with the Issuer Company with effect from April 1, 2006 vide the Order dated November 1, 2006 of the Hon'ble High Court of Delhi.

As per the Scheme of Amalgamation, all the property, rights and powers of both the subsidiary companies are to be transferred to Magnum. Also, all the liabilities and duties of the subsidiary companies are to be transferred to Magnum.

Since both the companies were wholly owned subsidiaries of Magnum, no share was issued by Magnum.

Shareholders' Agreements

At present, there are no shareholders agreements between the Company and any other person.

Other Agreements

The Company has not entered into any agreement other than the following agreements/contracts for the proposed Hotel project:

i. Memorandum of Understanding (MOU)/Franchise agreement, Management Agreement & Territory License Agreement entered into with Country Development & Management Services Private Limited (CDMS), which has the right to offer franchise respecting the hotel brand "Country Inn & Suites by Carlson" and to execute the relevant agreements and has the expertise and know-how in planning, designing, operating, managing and marketing hotels.
ii. Agreement For Architectural Consultancy For The Proposed Hotel Project entered into with M/s A. Sharma Associates,
iii. Agreement dated June 11, 2007 with Leo International Design Group Co. Ltd., Bangkok for Interior Design Service.
iv. Agreement dated May 24, 2007 with San Engineers and Consultants, Jaipur for Comprehensive Project Management,
v. Agreement dated June 6, 2007 with Design Cell, Gurgaon for Landscape Architectural Design Services.
vi. Agreement with N.S. Associates Private Limited for Main Contract Work.

For further details of the MOU/Agreements, please refer to page no. 94 in this Red Herring Prospectus.

Strategic Partners

The Company, as on date, has no strategic partners.

Financial Partners

The Company, as on date, has no financial partners.

v. MANAGEMENT AND ORGANISATION

As per the Article 77 of the Articles of Association, the Company must have a minimum of three (3) and a maximum of twelve (12) Directors. The Company has eight (10) Directors as on date, out of which five (5) are whole time Directors including two Managing Directors. The Chairman is an Executive Director. There are five independent Directors on the Board. The following table sets forth information regarding the Board of Directors:

BOARD OF DIRECTORS

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

Sl. No.	Name Designation, Qualification, Father's Name, Address, Occupation, Date of Birth (DOB), Age and Term	Date of Appointment	Other Directorships/Partnerships
1.	Mr. Praveen Kumar Jain *Chairman & Managing Director* Bachelor of Arts S/o Mr. Salek Chand Jain 113/3, Bharat Ram Road Daryaganj New Delhi – 110 002 Industrialist DOB: 16.2.1962 Age : 45 years DIN: 00423833 Term: 5 Years (9.4.2007-8.4.2012)	4.2.2006 *(Appointed as Managing Director w.e.f. 9.4.2007 and confirmed at the EGM held on 1.5.2007)*	**Companies:** 1. Rose Corner Trading LLC, Dubai *Managing Director* **Trust:** 1.Salek Chand Jain Kagzi Charitable Trust
2.	Mr. Pradeep Kumar Jain *Managing Director* Bachelor of Arts S/o Mr. Salek Chand Jain 113/3, Bharat Ram Road Daryaganj New Delhi – 110 002 Industrialist DOB: 5.9.1959 Age : 47 years DIN: 0024879 Term : 5 Years (4.2.2006 to 3.2.2011)	17.7.1985 (Appointed as Managing Director w.e.f 4.2.2006)	**Trust:** 1.Salek Chand Jain Kagzi Charitable Trust
3.	Mr. Parmod Kumar Jain *Whole Time Director* - S/o Mr. Salek Chand Jain 3/4326, Ansari Road Daryaganj New Delhi – 110 002 Industrialist DOB: 2.4.1956 Age : 51 years	24.12.1986 (Appointed as Whole Time Director w.e.f. 1.1.2007)	**Trust:** 1.Salek Chand Jain Kagzi Charitable Trust

	DIN: 01222952 Term: 5 Years Retire by Rotation		
4.	Mr. Vinod Kumar Jain *Whole Time Director* - S/o Mr. Salek Chand Jain 3/4326, Ansari Road Daryaganj New Delhi – 110 002 Industrialist DOB: 15.1.1949 Age : 58 years DIN: 01140128 Term: 5 Years Retire by Rotation	4.2.2006 (Appointed as Whole Time Director w.e.f. 1.1.2007)	**Trust:** 1. Salek Chand Jain Kagzi Charitable Trust
5.	Mr. Satyendra Prasad Singh *Whole-time Director* B. Sc., Diploma in Pulp & Paper Technology S/o Late Mr. Raj Ballabh Singh 9/830, Vasundara Ghaziabad Uttar Pradesh Service DOB: 10.11.1953 Age : 53 years DIN: 01261215 Term: 5 Years (27.1.2007 to 26.1.2012)	27.1.2007 (Appointed as Additional Director & Whole Time Director *and confirmed at the AGM held on 31.5.2007*)	-
6.	Mr. Dinesh Kumar Mathur *Independent Director* B. Com., Diploma in Mechanical Engineering S/o Late Mr. Durga Saran Mathur D-802, Swagatam Apartment Plot No. C-58/7, Sector 62 Noida – 201 307 Uttar Pradesh Retired Government Official DOB: 8.8.1948 Age : 58 years DIN: 01183660 Term: Retire by Rotation	14.12.2006	-
7.	Capt. Surender Pal Chaudhary *Independent Director* M. Sc., Marketing and Industrial Management, PG Diploma in Foreign Trade S/o Mr. Ramphal Singh A-37, Sector 26	14.12.2006	**Companies:** 1. Top Star Exim Private Limited

	Noida – 201 301 Uttar Pradesh Retired Government Official DOB: 3.11.1939 Age : 67 years DIN: 01141751 Term: Retire by Rotation		
8.	Mr. Paritosh Kumar Jain *Independent Director* B.Com (H), LLB FCA S/o Mr. Paras Dass Jain A-60, 2nd Floor Gulmohar Park New Delhi – 110 049 Practicing Chartered Accountant DOB: 11.10.1955 Age : 51 years DIN: 01182674 Term: Retire by Rotation	1.1.2007	-
9.	Mr. M. Narayanan *Independent Director* M. Com, LLB, DIBM, CAIIB S/o Mr. Kuppuswamy Mahalinga Iyer C-4/128, Safdarjang Development Area, 1st Floor New Delhi – 110 016 Retired DOB: 1.7.1945 Age : 62 years DIN: 00159288 (Provisional) Term: Retire by Rotation	27.4.2007 *(Appointed as Additional Director and confirmed in the AGM held on 31.5.2007)*	**Companies:** 1. Cox & Kings (India) Limited
10.	Mr. Romesh Koul *Independent Director* Dipl. In Hotel Management S/o Mr. Moti Lal Koul 95, Nehru Apartments Kalkaji New Delhi – 110 019 Consultant DOB: 15.3.1960 Age : 47 years DIN: 00431164 Term: Retire by Rotation	27.4.2007 *(Appointed as Additional Director and confirmed in the AGM held on 31.5.2007)*	**Companies:** 1. Ishwar Bhuvan Hotels Ltd. *Managing Director* 2. U.G. Hotels & Resorts Ltd. *Director*

The brief profile of the Directors of the Company is given below:

Mr. Praveen Kumar Jain, *Chairman & Managing Director*
Mr. Praveen Kumar Jain, aged 45 years, is a graduate in Arts stream from the University of Delhi. He is a Non-Resident Indian and the Chairman & Managing Director of the Company. He has an experience of over 20 years in the Paper industry. He is primarily involved in strategic decision-making. He has been instrumental in designing and structuring technological up gradation and modernization program being undertaken by the Company. He has hands-on experience in the areas of finance, taxation and accounting department. He is looking after the finance & accounts function of the company, besides company secretarial function. Mr. Jain was appointed as Managing Director with effect from April 9, 2007. He is the Senior Vice President of Sahibabad Industry Association and Ex-Member of the Advisory Board of Central Excise (Meerut). He is also associated as Managing Director of M/s Rose Corner Trading LLC, Dubai.

Mr. Pradeep Kumar Jain, *Managing Director*
Mr. Pradeep Kumar Jain, aged 47 years, is a graduate in Arts stream from the University of Delhi. He has been associated with the Company as Director since its takeover in 1984. He has been appointed as Managing Director w.e.f. February 4, 2006. He, along with his father, entered into the business of manufacturing paper instead of trading in paper products, thus creating tremendous value addition for the Company. Besides assuming overall responsibility of the company, he is looking after the production function of the company. He has acquired practical experience in the manufacture of Paper and Paper Product and has more than 26 years of experience in the Paper Industry. He is responsible for developing new products to meet the customers demand.

Mr. Parmod Kumar Jain, *Whole-Time Director*
Mr. Parmod Kumar Jain, aged 51 years, is a Director of the Company since 1986. He is responsible for Exports and Institutional Sales. Besides, he is also looking after personnel, logistics, liaisoning with different Government departments. He possesses more than 28 years of experience in the manufacturing and marketing of Paper, Paper Products and Paper Board. He is responsible for redressing the customer complaints and advising the production department on aspects of quality improvement taking into account the customers' feedback. He was appointed as a Whole-Time Director of the Company w.e.f January 1, 2007.

Mr. Vinod Kumar Jain, Whole-Time Director
Mr. Vinod Kumar Jain, aged 58 years, has an experience of over 26 years in the trading and manufacturing of paper. He is well versed in marketing of Paper and Paper Products. He looks after the domestic marketing of Company's products, besides developing new markets and customers. He was appointed as a Whole-Time Director of the Company w.e.f January 1, 2007.

Mr. Satyendra Prasad Singh, *Whole-Time Director*
Mr. Satyendra Prasad Singh, aged 53 years, is a graduate in Science from Magadh University, and a Diploma in Pulp & Paper Technology from the Institute of Paper Technology, Saharanpur, Uttar Pradesh. He has more than 29 years of experience. He has been associated with Rohtas Industries Ltd., Bal Krishna Paper Mills, Jayant Paper Mills Ltd., Rollatainers Ltd., Rohit Pulp & Paper Mills Ltd., Pan African Paper Mills, Kenya, and Dev Priya Paper Ltd., prior to his assignment with Magnum. He was appointed as an Additional Director and also as a Whole-Time Director of the Company w.e.f January 27, 2007.

Mr. Dinesh Kumar Mathur, *Independent Director*
Mr. Dinesh Kumar Mathur, aged 58, is an Independent Director on the Board of Directors. He has served for over 35 years with the Uttar Pradesh Financial Corporation (UPFC) in various capacities and retired from the UPFC as Chief Manager in August 2006. During his 35-year stint, Mr. Mathur has been involved in preparation of term loan appraisals, disbursement involving valuation of industrial and other securities, follow-ups on project implementation. He has led various departments such as Appraisal, Follow-up, Recovery, Disbursement, Internal Audit and Administration. He has also been involved in Business promotion, legal documentation activities etc.

Capt. Surender Pal Chaudhary, *Independent Director*
Capt. S.P. Chaudhary, aged 67, is a former Army Captain in the Indian Army. He served the Armed Forces in the Field and Peace areas. He also participated in active wars in 1962 and 1965. Mr. Chaudhary has served the Trade Development Authority in promoting Indian trade overseas. He has led Indian trade delegations abroad. He has been posted twice as Resident Director of

Europe in Frankfurt, Germany by Trade Development Authority of India and India Trade Promotion Organisation. He has also served as Commowealth Advisor by Commonwealth Secretariat, London. He retired in 1997 from Indian Trade Promotion Organisation as Director for European operations. He has traveled extensively abroad.

Mr. Paritosh Kumar Jain, *Independent Director*
Mr. Paritosh Kumar Jain, aged 51, is a commerce and law graduate, and fellow member of the Institute of Chartered Accountants of India. He is a practicing Chartered Accountant having more than 27 years of experience in the areas of preparation and appraisal of project reports, market surveys, loan application and follow-up with banks and financial institutions, monitoring of large borrower's accounts, evaluation of budget and business plans, taxation matters including Income Tax returns, consultancy for tax planning and respresentation to various tax authorities, Company Law matters including representation before the Company Law Board.

Mr. M. Narayanan, *Independent Director*
Mr. M. Narayanan, aged 62, is a post graduate in Commerce, law graduate, Diploma in Business Management and Certified Associate of Indian Institute of Bankers. He has over four decades of experience in banking and financial institutions. Mr. Narayanan started his professional career with the Reserve bank of India in 1964, subsequent to which he moved to Bank of Baroda in 1969. He held senior management positions between 1985 and 1994 in IFCI (Industrial Finance Corporation of India). Mr. Narayanan was the General Manager of IFCI between 1995 to 1997 and, became the Managing Director of Tourism Finance Corporation of India Limited (TFCI) in October 1997. He retired as Chairman and Managing Director of TFCI in 2006. Mr. Narayanan has wide exposure in the financial sector including commercial banking operations, project appraisals, merchant banking, leasing, strategy and corporate planning, policy formulation, treasury management operations in his various capacities. He has held other key positions such as Director on Board of Tourism Advisory and Financial Services Corporation of India Ltd. (since merged with TFCI), Director on Board of Asset Reconstruction Company of India Ltd., Member on the Board of Governors of Institute of Labour Development, Jaipur, Rajasthan, Member on the Governing Council of Indian National Trust for Art, Cultural Heritage (INTACH), Member of Tourism Advisory Committee constituted by Planning Commission, Government of India.

Mr. Romesh Koul, *Independent Director*
Mr. Romesh Koul, aged 47, is a graduate of Delhi University and Diploma in Hotel Management. He has about 25 years of experience in the Hotel trade and industry. He started his career as Management Trainee with the Jaypee Group, then joined Hotel Corporation of India in 1984, moved to Hotel Banjara in 1986. Mr. Koul then joined Indotels Hotels Management Services Private Limited, a specialized consulting firm. He then joined Tourism Finance Corporation of India Ltd. (TFCI) in 1990 and is responsible for having appraised over 200 hotel projects. Mr. Koul left TFCI in 1996 to start Naaz Hotel Consultants Private Limited, a Tourism Consulting Firm. Mr. Koul is the Chief Executive Officer of Naaz Hotel Consultants Private Limited., Managing Director of Ishwar Bhuvan Hotels Ltd., and Director with U.G. Hotels and Resorts Ltd.

DETAILS OF BORROWING POWERS

As per the Articles of Association of the Company reproduced herein-below, the Company has the following powers:

Article 52:	The Board may from time to time and at its discretion, subject to the provisions of Section 58A, 292 and 293 of the Act, and Refulations made thereunder and Directions issued by RBI raise or borrow either from the Directors or from elsewhere and secure the payment of any sums or sum of money for the purpose of the Company.
Article 53:	Any debentures, debenture-stock or other securities may be issued at a discount, premium or othwerise and may be issued on condition that they shall be convertible into shares of any denomination and with ay privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution. Any debentures, debenture-stock, bonds or other securities may be issued at a discount, premium or othwerise and with any special privileges, as to redemption, surrender, drawings, allotment of shares, appointment of Directors

and othwerise. Debentures, debenture-stock, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

Vide a resolution passed at the Extra Ordinary General Meeting of the Company held on 4th February 2006, consent of the members of the Company was accorded to the Board of Directors of the Company pursuant to the provisions of section 293 (1)(d) of the Companies Act, 1956 and other applicable provisions, to borrow, from time to time, any sum or sums of money from one or more bank, financial institution, Central or State Government, body corporate, firms, persons whether by way of term loan, working capital facility, cash credit facility, inter-corporate loan, bill discounting, issue of debenture or bonds or any other fund based or non-fund based facility, whether secured or unsecured, notwithstanding that the money to be borrowed together the money already borrowed by the Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business) will or may exceed the aggregate of the paid-up share capital and free reserves (the reserves not set apart for any specific purpose) of the Company but so however that the total amount up to which the money may be borrowed by the Board of Directors and outstanding at anytime shall not exceed the sum of Rs. 200.00 Crores (Rupees Two hundred crores) exclusive of interest and other charges.

TERMS OF APPOINTMENT & COMPENSATION OF WHOLE-TIME DIRECTORS

i. **Mr. Praveen Kumar Jain, *Chairman & Managing Director***

Mr. Praveen Kumar Jain was appointed as Director on February 4, 2006. He has been appointed as Managing Director pursuant to the provisions of sections 198, 269 and 309 read with Schedule XIII of the Companies Act, 1956, the Articles of Association and other applicable provisions, if any, and subject to the approval of the Central Government and any other authority and subject to the approval of the members of the Company. His appointment was approved by the shareholders in the EGM held on May 1, 2007. Mr. Praveen Kumar Jain has been appointed as Managing Director with effect from April 9, 2007 on the following terms and conditions:

Tenure : 5 Years (from April 9, 2007 to April 8, 2012)
Remuneration: No remuneration is payable to Mr. Praveen Kumar Jain as Managing Director.

However, Mr. Jain shall be reimbursed any expense on actual basis incurred by him in discharge of his duties as Managing Director of the Company.

ii. **Mr. Pradeep Kumar Jain, *Managing Director***

The shareholders in the Annual General Meeting held on February 4, 2006 approved the appointment and remuneration of Mr. Pradeep Kumar Jain, as Managing Director for a period of five years with effect from February 4, 2006 pursuant to the provisions of sections 198, 269, and 309 of the Companies Act, 1956, read with schedule XIII of the Act.

The terms of his appointment are as follows:

Sl. No.	Remuneration	Details
I.	Basic Salary	Rs. 25000/- (Rupees Twenty Five Thousand only) per month
II.	Commission	Nil
III.	Perquisites	The perqusites are allowed in addition to Salary and commission as per details given below. However, such perks are restricted to an amount equal to Annual Salary during each year.
a)	Housing	Free Residential accommodation or House Rent Allowance equal to 40 per cent of the basic salary. Free furnishing is provided by the Company along with other amenities.
b)	Medical Reimbursement	Reimbursement of medical expenses incurred by the appointee (including mediclaim insurance premium) on self and his family, subject to a

		ceiling of one month's salary in a year or five month's salary over a period of five years.
c)	Leave Travel Concession	The expenses incurred on leave travel by the appointee on self and his family is reimbursed once in two years in accordance with the rules specified by the Company.
d)	Club Fees	Fees of clubs subject to a maximum of two clubs. This does not include admission and life memberships fees.
e)	Personal Accident Insurance	Premium not to exceed Rs. 10,000/- per annum.
f)	Car	Free use of Company's car for official work along with driver at Company's cost and, if no car is provided reimbursement of the conveyance shall be made on actual basis as may be claims made by him.
g)	Provident Fund & Other Funds	Contribution to Provident Fund and Family Pension Fund, superannuation fund or annuity fund subject to the rules framed by the Company in this respect.
h)	Gratuity	Gratuity payable not exceeding half a month's salary for each completed year of service subject to the ceiling prescribed by the Central Government from time to time.
i)	Telephone	Free use of telephone at his residence provided that personal long distance calls on the telephone shall be billed by the Company to him.
j)	Earned Privilege Leave	Earned Privilege Leave encashment subject to the condition that the leave accumulated but not availed be allowed to encash for 15 days salary for every year of completed services at the end of the tenure.

Also, in the event of loss or inadequacy of profit in any year during his period of incumbency, the aforesaid remuneration shall be within the ceiling of 2 per cent of the net profits of the Company, calculated in terms of the provisions of the Companies Act, 1956.

Further, in the Meeting of the Board of Directors on May 17, 2006, the terms of remuneration were modified to read as under:

"That in case of loss or inadequacy of profit in any financial year, the Company shall pay the aforesaid remuneration by way of salary and perquisites as the Minimum Remuneration."

iii. **Mr. Parmod Kumar Jain, *Whole Time Director***

The Board of Directors in their Meeting held on January 1, 2007 appointed Mr. Parmod Kumar Jain, Director of the Company, as a Whole Time Director, subject to the approval of members, for a period of five years with effect from January 1, 2007 pursuant to the provisions of sections 198, 269, and 309 of the Companies Act, 1956, read with schedule XIII of the Act. The remuneration of Mr. Parmod Kumar Jain, as Whole Time Director was also fixed in the said meeting. The appointment and remuneration was approved by the members in their Extra Ordinary General Meeting held on January 24, 2007.

The terms of his appointment are as follows:

Sl. No.	**Remuneration**	**Details**
I.	Basic Salary	Rs. 25000/- Per Month
II.	Commission	Nil
III.	Perquisites	The perquisites are allowed in addition to salary and commission as per details given below, however, such perks are restricted to an amount equal to Annual salary during each year:
a)	Housing	Free residential accommodation or House Rent

		Allowance equal to 40 per sent of the basic salary. Free furnishing is provided by the Company along with other amenities.
b)	Medical Reimbursement	Reimbursement of medical expenses incurred by the appointee (including medi-claim insurance premium) on self and his family, subject to a ceiling of one month's salary in a year or five months' salary over a period of five years.
c)	Leave Travel Concession	The expenses incurred on leave travel by the appointee on self and his family is reimbursed once in a two year in accordance with the rules specified by the Company.
d)	Club Fees	Fees of clubs subject to a maximum of two clubs. This does not include admission and life membership fees,
e)	Personal Accident Insurance	Premium not to exceeds Rs.10000/- per annum.
f)	Car	Free use of Company's car for official work along with driver at Company's cost and, if no car is provided reimbursement of the conveyance shall be made on actual basis as may be claims made by him.
g)	Provident Fund & Other Funds	Contribution to Provident Fund & Family Pension Fund, superannuation fund or annuity fund subject to the rules framed by the Company in this respect.
h)	Gratuity	Gratuity payable not exceeding half a month's salary for each completed year of service subject to the ceiling prescribed by the Central Government from time to time.
i)	Telephone	Free use of telephone at his residence provided that personal long distance calls on the telephone shall be billed by the Company to him.
j)	Earned Privilege Leave	Earned Privilege Leave encashment subject to the condition that the leave accumulated but not availed be allowed to en cash for 15 days salary for every year completed services at the end of the tenure.

In case of loss or inadequacy of profit in any financial year, the Company shall pay the aforesaid remuneration by way of salary and perquisites as the Minimum Remuneration.

iv. **Mr. Vinod Kumar Jain, *Whole Time Director***

The Board of Directors in their Meeting held on January 1, 2007 appointed Mr. Vinod Kumar Jain, Director of the Company, as a Whole Time Director, subject to the approval of members, for a period of five years with effect from January 1, 2007 pursuant to the provisions of sections 198, 269, and 309 of the Companies Act, 1956, read with schedule XIII of the Act. The remuneration of Mr. Parmod Kumar Jain, as Whole Time Director was also fixed in the said meeting. The appointment and remuneration was approved by the members in their Extra Ordinary General Meeting held on January 24, 2007.

The terms of his appointment are as follows:

Sl. No	Remuneration	Details
I.	Basic Salary	Rs. 25000/- Per Month
II.	Commission	Nil
III.	Perquisites	The perquisites are allowed in addition to salary and commission as per details given below, however, such perks are restricted to an amount equal to Annual salary during each year:
a)	Housing	Free residential accommodation or House Rent Allowance equal to 40 per sent of the basic

		salary. Free furnishing is provided by the Company along with other amenities.
b)	Medical Reimbursement	Reimbursement of medical expenses incurred by the appointee (including medi-claim insurance premium) on self and his family, subject to a ceiling of one month's salary in a year or five months' salary over a period of five years.
c)	Leave Travel Concession	The expenses incurred on leave travel by the appointee on self and his family is reimbursed once in a two year in accordance with the rules specified by the Company.
d)	Club Fees	Fees of clubs subject to a maximum of two clubs. This does not include admission and life membership fees,
e)	Personal Accident Insurance	Premium not to exceeds Rs.10000/- per annum.
f)	Car	Free use of Company's car for official work along with driver at Company's cost and, if no car is provided reimbursement of the conveyance shall be made on actual basis as may be claims made by him.
g)	Provident Fund & Other Funds	Contribution to Provident Fund & Family Pension Fund, superannuation fund or annuity fund subject to the rules framed by the Company in this respect.
h)	Gratuity	Gratuity payable not exceeding half a month's salary for each completed year of service subject to the ceiling prescribed by the Central Government from time to time.
i)	Telephone	Free use of telephone at his residence provided that personal long distance calls on the telephone shall be billed by the Company to him.
j)	Earned Privilege Leave	Earned Privilege Leave encashment subject to the condition that the leave accumulated but not availed be allowed to en cash for 15 days salary for every year completed services at the end of the tenure.

In case of loss or inadequacy of profit in any financial year, the Company shall pay the aforesaid remuneration by way of salary and perquisites as the Minimum Remuneration.

v. **Mr. Satyendra Prasad Singh, *Whole-Time Director***

The Board of Directors appointed Mr. Satyendra Prasad Singh as Additional Director and Whole Time Director for a period of five years with effect from January 27, 2007, subject to the approval of the shareholders, in their meeting held on January 27, 2007 and approved his remuneration pursuant to the provisions of sections 198, 269, and 309 of the Companies Act, 1956, read with schedule XIII to the Act. His appointment was confirmed by the shareholders in the Annual General Meeting held on May 31, 2007.

The terms of his appointment are as follows:

Sl. No.	**Remuneration**	**Details**
I.	Basic Salary	Rs. 22,000/- (Rupees Twenty Two Thousand only) per month
II.	Perquisites	The perquisites are allowed in addition to Salary as per details given below.
a)	Provident Fund & Other Funds	As per Company rules.
b)	Earned Privilege Leave	Earned Privilege Leave encashment subject to the condition that the leave accumulated but not availed be allowed to encash for 15 days salary for every

		year of completed services at the end of the tenure.

"That in case of loss or inadequacy of profit in any financial year, the Company shall pay the aforesaid remuneration by way of salary and perquisites as the Minimum Remuneration."

The Non-executive Directors do not draw any remuneration from the Company other than the sitting fee.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE & SUB-COMMITTEES

The directions issued by the SEBI vide SEBI/CFD/DIL/CG/1/2004/12/10 dated October 29, 2004 under Clause 49 of the Listing Agreement in respect of Corporate Governance are applicable to the Company immediately upon seeking in-principle approval from the Stock Exchange(s) for listing of the Equity Shares on the various stock exchanges.

The Company stands committed to good Corporate Governance practices. The corporate governance philosophy is dedicated to the attainment of the highest levels of accountability and transparency in dealings with its stakeholders. The corporate governance policies lay emphasis on communication (both internal and external) and reporting. These vital initiatives extend beyond mandatory corporate governance requirements and are in accordance with the Company's aim of establishing voluntary best practices for good corporate governance practices.

Accordingly, the Company has undertaken steps to comply with the SEBI Guidelines on Corporate Governance. The Company's Board had nine Directors earlier, of which four were independent directors. The Chairman of the Board was a non-executive Director. Committees of the Board had been constituted in order to look into the matters in respect of audit, compensation of executive directors, shareholding/Investors Grievance Redressal. However, when the Company deferred its its plans to come out with a Public Issue for an extended period of time, the independent directors resigned from the Company's Board.

To comply with the guidelines in relation to Corporate Governance, the Issuer Company has appointed 5 independent directors, viz. Capt. S.P. Chaudhary, Mr. Dinesh Kumar Mathur, Mr. Paritosh Kumar Jain, Mr. M. Narayanan and Mr. Romesh Koul on its Board. As the Chairman of the Company is an Executive Director, half of the Board of Directors comprise Independent Directors. The Issuer Company has already formed the following Committees:

The Board of Directors, as on date, comprises a total of ten (10) Directors which includes one (1) Executive Chairman and Managing Director, one (1) Managing Director, three (3) Whole-Time Directors, and five (5) Independent Directors.

1. AUDIT COMMITTEE

The Audit committee was constituted on April 02, 2001; was reconstituted on December 26, 2001, February 27, 2006, July 1, 2006, December 15, 2006 and January 1, 2007; and was further reconstituted on January 27, 2007.

The Audit Committee has met 4 times, till date, during the financial year 2006-07.

Composition

The Audit Committee comprises 3 Directors with the Chairman, being an independent director, with expertise in financial and accounting areas.

1. Mr. Paritosh Kumar Jain- *Chairman (Independent Director)*
2. Mr. Dinesh Kumar Mathur- *Member (Independent Director)*
3. Capt. Surender Pal Chaudhary – *Member (Independent Director)*

The Statutory Auditors, Internal Auditor, the Finance/Accounts Head and Company Secretary of the Company are permanent invitees. Mr. K. Sitaraman, Company Secretary is the Secretary of the Committee.

The terms of reference of the Audit Committee, as defined by the Board of Directors in their meeting held on 15th December, 2006, is to comply with the requirements of section 292 A of the Companies Act and Clause 49 of the listing agreement to be entered into with the Stock Exchange(s). The Audit Committee shall have the authority to investigate into any matter that may be prescribed and the matters listed below and for this purpose the Audit Committee shall have full access to information contained in the records of the Company and external professional advice, if necessary:

i. To review financial reporting process, all financial statements.

ii. To recommend appointment/ re-appointment/ replacement/ removal/ Audit fees/ any other fees of Statutory Auditor.
iii. Reviewing along with management, the listing compliances, related party disclosures, qualifications in draft audit report, matters required to be included in Directors Responsibility Statement, quarterly financial statements before its submission to the Board, changes in accounting policies, major accounting entries based on estimate of management.
iv. To look into all matters relating to internal control system, internal audit system and the reasons for substantial defaults in the payment to the depositors.
v. To review functioning of "Whistle Blower Mechanism", if any.
vi. To review Management Discussion and Analysis of financial condition and results of operation, statement of significant Related Party Transactions as submitted by management, internal audit report, term of chief internal auditor (including his remuneration).

2. **REMUNERATION COMMITTEE :**

The Remuneration Committee was constituted on February 27, 2006, was reconstituted on 15th December, 2006, and further reconstituted on January 1, 2007. The Committee has the following terms of reference and composition:

a) Terms of Reference:

The Remuneration Committee shall have the power to determine the Company's policy on specific remuneration packages including pension rights and other compensation for executive directors and for this purpose, the Remuneration Committee shall have full access to information contained in the records of the Company and external professional advice, if necessary.

b) Composition:

The Remuneration Committee consists of three Directors, all of them being non-executive and independent directors.

1. Mr. Dinesh Kumar Mathur - *Chairman (Independent Director)*
2. Mr. Paristosh Kumar Jain - *Member (Independent Director)*
3. Capt. Surender Pal Chaudhary – *Member (Independent Director)*

Mr. K. Sitaraman, Company Secretary is the Secretary of the Committee.

c) Non-Executive Directors: No remuneration was paid to Non-Executive Directors during the financial year 2006-07.

3. INVESTOR GRIEVANCE COMMITTEE

The Shareholder's Grievance Committee was constituted on February 27, 2006; was resconstituted on December 15, 2006 and January 1, 2007; and was further reconstituted on January 27, 2007.

a) Terms of Reference:
This committee has been constituted to specifically look into redressing the shareholders and investors' complaints and to expedite the process of redressal of complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.

b) **Composition:**

1. Mr. Dinesh Kumar Mathur – *Chairman (Independent Director)*
2. Mr. Paritosh Kumar Jain – *Member (Independent Director)*
3. Capt. Surender Pal Chaudhary – *Member (Independent Director)*

The Company Secretary of the Company, Mr. K. Sitaraman is the Compliance Officer.

There were no unresolved complaints/transfer pending.

Shareholding of the Directors

The shareholding of the Directors on the date of the issue of the Red Herring Prospectus is as follows:

Sl. No.	Name of the Director	No. of Shares	%age of the Paid-up Share Capital
1.	Mr. Praveen Kumar Jain	1,66,48,510	83.41%
2.	Mr. Pradeep Kumar Jain	2,00,650	1.01%
3.	Mr. Parmod Kumar Jain	2,00,150	1.00%
4.	Mr. Vinod Kumar Jain	4,56,850	2.29%
5.	Mr. Satyendra Prasad Singh	-	-
6.	Mr. Dinesh Kumar Mathur	-	-
7.	Capt. Surender Pal Chaudhary	-	-
8.	Mr. Paritosh Kumar Jain	-	-
9.	Mr. M. Narayanan	-	-
10.	Mr. Romesh Koul	-	-

For details regarding Equity Shares held by the Promoters and their families and entities controlled by them, please refer to "Capital Structure of the Company" beginning from page no. 19 of this Red Herring Prospectus.

Interest of the Directors

All the non-Executive Directors of Magnum may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or Committee thereof as well as to the extent of other remuneration and/or reimbursement of expenses payable to them as per the applicable laws, and the Articles of Association.

The Directors may also be regarded as interested in the Equity Shares and dividend payable thereon, if any, held by or that may be subscribed by and allotted/transferred to them or the companies, firms and trust, in which they are interested as Directors, Members, partners and or trustees. All Directors may be deemed to be interested in the contracts, agreements/ arrangements entered into or to be entered into by Magnum with any Company in which they hold Directorships or any partnership firm in which they are partners as may be declared in their respective declarations.

The Managing Director and Whole-Time Directors of Magnum are interested to the extent of remuneration paid to them for services rendered as officers or employees of the Company (For more details, please refer "Related Party Disclosures" as mentioned in page no. 182 of the Auditors' Report given in this Red Herring Prospectus. Further, the Directors are also interested to the extent of Equity Shares, if any, already held by them or their relatives in the Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of this Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

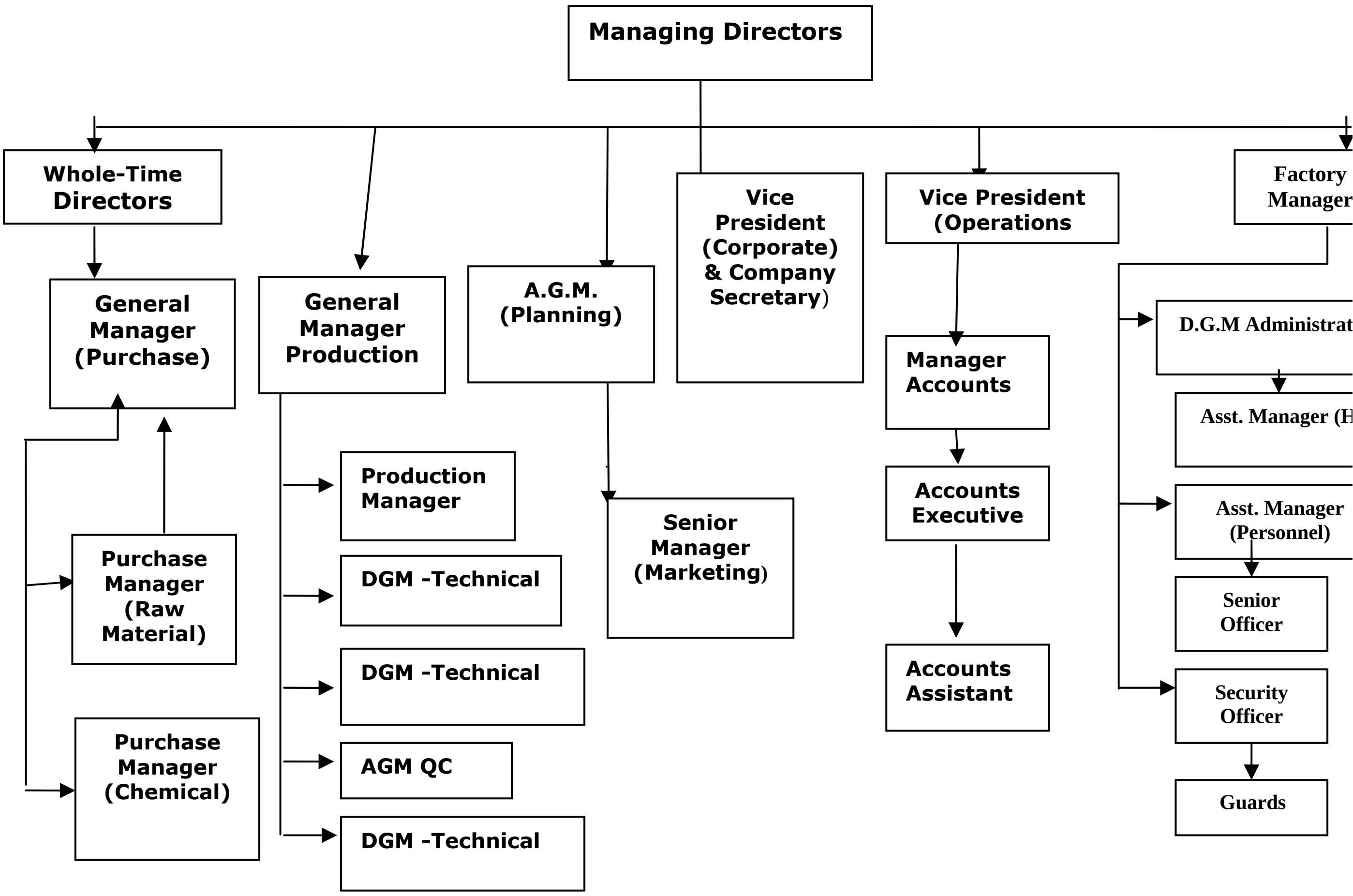
Except as stated otherwise in this Red Herring Prospectus, the Company has not entered into any Contract, Agreements or Arrangements during the preceding two years from the date of this Red Herring Prospectus in which the directors are interested directly or indirectly and no payments have been made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

Changes in Directors in the last three years

Sl. No.	Name	Date of Appointment	Date of Cessation	Reason
1.	Mr. Parmod Kumar Jain		21.7.2005	Term as Managing Director expires
2.	Mr. Sushil Kumar Verma	25.12.2005		Appointment as Whole-Time Director
3.	Mr. Pradeep Kumar Jain	4.2.2006		Appointed as Managing Director
4.	Mr. Praveen Kumar Jain	4.2.2006		Appointment
5.	Mr. Vinod Kumar Jain	4.2.2006		Appointment
6.	Mr. Mitlesh Rai Kochhar	4.2.2006		Appointment
7.	Justice Mr. Sagar Chand Jain	4.2.2006		Appointment
8.	Mr. Bitthal Das Shah	4.2.2006		Appointment
9.	Mr. R.J. Kamath	4.2.2006		Appointment
10.	Mr. Bitthal Das Shah		1.7.2006	Resignation
11.	Mr. R.J. Kamath		1.7.2006	Resignation
12.	Mr. Mitlesh Rai Kochhar		14.12.2006	Resignation
13.	Mr. Dinesh Kumar Mathur	14.12.2006		Appointment as Additional Director (confirmed in the EGM held on 24.1.2007)
14.	Mr. Yadavendra Datta Bankata	14.12.2006		Appointment
15.	Capt. Surendra Pal Chaudhary	14.12.2006		Appointment as Additional Director (confirmed in the EGM held on 24.1.2007)
16.	Justice Mr. Sagar Chand Jain		1.1.2007	Resignation
17.	Mr. Yadavendra Datta Bankata		1.1.2007	Resignation
18.	Mr. Paritosh Kumar Jain	1.1.2007		Appointment as Additional Director (confirmed in the EGM held on 24.1.2007)
19.	Mr. Parmod Kumar Jain	1.1.2007		Appointed as Whole Time Director
20.	Mr. Vinod Kumar Jain	1.1.2007		Appointed as Whole Time Director
21.	Mr. Sushil Kumar Verma		27.1.2007	Resignation
22.	Mr. Satyendra Prasad Singh	27.1.2007		Appointed as Additional Director and Whole Time Director (confirmed in the AGM held on 31.5.2007)
23.	Mr. Praveen Kumar Jain	09.04.2007		Appointed as Chairman & Managing Director
24.	Mr. M. Narayanan	27.4.2007		Appointed as Additional Director (confirmed in the AGM held on 31.5.07)

25.	Mr. Romesh Koul	27.4.2007		Appointed as Additional Director (confirmed in the AGM held on 31.5.07)

ORGANISATION CHART-MAGNUM VENTURES LIMITED



KEY MANAGERIAL PERSONNEL

The Company is managed by its Board of Directors, assisted by qualified professionals, with vast experience in the field of production, finance, accounts, marketing and corporate laws. The following key personnel assist the Management:

Details of the key managerial personnel are as follows:

Sl. No	Name of Employee	Designation	Age Years	Qualification	Date of Joining	Experience	Previous Employment
1.	Mr. K. Sitaraman	Vice President (Corporate) & Company Secretary	50	M. Com, FCS, MBA	15.12.2006	29	Company Secretary in Practice
2.	Mr. V.K. Chaudhary	Vice President (Operations)	63	B. Sc. (Mech.Engg)	1.1.2007	37	Consultant
3.	Mr. P Somanandham	General Manager (Production)	54	B. Tech (Chemical)	1.3.2005	30	Ellora Paper
4.	Mr. Rajiv Chaturvedi	General Manager, Purchase	50	-	20.8.2001	28	RBBL Industry Ltd.
5.	Mr. Sudesh Srivastava	Deputy General Manager, (Administration)	38	B. Com	1.1.2003	15	N.G. Technologies Ltd.
6.	Mr. Shiv Parvesh Chaturvedi	Factory Manager	31	B.A., Diploma in Personnel Management & Industrial Relations	4.10.2005	12	Kailashpati Paper Mills Ltd.
7.	Mr Anil Bana	Deputy General Manager (Technical)	34	B.E. (Mech.)	1.1.2004	10	Anand Tissues Limited
8.	Mr. Dinesh Singh	Deputy General Manager (Technical)	44	B.Sc. Engineering (Electrical)	16.11.1995	16	Paharpur Plastics (Unit of Paharpur Cooling Towers Ltd.)
9.	Mr. Vijay Prakash Singh	Deputy General Manager - Technical	49	Diploma in Electronics Engineering	1.2.2005	26	Chadha Paper Mills Ltd.
10	Mr. Nayan Chandra Pal	A.G.M. (Planning)	46	UnderGraduate	10.8.2006	22	Chadha papers Ltd.
11	Mr. Sanjay Kumar Sharma	Manager (Accounts)	36	B.Com, ICWA (Inter)	1.4.1998	10	Sybly Spinning Mills Ltd.

Mr. K. Sitaraman, *Vice President (Corporate) & Company Secretary*
Mr. K. Sitaraman, aged 50, is Vice President (Corporate) & Company Secretary. He is a post Graduate in Commerce from University of Delhi. He is a qualified Company Secretary and an MBA. He has an experience of about 29 years in the corporate sector. He was earlier a Company Secretary in practice. He has rich knowledge of finance, taxation, finalization of Balance Sheet, Company Law Matter, Secretarial work issue related activities etc. He is presently in-charge of secretarial matters of the company. He is also the Compliance Officer of the Company for the public issue.

Mr. V.K. Chaudhary, Vice President (Operations)
Mr. V.K. Choudhary, aged 63, is Vice President (Operations). He is a qualified B.Sc. (Mech. Engg) from Kanpur University. He has an experience of over 37 years in the field of project financing, monitoring and implementation. He started his career at the Mechanical Egineering Department of Harcourt Butler Techological Institute, Kanpur University. He later joined National Physical Laboratory, New Delhi as Scientist. Subsequently he joined U.P. Financial Corporation and was with the organization for 26 years. Prior to the current assignment, he was engaged in consultancy assignments for various compaies and projects including hotel projects. His current profile in the Company includes handling finance functions and implementation of the Hotel project of the Company.

Mr. P. Somanandham, *General Manager (Production)*
Mr. P. Somanadham, aged 54, is General Manager (Production). He is a qualified B.Tech in Chemical Engineering from Andhra University. He has vast experience of over 30 years in the

relevant field and more specifically in the paper industry. He has been associated with Seshasayee Paper Mills, Erode, Andhra Pradesh Paper Mills, Emami Paper Mills, Venkateshwara Paper & Boards, Ellora Paper Mills prior to the current assignment. His present profile includes looking after all the production related aspects of the Company.

Mr. Rajiv Chaturvedi, *General Manager (Purchase)*
Mr. Rajiv Chaturvedi, aged 50, is a Science graduate. He has more than 28 years experience with substantial experience in purchase functions and material procurement and management. He is responsible for all material activities including ensuring timely availability of all inputs for production. He has been associated with Magnum for around 6 years.

Mr. Sudesh Srivastava, *Deputy General Manager (Administration)*
Mr. Sudesh Srivastava, aged 38, holds a bachelor degree in commerce from Rohilkhand University. He has more than 15 years of experience in the areas of stores and purchases. He has been associated with Magnum for more than 4 years. He looks after various functions of Engineering, Chemical & Material stores. He was earlier associated with N.G. Technologies Ltd., Onida Savak Ltd., and Vadilal Industries Ltd.

Mr. Shiv Parvesh Chaturvedi, *Factory Manager*
Mr. Shiv Parvesh Chaturvedi, aged 31, is an Arts graduate and a Diploma in Personnel Management & Industrial Relations. He has more than 12 years of experience. He was with Kailashpati Paper Mills Ltd. prior to joining Magnum.

Mr. Anil Bana, *Deputy General Manager (Technical)*
Mr Anil Bana, aged 34, is Deputy General Manager (Technical). He is a qualified B. Tech in Mechanical Engineering from Nagpur University. He has over 10 years of experience with Cheema Paper Ltd., Chadha Papers Ltd. etc. Prior to Magnum, he was working with Anand Tissues Limited, Meerut. Presently he looks after overall management of the power plant and all related activities thereto.

Mr. Dinesh Singh, *Deputy General Manager (Technical)*
Mr. Dinesh Singh, aged 44, is Deputy General Manager (Technical). He is a Science graduate holding B.Sc. degree in Electrical Engineering. He has over 16 years of experience and is in-charge of electrical maintenance of the Company's production facilities.

Mr. Vijay Prakash Singh, *Deputy General Manager (Technical)*
Mr Vijay Prakash Singh, aged 49 years, Deputy General Manager (Technical), holds a diploma in Electronics Engineering. He has vast experience of over 26 years in the relevant field. Prior to joining Magnum, he was working with Chadha Paper Mills Ltd.

Mr. Nayan Chandra Pal, *Assistant General Manager (Planning)*
Mr. Nayan Chandra Pal, aged 46, is Assistant General Manager (Planning). He is an Undergraduate and has over 22 years of experience in the Paper Industy. He strated his career with Satya Paper Mills, the moved on to Shri Ganga Paper Mills (P) Ltd., Partap Paper Mills Ltd., Kedar Jaggi Paper & Allied Products (P) Ltd., Majestic Auto Ltd. and Three Star Paper Mills (P) Ltd. Prior to joining Magnum, he was with Chadha Papers Ltd as Senior Manager (Finishing House). His profile includes production planning, dispatch, excise and transportation planning.

Mr Sanjay Kumar Sharma, *Manager (Accounts)*
Mr Sanjay Sharma, Manager (Accounts) is a graduate in Commerce from Meerut University and ICWAI (Intermediate). He holds an experience of 10 years in the field of Finance and Accounts. He was earlier working with M/s Sybly Spinning Mills Limited, Muradnagar. Presently he is handling supervision of day-to-day account related matters.

All the abovementioned Key Managerial Persons are permanent employees of the Company.

It is confirmed that except as otherwise stated in this Red Herring Prospectus, all the above-mentioned key managerial personnel have no other material / pecuniary interest in the Company. Further, none of the key managerial personnel has been selected as director / member of senior management by virtue of any arrangement or understanding with major shareholders, customers, suppliers or others.

Shareholding of Key Managerial Personnel

None of the Key Managerial Personnel hold any shares of the company as on the date of this Red Herring Prospectus.

Bonus or Profit Sharing Plan for the Key Managerial Personnel

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

Changes in Key Managerial Personnel during the last 1 year:

Sl. No.	Name	Designation	Date of		Reason
			Joining	Leaving	
1.	Mr. Nayan Chandra Pal	AGM (Planning)	10.8.2006		Appointment
2.	Mr. Tarash Chand Jain	Dy. General Manager (Production)		30.10.2006	Resignation
3.	Mr. Deepak Gupta	Company Secretary		15.12.2006	Resignation
4.	Mr. K. Sitaraman	Vice President (Corporate) & Company Secretary	15.12.2006		Appointment
5.	Mr. Satyendra Prasad Singh	General Manager (Production)		27.1.2007	Resignation. Appointed as Whole Time Director in the Company.
6.	Mr. V.K. Chaudhary	Vice President (Operations)	1.1.2007		Appointment
7.	Mr. Vinod Kumar Dixit	Assistant General Manager (Quality Control)		21.3.2007	Resignation
8.	Mr. Binay Kumar Jha	General Manager (Marketing)		27.4.2007	Resignation

Family relation with Key Managerial Personnel (KMP)

There exists no family relation between the promoters/directors and the key managerial personnel.

Disclosures Regarding Employees Stock Option Scheme / Employees Stock Purchase Scheme

The Company has not issued any Employees Stock Option Scheme / Employees Stock Purchase Scheme, as required by the Guidelines or Regulations of SEBI relating to Employee Stock Option Scheme and Employee Stock Purchase Scheme.

Payment or Benefit to Officers of the Company

In the last two years, the Company has not paid or given any amount or benefit to any of its officers except the normal remuneration for services rendered as Directors, officers or employees.

vi. **PROMOTERS**

Mr. Praveen Kumar Jain, Mr. Pradeep Kumar Jain, Mr. Parmod Kumar Jain, and Mr. Vinod Kumar Jain are the promoters of the Company.

PROMOTERS AND THEIR BACKGROUND

Mr. Praveen Kumar Jain, *Chairman & Managing Director*
Mr. Praveen Kumar Jain, aged 45 years, is a graduate in Arts stream from the University of Delhi. He is a Non-Resident Indian and the Chairman & Managing Director of the Company. He has an experience of over 20 years in the Paper industry. He is primarily involved in strategic decision-making. He has been instrumental in designing and structuring technological up gradation and modernization program being undertaken by the Company. He has hands-on experience in the areas of finance, taxation and accounting department. He is looking after the finance & accounts function of the company, besides company secretarial function. Mr. Jain was appointed as Managing Director with effect from April 9, 2007. He is the Senior Vice President of Sahibabad Industry Association and Ex-Member of the Advisory Board of Central Excise (Meerut). He is also associated as Managing Director of M/s Rose Corner Trading LLC, Dubai.

Mr. Pradeep Kumar Jain, *Managing Director*
Mr. Pradeep Kumar Jain, aged 47 years, is a graduate in Arts stream from the University of Delhi. He has been associated with the Company as Director since its takeover in 1984. He has been appointed as Managing Director w.e.f. February 4, 2006. He, along with his father, entered into the business of manufacturing paper instead of trading in paper products, thus creating tremendous value addition for the Company. Besides assuming overall responsibility of the company, he is looking after the production function of the company. He has acquired practical experience in the manufacture of Paper and Paper Product and has more than 26 years of experience in the Paper Industry. He is responsible for developing new products to meet the customers demand.

Mr. Parmod Kumar Jain, *Whole-Time Director*
Mr. Parmod Kumar Jain, aged 51 years, is a Director of the Company since 1986. He is responsible for Exports and Institutional Sales. Besides, he is also looking after personnel, logistics, liaisoning with different Government departments. He possesses more than 28 years of experience in the manufacturing and marketing of Paper, Paper Products and Paper Board. He is responsible for redressing the customer complaints and advising the production department on aspects of quality improvement taking into account the customers' feedback. He was appointed as a Whole-Time Director of the Company w.e.f January 1, 2007.

Mr. Vinod Kumar Jain, Whole-Time Director
Mr. Vinod Kumar Jain, aged 58 years, has an experience of over 26 years in the trading and manufacturing of paper. He is well versed in marketing of Paper and Paper Products. He looks after the domestic marketing of Company's products, besides developing new markets and customers. He was appointed as a Whole-Time Director of the Company w.e.f January 1, 2007.

Name of the Promoter	**Praveen Kumar Jain**	**Pradeep Kumar Jain**	**Parmod Kumar Jain**	**Vinod Kumar Jain**
				
Driving Licence No.	P-06111998102763	Not Available	Not Available	Not Available

Passport Number	Z-1346781	B-1952831	B-2918475	B-1953064
PAN	AAEPJ1285C	AAEPJ3120G	ADVPJ3524E	AAEPJ1286B
Voter Id No	Not Available	Applied for	Applied for	Applied for
Name of Bank and Branch	Punjab National Bank Mohan Nagar Ghaziabad Uttar Pradesh	Oriental Bank of Commerce Sahibabad, Ghaziabad SP SSI Branch	Oriental Bank of Commerce Sahibabad, Ghaziabad SP SSI Branch	Oriental Bank of Commerce Sahibabad, Ghaziabad SP SSI Branch
Bank Account No.	034100 0600000024	0630201 0010730	0630201 0010770	0630201 0010880

Declaration by the Promoters

The Company confirms that the Permanent Account Number, Bank Account Number, and Passport Number of the promoters, as applicable, have been submitted to the BSE and NSE at the time of filing the Red Herring Prospectus with them.

Common Pursuits

As on date, there are no common pursuits that may lead to conflict of interest in the business of the Company and other firms/companies promoted by the Promoters.

Interest of the Promoters

The Promoters may be deemed to be interested to the extent of shares held by them, their friends or relatives, and benefits arriving from their holding directorship in the company. The Promoters are not interested in any property, if acquired by Magnum within two years prior the date of the Red Herring Prospectus. The Promoters are neither interested in any loan or advance given by the Company, nor are they beneficiary of any such loans or advances.

The following companies/firms have been promoted by one or more of the promoters, and to that extent they may be considered in such company/firm. There are however no common pursuits with the Issue Company nor are there any conflict of interest.

Name of the Entity	Constitution of the Entity	Interested Promoter
Rose Trading Corner L.L.C., Dubai, UAE.	Company	Mr. Praveen Kumar Jain (49% shareholding)

For further details on the above, please refer to page no. 208 of this Red Herring Prospectus.

Payment or benefit to Promoters of the Company

Mr. Pradeep Kumar Jain, Managing Director of the Company; Mr. Parmod Kumar Jain and Mr. Vinod Kumar Jain being Whole Time Directors of the Company draw managerial remuneration as mentioned earlier in the section titled "Management and Organisation" beginning from page no. 137 of this Red Herring Prospectus.

Apart from the above, there have been no payments or benefits to the Promoters of the Company.

Related Party Transaction

For details of related party transactions please refer to page no. 182 of the Red Herring Prospectus.

Relationship between Promoters, Directors & Key Manageral Personnel

Mr. Praveen Kumar Jain (Promoter and Executive Chairman & Managing Director), Mr. Pradeep Kumar Jain (Promoter & Managing Director), Mr. Parmod Kumar Jain (Promoter & Director) and Mr. Vinod Kumar Jain (Promoter & Director) are brothers.

There exists no other relationship between the Promoters and other Directors and/or Key Managerial Personnel of the Company.

Currency of Presentation

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

Dividend Policy

Dividends, other than interim dividends, if any, will be declared at the Annual General Meetings of the shareholders of the Company based on the recommendation of the Board of Directors. The Board may, at its discretion, recommend dividend to be paid to the shareholders. Generally, the factors that may be considered by the Board of Directors before making any recommendations for dividend include, but not limited to, the future expansion plans and capital requirements, profits earned during the fiscal year, cost of raising funds from alternate sources, liquidity position, applicable taxes including tax on dividend as well as exemptions under tax laws available to various categories of investors from time to time and general market conditions. The Board of Directors may also, from time to time, pay interim dividends to the shareholders of the Company.

However, the Company has not declared any dividend in the past. The policy of not having declared any dividend in the past is not necessarily indicative of the dividend amounts, if any, or the dividend policy, for the future.

SECTION V: FINANCIAL INFORMATION

The Board of Directors
Magnum Ventures Limited
(Previously known as Magnum Papers Limited)
"Magnum House"
3/4326, Ansari Road
Darya Ganj
New Delhi

We have examined the financial information of M/s **Magnum Ventures Limited,** contained in the statements annexed to this report for the five financial years ended on March 31, 2003, 2004, 2005, 2006 and 2007, which is proposed to be included in the Offer Document being issued by the Company in connection with its Public Issue of Equity Shares (hereinafter referred to as "the Issue) which is in accordance to the requirements of:

(a) Paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');

(b) The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ("the SEBI guidelines") issued by the Securities and Exchange Board of India ("SEBI") in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments; and

(c) The terms of reference received from the Company, requesting us to carry out work, proposed to be included in the Offer Document in connection with its proposed Public Issue of Equity Shares.

Financial information as per audited financial statements:

1. We have examined the attached restated summary statement of Assets & Liabilities of the Company as at March 31, 2003, 2004, 2005, 2006 and 2007 (**Annexure - I**) and the attached restated summary statement of Profits and Losses for the years ended on those dates (**Annexure-II**) together, referred to as 'summary statements' as prepared by the Company and approved by the Board of Directors. These profits have been arrived at after making such adjustments and regroupings as in our opinion are appropriate and more fully described in the notes appearing in **Annexure-II-A & IV** to this report. Based on our examination of these summary statements, we state that:

   i. The restated profits have been arrived at after charging all expenses including depreciation and after making such adjustments and re-groupings as in our opinion are appropriate in the year to which they are related;

   ii. The summary statements of the Company have been restated with retrospective effect to reflect the significant accounting policies being adopted by the Company as at March 31, 2007 as stated vide **Annexure – III** to this report. The summary statements have to be read in conjunction with the notes given in **Annexure – IV** to this report.

   iii. There are no qualifications in the auditors' report that require any adjustment to the summary statements except as mentioned in **Annexure - XXI** to this report.

   iv. The extra-ordinary items that need to be disclosed separately in the summary statements have been appropriately disclosed. Exceptional and non-recurring items, which are material, are given in Annexure - **II–A**.

2. The summary of significant accounting policies adopted by the Company pertaining to the audited financial statements as at March 31, 2007 are enclosed as **Annexure – III** to this report.

Other Financial Information:

3. We have examined the following financial information relating to the Company for the years ended on March 31, 2003, 2004, 2005, 2006 and 2007, proposed to be included in the Offer Document as approved by the Board of Directors and annexed to this report:

1.	Cash Flow Statement	Annexure - V
2.	Statement of Dividend paid	Annexure - VI
3.	Performance Ratios	Annexure - VII
4.	Capitalization Statement	Annexure - VIII
5.	Statement of Tax Shelters	Annexure - IX
6.	Details of Other Income	Annexure - X
7.	Sundry Debtors	Annexure – XI
8.	Reserve & Surplus	Annexure – XII
9.	Loans & Advances	Annexure – XIII
10.	Unsecured Loans	Annexure – XIV
11.	Current Liabilities & Provisions	Annexure – XV
12.	Secured Loans	Annexure – XVI
13.	Investments	Annexure – XVII
14.	Contingent Liabilities	Annexure – XVIII
15.	Details of Opening stock, Production, Sales & Closing stock	Annexure – XIX
16.	Related Party Transactions	Annexure – XX
17.	Auditors Qualifications	Annexure – XXI
18.	Statement of P&L of Bisonic Engineers (P) Limited	Annexure – XXII
19.	Statement of Assets & Liabilities of Bisonic Engineers (P) Limited	Annexure – XXIII
20.	Significant Accounting Policies of Bisonic Engineers (P) Limited	Annexure – XXIV
21.	Statement of P&L of Bachins India Private Limited	Annexure – XXV
22.	Statement of Assets & Liabilities of Bachins India Private Limited	Annexure – XXVI
23.	Significant Accounting Policies of Bachins India Private Limited	Annexure – XXVII
24.	Statement Of Consolidated Profits	Annexure – XXVIII
25.	Statement Of Consolidated Assets And Liabilities	Annexure – XXIX
26.	Significant Notes To the Consolidated Financial Statements	Annexure – XXX
27.	Consolidated Cash Flow Statement of M/s Magnum Venture Ltd & its Subsidiary Companies	Annexure - XXXI

4. In our view, the 'financial information as per the audited financial statements' and 'other financial information' mentioned above has been prepared in accordance with Part II of Schedule II of the Act and the Guidelines.

5. The sufficiency of the procedures performed, as set forth in the above paragraph of this report, is the sole responsibility of the Company. Consequently, we make no representation regarding the sufficiency of the procedures described above either for the purpose for which this report has been requested or for any other purpose.

6. This report should not be in any way construed as a re-issuance or redrafting of any of the previous audit reports issued by us or by other auditors nor should this report be construed as a new opinion on any of the financial statements referred to herein.

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

For Sunil K. Mittal & Co.
Chartered Accountants

Varun Gupta
Partner
Membership No.: 503070

Date: 31.7.2007
Place: New Delhi

ANNEXURE-I

STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

The Assets and Liabilities of the Company as at the end of each of five financial year ended on 31st March 2003, 2004, 2005, 2006 and 2007 are as set out below. The assets and Liabilities read with significant accounting policies and notes annexed hereto have been arrived at after making such regrouping as are in our opinion, are appropriate.

(Rs. in Lakhs)

	Particulars	**As At**				
		31.03.03	**31.03.04**	**31.03.05**	**31.03.06**	**31.03.07**
A.	**FIXED ASSETS**					
	Gross Block	5,243.16	5,794.85	7,554.83	10954.77	12982.48
	Less: Depreciation	1,832.02	2,283.58	2,754.19	3288.40	4297.06
	Net Block	3,411.14	3,511.27	4,800.64	7666.37	8685.42
	Less : Revaluation Reserve	-	-	-	-	-
	Net Block less Revaluation Reserve	3,411.14	3,511.27	4,800.64	7666.37	8685.42
	Capital Work in Progress	-	599.46	2,470.20	1329.63	1320.27
	Total (A)	**3,411.14**	**4,110.73**	**7,270.84**	**8996.00**	**10005.69**
B.	**INVESTMENTS (B)**	-	-	283.43	283.43	-
C.	**CURRENT ASSETS, LOANS AND ADVANCES**					
	Inventories	391.56	892.62	495.01	829.25	581.46
	Sundry Debtors	1,273.36	1,814.25	2,119.56	2706.64	3188.37
	Cash and bank Balance	4.67	74.71	18.82	42.82	16.51
	Loans and Advances	309.31	730.27	789.33	911.70	2372.00
	Total (C)	**1,978.90**	**3,511.85**	**3,422.72**	**4490.41**	**6158.34**
D.	**LIABILITIES AND PROVISIONS**					
	Secured Loans	2,165.55	3,657.49	5,633.91	7252.75	8304.64
	Unsecured Loans	99.70	54.50	997.82	1199.87	1269.67
	Current Liabilities & Provisions	358.67	509.63	521.93	423.48	989.25
	Deferred Tax liability	198.38	272.15	462.73	727.88	951.62
	Total (D)	**2,822.30**	**4,493.77**	**7,616.39**	**9603.98**	**11515.18**
E.	**NET WORTH (A+B+C-D)**	**2,567.74**	**3,128.81**	**3,360.60**	**4165.86**	**4648.85**
F.	**REPRESENTED BY:**					
	Share Capital	1,851.07	1,996.07	1,996.07	1996.07	1996.07
	Share Application Money	294.00	-	-	-	-
	Total Reserves and Surplus	424.62	1,133.77	1,364.73	2174.79	2706.08
	Less-Revaluation Reserves	-	-	-	-	-
	Net Reserve and Surplus	424.62	1,133.77	1,364.73	2174.79	2706.08
	Miscellaneous Expenditure	(1.95)	(1.03)	(0.20)	(5.00)	(53.30)
	NET WORTH	**2,567.74**	**3128.81**	**3,360.60**	**4165.86**	**4648.85**

Note: The Above statement should be read with the Notes on Adjustments to Restated Financial Statements, Significant accounting Policies and Notes to account as appearing in Annexure II A, III and IV.

ANNEXURE-II

SUMMARY STATEMENT OF PROFIT & LOSS ACCOUNT, AS RESTATED

We report that the profit of the company for each of the five financial years ended on 31st March 2003, 2004, 2005, 2006 & 2007 are as set out below. The Profit and Loss Account read with the significant accounting policies and notes annexed hereto have been arrived at after charging all the expenses including depreciation and after making such adjustment and re-grouping as in our opinion are appropriate.

(Rs. in Lakhs)

Particulars	**For the year ended**				
	31.03.03	**31.03.04**	**31.03.05**	**31.03.06**	**31.03.2007**
INCOME					
SALES:					
Of products manufactured by the Company					
- Export Sales	-	32.56	195.92	-	-
- Domestic Sales	5,030.77	6,033.87	7,058.67	8090.71	10081.91
Total (A)	**5,030.77**	**6066.43**	**7254.59**	**8090.71**	**10081.91**
Of products traded in by the Company					--
Total (B)					
Total Sales (C) (A+B)	**5,030.77**	**6,066.43**	**7,254.59**	**8090.71**	**10081.91**
Less: Excise Duty **(D)**	508.08	859.22	729.49	864.18	1007.46
Net Sales (C-D)	**4522.69**	**5207.21**	**6525.10**	**7226.53**	**9074.45**
Other Income	142.43	165.86	69.84	65.22	67.88
Increase/(Decrease) in Stock	(119.40)	462.59	(435.58)	93.53	2.68
Total	**4545.72**	**5835.66**	**6159.36**	**7385.28**	**9145.01**
EXPENDITURE					
Raw Material Consumed	1,061.25	1,276.86	1,294.11	1540.91	1975.31
Manufacturing Expenses	2,583.52	3,367.65	3,349.80	3,435.85	3869.25
Payment and provision for employees	185.47	190.79	211.08	261.98	333.47
Administration & Other Expenses	42.68	54.73	83.61	71.03	142.66
Miscellaneous Expenses w/o	1.07	0.92	0.83	0.20	--
Total	**3873.99**	**4890.95**	**4939.43**	**5309.97**	**6320.69**
Profit before Interest, Depreciation and Tax	**671.73**	**944.71**	**1,219.93**	**2075.31**	**2824.32**
Depreciation	419.34	470.99	487.92	543.72	1010.84
Profit before Interest and Tax	**252.39**	**473.72**	**732.01**	**1531.59**	**1813.48**
Interest & Finance Charges	198.78	268.08	267.63	355.53	553.99
(Loss)/Profit on sale of Investment/Assets	-	(3.20)	1.18	(1.43)	(0.96)
Net Profit Before Tax	**53.61**	**202.44**	**465.56**	**1174.63**	**1258.53**
Provision for Income Tax	(4.22)	(16.47)	(40.53)	(98.84)	(206.41)
Adjustments For Income Tax	-	(1.81)	0.23	-	(0.25)
Provision for FBT				(0.59)	(0.74)
Provision for Deferred tax liabilities	(15.59)	(73.77)	-	(265.14)	(223.74)
Net Profit before Adjustments	**33.80**	**110.39**	**425.26**	**810.06**	**827.39**
Adjustments (See Note 2 of Annexure II A)	-	5.87	(196.45)	-	-
Current Tax impact of Adjustments	-	(2.11)	2.15	-	-
Deferred Tax impact of Adjustments	-	-	-	-	-

Net Profit, as Restated	**33.80**	**114.15**	**230.96**	**810.06**	**827.39**
Profit and Loss Balance at the beginning of the year	271.84*	305.64	419.79	650.75	1460.81
Less: Amount Transferred to General Reserve	-	-	-	-	300.00
Balance Carried to Balance Sheet	305.64	419.79	650.75	1460.81	1988.20

Note:

1. The Above statement should be read with the Notes on Adjustments to Restated Financial Statements, Significant accounting Policies and Notes to account as appearing in Annexure II A, III and IV.

2. Depreciation on fixed assets is provided on the basis of Written down Value method except on the Turbine and Deinking Plant on which depreciation has been provided on the straight line method at the rates and in the manner prescribed in schedule XIV to the Companies Act. 1956, Vide GSR No. 756E Dt. 16.12.93

* The Company has adopted Accounting Standard 22 (AS-22)-Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India for the first time in preparing the financial statements for the year ended 31St March 2003. The Above amount is after adjusting Rs.182.79 Lacs relating to Deferred tax Liability for earlier years.

ANNEXURE II A

Notes on Adjustments for Restated Financial Statements

1. The Company adopted Accounting Standard 22 (AS-22) – Accounting for Taxes on income issued by the Institute of Chartered Accountants of India for the first time in preparing the financial statements for the year ended 31st March 2003.

2. Below mentioned is the summary of results of restatement made in the audited accounts for the respective years and its impact on the profits/losses of the company.

(Rs in Lakhs)

Particulars	**For the year ended**				
	31.03.03	**31.03.04**	**31.03.05**	**31.03.06**	**31.03.07**
Adjustments for					
Accounting for Insurance Claims		5.87	(5.87)	-	-
Current Tax Impact	-	(2.11)	2.15	-	-
Deferred Tax (Auditor Qualification)		--	(190.58)	-	-
Total	**-**	**3.76**	**(194.30)**	**-**	**-**

3. Changes in Accounting Policies

a) Provision for Gratuity

The Company accounted Gratuity in its books on cash basis till the year ended March 31, 2001. However from the year ended March 31, 2002, Liability in respect of gratuity payable to employees have been provided for in the books on the assumption that such benefits are payable to all employees who have completed five years of service at the end of that accounting year, in compliance with AS-15 issued by the Institute of Chartered Accountants of India. Accordingly, provision for gratuity have been recomputed for the Year ended March 31, 2001 and necessary adjustments have been made for provision for gratuity for the year ended March 31, 2001 in the Opening Profit and Loss Account Balance as at April 1, 2001.

b) Provision for Leave Encashment

The Company provided for Leave Encashment in its books on cash basis till the year ended March 31, 2002. However from the year ended March 31, 2003, provision in respect of leave encashment payable to the employees have been provided for leave credit at the year end in compliance with AS-15 issued by the Institute of Chartered Accountants of India. Accordingly, provision for leave encashment has been provided for Years ended March 31, 2001 and 2002 and consequently adjustments have been made for provision for leave encashment for the year ended March 31, 2001 and 2002 in the Opening Profit and Loss Account Balance as at April 1, 2001.

Other Adjustments

4 a) Accounting for Insurance claims

The Company is following the policy of Accounting for Insurance Claims at the time of settlement with insurers. For the purpose of restated Profit & Loss Account, the income from Insurance Claim received has been appropriately adjusted in the respective years in which the claims were lodged. Accordingly, adjustments have been made in the restated financial statements, for the year ended March 31, 2004 and 2005.

b) Income tax refunds /provisions

In the restated Profit & Loss Account amounts paid/provided for or refunded/ written back, in respect of shortfall/excess income tax arising out of assessments, appeals etc, has been adjusted in the respective years.

5. The Company had not provided for the deferred tax Liability amounting to Rs.190.58 Lacs in the year ended on 31st March, 2005.

The statutory auditors had qualified their opinion on the financial statements for the year ended March 31, 2005 on account of Non-Provision of Deferred Tax Liability of the abovementioned amount, which is not in accordance with Accounting Standard 22 on Accounting for Taxes issued by the Institute of Chartered Accountants of India. Accordingly, necessary adjustments have been made in the restated Profit & Loss A/c for the year ended March 31, 2005 to provide for such liability.

ANNEXURE - III

SIGNIFICANT ACCOUNTING POLICIES:

1. BASIS OF PREPARATION OF FINANCIAL STATEMENT

a) The financial statements have been prepared under the historical cost convention and on the accounting principles of going concern. Accounting polices not specifically referred to otherwise are in accordance with the generally accepted accounting principles and materially comply with the mandatory accounting standards issued by the Institute of Chartered Accountants of India.

b) The Company generally follows mercantile system of accounting and recognise significant items of income and expenditure on accrual basis.

c) In order to comply with the requirements of section 211(3C) of the Companies Act, 1956 the company is complying with the provisions of the Accounting-Standards issued by the ICAI.

2. FIXED ASSETS AND DEPRECIATION

a) Expenditure of capital nature are capitalised at cost comprising of purchase price *(net of Excise duty, rebates and discounts)* and any other cost which is directly attributable to bring the assets to its working condition for the intended use. All fixed assets are carried at cost less depreciation. But when an asset is scraped or otherwise disposed off, the cost and related depreciation are written off from the books of accounts and resultant profit or loss, if any is reflected in profit and loss account.

b) Depreciation on fixed assets is provided on the basis of Written down Value method except on the Turbine and Deinking Plant on which depreciation has been provided on the straight line method at the rates and in the manner prescribed in schedule XIV to the Companies Act. 1956, Vide GSR No. 756E Dt. 16.12.93.

3. FOREIGN EXCHANGE TRANSACTIONS

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of the transaction.

4. INVENTORY VALUATION

a) Stock of raw materials, stores & spares are valued at purchase cost to the company on first in first out basis.
b) Finished goods are valued at cost of production or net realisable value which ever is less. Cost for the purpose of valuation includes raw material consumption, manufacturing expenses and other appropriate overheads there on in accordance with AS-2 (Revised) issued by I.C.A.I.

5. SALES

Sales are inclusive of Excise Duty and are booked on the basis of dispatches from factory gates.

6. MISCELLANEOUS EXPENDITURE

Preliminary expenses are being amortized as per Sec. 35D of Income Tax Act.-1961.

7. EXCISE DUTY

Liabilities for Excise Duty on finished goods lying in the Work Premises are accounted for as & when these are cleared from the factory gate.

8. RETIREMENT BENEFITS

(i) Retirement benefits in the form of provident fund & pension schemes whether in pursuance of law or otherwise is accounted on accrual and charged to profit and loss account of the year basis. The Company is regular in depositing these dues to the credit of appropriate authorities in due time.

(ii) Liability in respect of gratuity payable to employees has been provided for on the assumption that such benefits are payable to all employees who have completed five years of service at the end of accounting year.

(iii) Liability in respect of leave encashment payable to employees has been provided for leave credit at the year-end.

ANNEXURE – IV

NOTES ON ACCOUNTS

1. **CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF THE FOLLOWING:**

- With regard to Import duty saved by the company while importing the capital goods, according to which the company has to fulfill the export obligation, equal to 8 times of the amount of duty saved in the next 8 years. Non fulfillment of export obligation results into creation of Company's liability to pay the duty so saved along with the interest @ 15% p.a. and such other amount as specified by the concerned authority

EPCG License No	Duty Saved
0530137140	Rs.7,18,346/-
0530137140	Rs.90,67,533/-

- With regard to amount of CENVAT Credit of Rs.828510/- availed from the purchase made by the company, as the question on genuineness of the supplier is raised by the Department of Excise, for which the company has filed an appeal before the Custom Excise Service Tax Appellate Tribunal which was decided in favour of the Company vide order dated 02/06/06. The Commissioner of Custom & Central Excise, Ghaziabad has filed an appeal before Hon. High Court of Allahabad u/s 35-G of Central Excise Act.

- With regard to the payment of purchase tax on purchase of diesel against Form-3B on concessional rate of tax @ 2.50% instead of regular rate of tax @ 20%, state of UP has filed the appeal in the Supreme Court against the order of High court which was decided in the favour of the Company and other respondent. Further the Company is not pleading the case in the Hon. Supreme Court of India, as there are a number of other respondents. The amount involved is Rs. 261.92 lacs.

- The Company has filed writ petition on 08.01.2004 with Hon. High Court Allahabad against the process of re-assessment in pursuance of the notice dated 25.11.2003 under section 21 of the U.P. Trade Tax Act for quashing the circular of CST/UP dated 25.01.2003 regarding non-inclusion of stock transfer in achieving base Production U/s 4A. Hon. High Court has granted stay on 08.01.2004 for the total amount involved of Rs 6,17,083.00.

- The Company has filed a case against the Central Excise Department in the court of Joint Commissioner, Central Excise (AE) at Ghaziabad. The Company was issued a Show Cause notice by the Central Excise Department asking the Company why the Service Tax amounting to Rs. 11.38 lacs (besides interest and penalty) should not be imposed.

2. Fixed assets installed and put to use have been certified by the management and relied upon by the auditors, being a technical matter.

3. <u>REMUNERATION PAID TO AUDITORS:</u>

	(Rs.)
As Auditors	1,97,664
	(93,670)
In other matter	25,000
	(Nil)

4. In the opinion of the director's current assets, loans and advances are of the value stated if realised in the ordinary course of business except otherwise stated. The provision for all the known liabilities is adequate and not in excess of the amount considered reasonable.

5. The company has made provision for Income Tax amounting to Rs. 2,06,41,312/- keeping in view the taxable income of the company for the period till 31.03.2007 in accordance with the provision of Income Tax Act.

6. The personal accounts of the parties are subject to their respective confirmation.

7. Remuneration paid to the Directors of the company is as under:

	Rs.
	8,56,258
	(1,92,000)

8. Additional information pursuant to the provision of paragraph 3, 4C and 4D of the schedule-VI to the Companies Act, 1956 (as certified by the management and relied upon by the Auditors)

I. Quantitative information with regard to the licensed & installed capacity, production & sales of paper manufactured by the company:

	Particular	Current Year as on 31.03.2007 Qty. in Mts.	Previous Year ended on 31.03.2006 Qty in Mts.
a)	Licensed Capacity	85,000	85,000
b)	Installed Capacity	-	-
c)	Production	59375.85	55601.36

II. (Turnover, Closing & Opening Stock of Finished Goods)

	Particulars	Qty. (Kgs.)	Amount in Rs.
a)	Opening Stock (Paper)	22,43,946 (13,21,293)	2,64,50,298 (1,66,25,124)
b)	Closing Stock (Paper)	15,16,591 (22,43,946)	2,63,57,649 (2,64,50,298)
c)	Sale of Paper	6,01,03,212.28 (5,46,62,748)	100,81,91,336 (80,90,71,534)

(Sale includes self consumption 11,46,851 kg. (Previous Year 9,40,007 kg)

III. Information in regard to raw material consumed.

	Particulars	Qty. (Kgs.)	Amount in Rs.
a)	Raw material	6,04,92,510 (5,84,18,979)	19,75,312,50.59 (15,40,91,308)
b)	Stores & Chemical	- (-)	21,23,89,448.45 (20,61,67,461)

Value & percentage of imported & indigenous raw material and stores & chemicals consumed:

	Raw Material		Store & chemical	
	Value (Rs.)	%	Value (Rs.)	%
Imported	2,76,29,138.00 (69,01,127)	13.99 (4.48)	1,60,75,289.31 (-)	7.57 (-)
Indigenous	16,99,02,112.59 (14,71,90,181)	86.01 (95.52)	19,63,14,159.14 (2,06,67,461)	92.43 (100)

IV. a) C.I.F. Value of Imports:

	(Rs.)
Raw Material	1,91,58,515 (2,49,34,253)
Chemical & Consumable Spare Parts	2,06,99,270 (77,04,118)

b) Expenses incurred in Foreign Currency: (Rs.)
Travelling Nil

	(Rs.)	(USD)
c) Earning in Foreign exchange Currency:	NIL NIL	NIL NIL

9. Related party disclosures have been set out in separate statement annexed to this schedule. The related parties, as defined by Accounting Standard 18 'Related Party Disclosure' issued by the Institute of Chartered Accountants of India, in respect of which disclosure have been made, have been identified on the basis of disclosure made by the managerial persons and taken on record by the board.

10. Sundry Creditors: Sundry creditors includes Rs 1,26,295.00 due to small scale industrial undertakings. The information regarding small scale industrial undertakings has been determined to the extent such parties have been identified on the basis of information available with the Company.

11. Deferred tax assets and liabilities are attributable to the following items.

		As at 31.03.2007 (Rs.)
Deferred Assets:-		
Provision for gratuity		1405070
leave Encashment		539934
	(A)	1945004
Deferred Tax Liabilities:-		
Excess of net block as per Companies act over Income tax act	(B)	97107139
	(A–B)	(-) 95162135

Net Deferred tax liabilities as on 31.03.2007	95162135
Deferred tax liabilities provided as on 31.3.2006	72787723
Deferred tax liabilities attributable to FY 2006-07	22374412
	=========

12. Sundry Debtors and creditors are subject to the confirmations.

13. A Search and seizure operation was conducted on January 18, 2007 by the Income Tax Department u/s 132 of the Income Tax Act, 1961 on the company's administration and production facilities at 18/31 and 18/41, site IV, Industrial Area, Sahibabad, Ghaziabad; and the residence of the promoters at 113/3, Daryaganj, New Delhi. A survey operation was conducted u/s 133A of the Income Tax Act, 1961 on the Company's Properties at A-35/1, A-40/2, and 64/6, Site IV, Industrial Area, Sahibabad, Ghaziabad. The Income Tax Department has neither passed any order nor made any assessment consequent to the survey.

    Since, no assessment or order has been made, the likely monetary liability, if any, and the resultant impact on the Company's financials can not be stated. Mr. Parmod Kumar Jain, Promoter Director has however made a payment of Rs. 20 lakhs to the Department as Advance Tax, subject to an assessment/order being passed in this matter.

14. The company has purchased 1210 equity shares of M/s Bisonic Engineers Pvt. Ltd. from Sh. Abhay Jain @ Rs. 870/- per share & 450 equity shares of M/s Bachins India Pvt. Ltd. on from Sh. Praveen Jain @ Rs. 2380/- per share on 3rd day of April, 2006, resulting in the 100% holding company of M/s Bisonic Engineers Pvt. Ltd. & M/s Bachins India Pvt. Ltd.

    Further vide order dated 1st day of November, 2006, the Ho'ble High Court of Delhi has passed the order u/s 394 of the Companies Act, allowing amalgamation of both the above stated 100% subsidiary companies i.e. M/s Bisonic Engineers Pvt. Ltd. & M/s Bachins India Pvt. Ltd. with Magnum Papers Ltd. w.e.f. 01.04.2006.

15. A fire was occurred at Company's godown situated at 64/6, Site IV, Industrial Area, Sahibabad, Ghaziabad on 30.11.2006, in which, stock of Rs. 1 crore 15 lakh was destroyed. However, the company received insurance claim amounting to Rs. 80,15,757/- and salvage value of Rs. 13,52,085/-, resulting in a loss of Rs.21,32,158/-.

16. During the year, the Company has written off Subsidy Receivable from state Govt. Amounting to Rs. 1,88,000/- and Income Tax claims of Rs 25,000/- as these are very old and non-recoverable

17. With a view to:-

    a) modernize its production facilities of its Paper Unit-II & III by technological upgradation including replacement of Plant and Machinery with regard to manufacturing of duplex board, writing and printing papers, and allied sections such as chemicals and Fibre Recovery Section, Recycling of Backward System etc., at a project cost of Rs. 50 crores.
    b) To venture into hospitality industry by setting up a 4 Star Business Hotel with 212 rooms, conference halls, food & beverages and other facilities, at a project cost of Rs. 102.63 cores.

    The company has gone for the Initial Public Offer and filed DRHP with SEBI.

18. The Company has changed its name from Magnum Papers limited to Magnum Ventures Limited vide the order dated 15th Nov. 2006 of the "Registrar of Companies, NCT of Delhi & Haryana."
19. Previous year figure have been regrouped and reclassified wherever considered necessary to make them comparable to those of the current year.

20. All other information required to be given is either Nil or Not applicable.

ANNEXURE - V

CASH FLOW STATEMENT

(Rs. in Lakhs)

	PARTICULARS	**For the Year Ended**				
		31.03.03	**31.03.04**	**31.03.05**	**31.03.06**	**31.03.07**
A)	**Profit before Taxation**	**53.61**	**202.44**	**465.56**	**1174.63**	**1258.53**
B)	**Adjustments**					
I	Depreciation	419.34	470.99	487.92	543.72	1010.84
II	Miscellaneous expenses written off	1.07	0.92	0.83	0.20	0.00
III	Interest expenses	195.68	259.80	251.54	332.57	517.99
IV	Loss on sale of fixed assets	0.00	3.20	(1.18)	1.43	0.96
V	Provision for Gratuity	6.31	4.83	3.00	2.02	6.33
VI	Provision for Wealth Tax	(0.07)	(0.04)	0.00	0.00	0.00
VII	Provision for leave Encashment	4.53	2.50	0.58	2.33	6.09
VIII	Provisions for Bonus	3.90	(0.74)	(0.44)	0.09	0.04
IX	Adjustments of insurance colony	-	5.87	(5.87)	-	-
X	Interest income	(18.60)	(9.88)	(0.34)	(3.89)	(4.06)
	Operating profit before working capital changes	**665.77**	**939.89**	**1201.60**	**2053.10**	**2796.72**
C)	**(Increase)/Decrease in Current Assets**					
I	Increase in Inventories	(7.28)	(501.06)	397.61	(334.24)	247.79
II	Increase in Sundry Debtors	(82.13)	(540.89)	(305.31)	(587.07)	(481.74)
III	Increase in loans & advances	(151.96)	(420.96)	(59.06)	(122.37)	(1465.04)
	Increase/(Decrease) in Current Liabilities					
I	Increase in Sundry Creditors	120.99	54.64	(7.92)	(143.22)	393.38
II	Increase in Advance from Customers	20.58	28.05	(21.17)	7.11	31.20
III	Increase in Expenses Payable	(11.03)	45.55	18.36	(25.95)	21.01
IV	Increase in other liability (Unsecured Loan)	37.18	(45.20)	943.32	202.05	69.80
V	Miscellaneous expenses incurred	0.00	0.00	0.00	(5.00)	(43.55)
	Cash generated from operations	**592.12**	**(439.98)**	**2167.43**	**1044.41**	**1569.57**
	Income tax & FBT	(0.68)	4.22	18.28	40.30	(98.48)
	NET CASH FROM OPERATIONS (A)	**591.44**	**(444.20)**	**2149.15**	**1004.11**	**1471.09**
	INVESTING ACTIVITIES					
I	Additions to Capital work in progress	0.00	(599.46)	(1870.74)	1140.58	9.36
II	Additions to fixed assets	(786.82)	(584.62)	(1789.75)	(3418.97)	(2036.57)
III	Investment in sub. Company	0.00	0.00	(283.43)	0.00	(10.44)
IV	Sale of fixed assets	0.00	10.30	13.64	8.10	2.30
V	Interest income	18.60	9.88	0.34	3.89	4.06
	NET CASH FROM INVESTING ACTIVITIES (B)	**(768.22)**	**(1163.90)**	**(3929.94)**	**(2266.40)**	**(2031.30)**
	FINANCING ACTIVITIES					
I	Issue of Equity Shares (including share premium)	0.00	446.00	0.00	0.00	0.00
II	Increase in Share Application Money	64.10	0.00	0.00	0.00	0.00
III	Decrease in Investments	0.05	0.00	0.00	0.00	0.00
IV	Borrowings (Secured Loan)	301.18	1491.94	1976.42	1618.84	1051.88
V	Interest Paid	(195.68)	(259.80)	(251.54)	(332.57)	(517.99)

	NET CASH FROM FINANCING ACTIVITIES	**169.65**	**1678.14**	**1724.88**	**1286.27**	**533.89**
	Net Change in cash and cash equivalents (A+ B + C)	(7.13)	70.04	(55.91)	23.98	(26.31)
	Cash and cash equivalents at the beginning of the period	11.80	4.67	74.71	18.82	42.82
	Cash and cash equivalents at the end of the period	4.67	74.71	18.82	42.82	16.51

ANNEXURE – VI

STATEMENT OF DIVIDEND PAID:

(Rs. in lakhs)

Particulars	**For the year ended**				
	31.03.03	**31.03.04**	**31.03.05**	**31.03.06**	**31.03.07**
On Equity share capital					
Paid up share capital	1,851.07	1,996.07	1,996.07	1996.07	1996.07
Face value (Rs.)	10.00	10.00	10.00	10.00	10.00
Rate of Dividend %	-	-	-	-	-
Amount of Dividend	-	-	-	-	-
Corporate Dividend tax	-	-	-	-	-

ANNEXURE – VII

PERFORMANCE RATIOS

Particulars	**For the year ended**				
	31.03.03	**31.03.04**	**31.03.05**	**31.03.06**	**31.03.07**
Earnings per share (Rs.)-Basic & Diluted	0.18	0.61	1.16	4.06	4.15
Return On Net Worth (%)	1.32%	3.65%	6.87%	19.45	17.80
Net Asset Value/Book value Per share (Rs.)	13.87	15.67	16.84	20.87	23.29
Weighted No. of shares	18510700	18778234	19960700	19960700	19960700
Actual No. of shares o/s at the end of the year	18510700	19960700	19960700	19960700	19960700

Note:

1. Earnings per share (Rs.) = Profit available to equity shareholders/Weighted No. of equity shares
2. Return on Net worth (%) = Profit after taxation/Net worth * 100
3. Net asset value/Book value per share (Rs.) = Net worth /No. of equity shares

ANNEXURE - VIII

CAPITALIZATION STATEMENT

(Rs. in Lakhs)

	As at 31.03.07	**Post Issue***
Particulars		
Total Debt:		
Short Term Debt	2677.84	
Long Term Debt	6896.47	
Shareholders Funds:		
Share Capital	1996.07	
Reserves & surplus	2706.03	
Less: Misc. expenditure	53.30	
Total Shareholders Funds	4648.80	
Long Term Debt/ Shareholders funds	1.48	

*** Will be updated at the time of filing the Prospectus.**

ANNEXURE – IX

STATEMENT OF TAX SHELTERS

(Rs. in Lakhs)

Particulars	**For the year ended**				
	31.03.03	**31.03.04**	**31.03.05**	**31.03.06**	**31.03.07**
Profit before taxes, as per Books (A)	53.60	202.44	465.58	1174.62	1258.53
Tax rate, %					
Normal Tax Rate	36.75%	35.88%	36.59%	33.66%	33.66%
MAT	7.88%	7.69%	7.84%	7.84%	11.22%
Tax impact	19.70	72.63	170.37	395.38	423.62
Adjustments					
Permanent differences					
Loss/(Profit) on Sale of Investments/Fixed Assets	-	3.20	(1.18)	1.43	0.96
Donation	-	-	0.11	-	-
Provision for Gratuity less Paid	6.22	1.24	3.00	2.02	6.33
Other adjustments	-	-	1.98	9.75	1.80
Total (B)	6.22	4.44	3.91	13.20	9.09
Timing differences					
Difference between book depreciation and tax depreciation	(162.72)	(138.43)	(717.12)	(774.96)	(502.09)
Difference due to expenses allowable /disallowable U/s 43 B of the Income tax Act.	7.82	8.52	4.12	5.15	6.62
Total (C)	(154.90)	(129.92)	(713.00)	(769.81)	(495.47)
Net Adjustment (B+C)	(148.67)	(125.47)	(709.09)	(756.61)	(486.38)
Tax saving thereon	(54.64)	(45.01)	(259.47)	(254.67)	(163.71)
Total Taxable Income	-	76.97	-	-	772.14
Tax Liability after considering the adjustments	-	27.61	-	-	259.90
Tax Adjustment due to Unabsorbed Losses/MAT credit	-	27.61		-	53.49
Net Tax Payable as per I.T.	-	-	-	-	206.41
Total Taxable Income as per Provisions of MAT	53.60	202.44	465.58	1174.62	1258.53
Net Tax Payable as per MAT	4.22	16.55	40.30	98.84	141.21
Net tax payable as per income tax returns	4.22	16.55	40.30	98.84	N.A

Notes:

1. The figures of all years are as per the Returns of Income filed.
2. Where Tax Payable is zero or negative, Tax is calculated as per MAT (U/s 115 JB of Income Tax Act, 1961).

ANNEXURE – X

DETAILS OF OTHER INCOME

(Rs. in Lakhs)

Particulars	FOR THE YEAR ENDED						
	31.03.03	**31.03.04**	**31.03.05**	**31.03.06**	**31.03.07**	**Nature**	**Related/ Not Related to Business Activity**
Sale of Unserviceable & Discarded Stores	35.11	66.21	53.88	61.33	63.83	Recurring	Related
Incentive on Export Sales	1.10	2.25	9.75	-	-	Recurring	Related
Interest received – from investments	-	-	0.03	0.03	4.05	Recurring	Not Related
Interest received – from trade party	18.60	9.88	0.31	3.86	-	Recurring	Related
Commission received	87.62	87.52	-	-	-	Non Recurring	Not Related
Insurance Claim	-	-	5.87	-	-	Non Recurring	Not Related
Total	**142.43**	**165.86**	**69.84**	**65.22**	**67.88**		

Note:

The Classification of income as Recurring /Non Recurring and Related /Not Related to business activity is based on the current operations and business activity of the company as determined by the management.

The details of “other income “disclosed above are stated after adjusting the effect of restatement. The same have been shown gross of restatement in the summary statements of Profit and Losses, as restated and the adjustments have been listed separately under the head adjustments in the Notes to Accounts.

ANNEXURE – XI

SUNDRY DEBTORS

(Rs. in Lakhs)

Particulars	As at				
	31.03.03	**31.03.04**	**31.03.05**	**31.03.06**	**31.03.07**
a) Debts outstanding for a period exceeding Six Months	185.26	294.16	30.04	61.41	70.81
b) Others Debts	1,088.09	1,520.09	2,089.52	2645.23	3117.56
Total	1,273.36	1,814.25	2,119.56	2706.64	3188.37

1. There are no outstanding debts to related parties

ANNEXURE – XII

RESERVES & SURPLUS

(Rs. in Lakhs)

Particulars	**As at on**				
	31.03.03	**31.03.04**	**31.03.05**	**31.03.06**	**31.03.07**
Capital Reserve (State Gov. Subsidy on Diesel Gen. Set)	1.88	1.88	1.88	1.88	--
Share Premium Account	107.60	702.60	702.60	702.60	702.60
General Reserve - Opening	9.50	9.50	9.50	9.50	9.50
Add: Additions during the year	-	-	-	-	300.00
Less: Loss on amalgamation	-	-	-	-	(294.22)
Closing Balance	9.50	9.50	9.50	9.50	15.28
Profit & Loss Account	305.64	419.79	650.75	1460.81	1988.20
Total	**424.62**	**1133.77**	**1364.73**	**2174.79**	**2706.08**

ANNEXURE – XIII

LOANS & ADVANCES

(Rs. in Lakhs)

Particulars	**As at on**				
	31.03.03	**31.03.04**	**31.03.05**	**31.03.06**	**31.03.07**
(Unsecured, Unconfirmed & considered good)					
Advance recoverable in cash or in kind or for value to be received	69.06	163.02	135.41	242.53	697.25
Security Deposit	0.76	0.69	1.30	1.65	2.14
Subsidy recoverable from State Govt.	1.88	1.88	1.88	1.88	--
Advance to Supplier:					
For Capital goods	7.82	473.08	293.97	402.75	1570.13
For others	229.13	80.72	281.54	243.57	84.21
Prepaid Expenses	0.67	10.88	6.18	19.32	18.26
Due from Subsidiary Co.	-	-	69.05	-	-
Total	**309.31**	**730.27**	**789.33**	**911.70**	**2371.99**

1. There are no outstanding loans and advances given to related parties

ANNEXURE – XIV

UNSECURED LOANS

(Rs. in Lakhs)

Particulars	As at				
	31.03.03	**31.03.04**	**31.03.05**	**31.03.06**	**31.03.07**
From Directors & their relatives	99.70	54.50	997.82	1199.87	1269.67
From Others	-	-	-	-	-
Total	99.70	54.50	997.82	1199.87	1269.67
Rate of Interest	-	-	0% to 9%	0% to 9%	0% to 9%%
Repayment Terms	On demand				

ANNEXURE – XV

CURRENT LIABLITIES & PROVISIONS

(Rs. in Lakhs)

Particulars	As at				
	31.03.03	**31.03.04**	**31.03.05**	**31.03.06**	**31.03.07**
Sundry Creditors					
Due to small scale Industries	4.65	1.20	1.72	1.73	1.26
Due to others	245.51	303.60	295.16	151.93	545.78
Expenses Payable	24.46	70.01	88.37	62.43	83.44
Advance from Customers	45.79	73.84	52.67	59.78	90.99
Total (A)	**320.41**	**448.65**	**437.92**	**275.87**	**721.47**
Provisions					
Prov. For Leave Encashment	4.53	7.03	7.62	9.95	16.04
Prov. For Income Tax	4.22	20.39	40.27	98.84	206.41
Prov. For Wealth Tax	0.04	-	-	-	-
Prov. For Gratuity	25.57	30.40	33.40	35.42	41.74
Prov. For Bonus	3.90	3.16	2.72	2.81	2.85
Prov. For FBT	-	-	-	0.59	0.74
Total (B)	**38.26**	**60.98**	**84.01**	**147.61**	**267.78**
Total (A+B)	**358.67**	**509.63**	**521.93**	**423.48**	**989.25**

ANNEXURE – XVI

SECURED LOANS:

(Rs. in Lakhs)

Particulars	**As at on**				
	31.03.03	**31.03.04**	**31.03.05**	**31.03.06**	**31.03.07**
RUPEE TERM LOAN :					
FROM BANKS:					
Indian Overseas Bank	1,162.15	2,073.43	3,482.53	2406.88	1919.74
State Bank of India	-	-	450.00	-	-
Punjab National Bank	-	-	-	-	1911.92
Syndicate Bank	-	-	-	1474.40	1123.80
Oriental Bank of Commerce	401.32	-	-	1122.40	671.35
Total A	**1563.47**	**2073.43**	**3932.53**	**5003.68**	**5626.81**
WORKING CAPITAL LOANS					
Oriental Bank of Commerce	267.18	-	-	2050.93	1983.82
Syndicate Bank	-	-	-	198.14	164.52
Indian overseas Bank	334.91	-	-	-	296.37
State Bank of India	-	1,584.06	1,701.38	-	-
PNB	-	-	-	-	233.12
Total B	**602.09**	**1584.06**	**1701.38**	**2249.07**	**2677.83**
Total (A+B)	**2,165.55**	**3,657.49**	**5,633.91**	**7252.75**	**8304.64**

1. There are no default or overdues as on date

ANNEXURE – XVII

INVESTMENTS

Long-term investments **(Rs. in Lakhs)**

Particulars	**As at**				
	31.03.03	**31.03.04**	**31.03.05**	**31.03.06**	**31.03.07**
IN SUBSIDIARY COMPANIES (UNQUOTED)					
FULLY PAID EQUITY SHARES					
9550 Equity Shares of M/S BACHINS INDIA PVT LTD of Rs. 100 Each	-	-	214.88	214.88	-
8310 Shares of M/S BISONIC ENGG PVT LTD of Rs. 100 Each	-	-	68.56	68.56	-
National Saving Certificates	-	-	-		-
Total	**-**	**-**	**283.43**	**283.43**	**-**

ANNEXURE – XVIII

CONTINGENT LIABILITIES

(Rs. Lakhs)

Particulars	As at				
	31.03.03	**31.03.04**	**31.03.05**	**31.03.06**	**31.03.07**
Sales Tax	1.25	-	-	-	-
CENVAT	-	-	-	8.28	8.28
Duty saved under EPCG Scheme	-	-	-	96.95	97.86
UP Trade Tax Act	-	-	-	6.17	6.17
UP Pollution control board	--	-	-	47.40	-
Service Tax	-	-	-	-	11.38

ANNEXURE – XIX

DETAILS OF OPENING STOCK, PRODUCTION TURNOVER & CLOSING STOCK OF PAPER

(Fig. in K.G)

Particulars	For the year ended				
	31.03.03	**31.03.04**	**31.03.05**	**31.03.06**	**31.03.07**
Opening stock	1856725	956712	4714368	1321293	2243946
Production	32622041	48830336	47862728	55601362	59375857.43
Sales/Turnover	33522054	45072680	51255803	54678709	60103212.28
Closing stock	956712	4714368	1321293	2243946	1516591

DETAILS OF RAW MATERIAL CONSUMED OF PAPER

(Fig. in K.G)

Particulars	For the year ended				
	31.03.03	**31.03.04**	**31.03.05**	**31.03.06**	**31.03.07**
Raw Material	29831940	47189558	44759150	58418979	60492510

ANNEXURE – XX

RELATED PARTY DISCLOSURE FOR THE YEAR ENDED 31st MARCH 2005

1	Key Management personnel	Mr. Pardeep Kumar Jain Mr. Praveen Kumar Jain Mr. Parmod Kumar Jain Mr. Vinod Jain Mr. S.K.Verma
2	Relatives of key management personnel	Mr. Salek Chand Jain Mrs. Asha Jain Mr. Rishabh Jain Mr. Abhay Jain Mr. Ritesh Jain Mrs. Monika Jain Mrs. Rita Jain Mrs. Veena Jain Parveen Jain (HUF) Pardeep Jain (HUF) Parmod Jain (HUF) Salek Chand Jain (HUF) Vinod Jain (HUF) Abhay Jain (HUF)
3.	Subsidiary Company	M/s Bachins India Pvt. Ltd M/s Bisonic Engg Pvt Ltd

Disclosure of transactions with related parties as required by Accounting Standard-18

Sl. No.	Particulars	Associates	Key Management personnel	Relative of key management personnel	Subsidiary
1	**Interest paid**				
	Mr. Parmod Jain	-	37,232.00	-	-
	Mr. Pradeep Jain	-	40,672.00	-	
	Mr. Vinod Jain	-	35,482.00	-	--
	Mr. Salek Chand Jain	-	-	71,672.00	--
	Mr. Ritesh Jain	-	-	12,721.00	-
	Mr. Abhay Jain	-	-	1,206.00	-
	Mrs. Asha Jain	-	-	8,164.00	-
	Mrs. Monika Jain	-	-	32,844.00	-
	Mrs. Rita Jain	-	-	1,874.00	-
	Mrs. Veena Jain	-	-	4,823.00	-

	M/s Salek Chand Jain (HUF)	-	-	31,463.00	-
	M/s Parmod Kumar Jain (HUF)	-	-	10,444.00	-
	M/s Pradeep Jain (HUF)	-	-	6,265.00	-
	M/s Vinod Jain (HUF)	-	-	16,670.00	-
	M/s Abhay Jain (HUF)	-	-	14,683.00	-
2	**Director's remuneration**	-	-	--	--
	Mr. S.K Verma	-	1,48,800.00	-	-
3	**Loan Outstanding**	--	--	--	--
	Mr. Parmod Jain	--	19,80,556.87	--	--
	Mr. Pradeep Jain	--	11,87,120.89	--	--
	Mr. Vinod Jain	--	10,91,863.00	--	--
	Mr. Praveen Jain	--	9,01,15,891.00	--	--
	Mr. Abhay Jain	--	--	31,206.00	--
	Mrs. Asha Jain	--	--	2,22,331.00	--
	Mrs. Monika Jain	--	--	8,04,494.00	--
	Mrs. Rita Jain	--	--	51,874.00	--
	Mr. Ritesh Jain	--	--	3,46,423.00	--
	Mr. Salek Chand Jain	--	--	20,34,361.00	--
	Mrs. Veena Jain	--	--	1,24,823.00	--
	M/s Salek Chand Jain (HUF)	--	--	7,53,254.00	--
	M/s Parmod Kumar Jain (HUF)	--	--	2,21,379.00	--
	M/s Pradeep Jain (HUF)	--	--	1,70,626.00	--
	M/s Vinod Jain (HUF)	--	--	4,53,969.00	--
	M/s Abhay Jain (HUF)	--	--	1,91,935.00	--

RELATED PARTY DISCLOSURE FOR THE YEAR ENDED 31st MARCH 2006

1	Key Management personnel	Mr. Pardeep Kumar Jain Mr. Praveen Kumar Jain Mr. Parmod Kumar Jain Mr. Vinod Jain Mr. S.K.Verma
2	Relatives of key management personnel	Mr. Salek Chand Jain Mrs. Asha Jain Mr. Rishabh Jain Mr. Abhay Jain Mr. Ritesh Jain Mrs. Monika Jain Mrs. Rita Jain Mrs. Veena Jain Parveen Jain (HUF) Pardeep Jain (HUF) Parmod Jain (HUF) Salek Chand Jain (HUF) Vinod Jain (HUF) Abhay Jain (HUF)
3.	Subsidiary Company	M/s Bachins India Pvt. Ltd M/s Bisonic Engg Pvt Ltd

Disclosure of transactions with related parties as required by Accounting Standard-18

Sl. No.	Particulars	Associates	Key Management personnel	Relative of key management personnel	Subsidiary
1.	Interest Paid	-		-	-
	Mr. Parmod Jain	-	Rs.181654.00	-	-
	Mr. Pardeep Jain	-	Rs.91028.00	-	-
	Mr. Vinod Jain	-	Rs.144225.00	-	-
	Mr. Salek Chand Jain	-	-	Rs.176482.00	-
	Mr. Ritesh Jain	-	-	Rs.91399.00	-
	Mr. Abhay Jain	-	-	Rs.70292.00	-
	Mrs. Asha Jain	-	-	Rs.86462.00	-
	Mrs. Rita Jain	-	-	Rs.115925.00	-
	Mrs. Veena Jain	-	-	Rs.88289.00	-
	Mrs. Rita Jain	-	-	Rs.84535.00	-
	M/s Salek Chand Jain (HUF)	-	-	Rs.109464.00	-
	M/s Parmod Kumar Jain(HUF)	-	-	Rs.41129.00	-
	M/s Pardeep Jain(HUF)	-	-	Rs.97465.00	-
	M/s Vinod Jain(HUF)	-	-	Rs.70791.00	-
	M/s Abhay Jain(HUF)	-	-	Rs.80150.00	-
	Mr. Rishab Jain	-	-	Rs.26180.00	-
3	Director's Remuneration	-	-	-	-
	Mr. S.K.Verma	-	Rs.192000.00	-	-
4	Advances Given	-	-	-	-
	M/s Bisonic Engineers Pvt. Ltd	-	-	-	3985000.00
5	Loan Outstanding	-	-	-	-
	Mr. Parveen Jain	-	93952197.00	-	-
	Mr.Pardeep Kumar Jain	-	538863.89	-	-
	Mr.Parmod Kumar Jain	-	2193681.87	-	-
	Mr.Vinod Jain	-	2091377.00	-	-
	Mrs.Asha Jain	-	-	1808793.00	-
	Mrs.Monika Jain	-	-	1781710.00	-
	M/s Abhay Jain(HUF)	-	-	1772085.00	-
	M/s Pradeep Jain HUF	-	-	2268091.00	-
	M/s Parmod Kumar Jain HUF	-	-	762508.00	-
	M/s Salek Chand Jain(HUF)	-	-	1851553.00	-

	M/s Vinod Jain HUF	-	-	1224760.00	-
	Mr.Rishab Jain	-	-	801180.00	-
	Mrs.Rita Jain	-	-	1836409.00	-
	Mr.Salek Chand Jain	-	-	2025843.00	-
	Mr.Abhay Kumar Jain	-	-	1516728.00	-
	Mr.Ritesh Jain	-	-	1747822.00	-
	Mrs.Veena Jain	-	-	1813112.00	-

RELATED PARTY DISCLOSURE FOR THE YEAR ENDED 31st MARCH 2007

1	Key Management personnel	Mr. Pardeep Kumar Jain Mr. Praveen Kumar Jain Mr. Parmod Kumar Jain Mr. Vinod Jain Mr. S.P. Singh Mr. S.K Verma
2	Relatives of key management personnel	Mr. Salek Chand Jain Mrs. Asha Jain Mr. Rishabh Jain Mr. Abhay Jain Mr. Ritesh Jain Mrs. Monika Jain Mrs. Rita Jain Mrs. Veena Jain Mrs. Priyanka Jain Parveen Jain (HUF) Pardeep Jain (HUF) Parmod Jain (HUF) Salek Chand Jain (HUF) Vinod Jain (HUF) Abhay Jain (HUF)

Disclosure of transactions with related parties as required by Accounting Standard-18

Sl. No.	Particulars	Associates	Key Management personnel	Relative of key management personnel
1	**Rent Paid**	-	-	-
	Mr. Parmod Jain	-	20000.00	-
	Mr. Vinod Jain	-	20000.00	-
	Mr.Salek Chand Jain	-	-	20000.00
2	**Interest Paid**	-	-	-
	Mr. Pramod Jain	-	111647.10	-
	Mr. Pradeep Jain	-	72523.41	-
	Mr. Vinod Jain	-	137905.10	-
	Mr. Salek chand Jain	-	-	179087.31
	Mr. Ritesh Jain	-	-	149413.19
	Mr. Abhay Jain	-	-	211526.92
	Mrs. Asha Jain	-	-	165572.94
	Mrs. Monika Jain	-	-	93851.01
	Mrs. Rita Jain	-	-	100873.61
	Mrs.Veena Jain	-	-	170129.04
	M/s Salek chand jain(HUF)	-	-	169299.35
	M/s Pamod kumar jain(HUF)	-	-	149495.22
	M/s Pardeep kumar jain (HUF)	-	-	142453.13
	M/s Vinod jain(HUF)	-	-	157683.02
	M/s Abhay jain(HUF)	-	-	162343.74
	Mr. Rishab jain	-	-	64026.17
	Mrs. Priyanka jain	-	-	124556.56
3	**Director's Remuneration**	-	-	--
	Mr S.K. Verma	-	182258.00	-
	Mr. S.P. Singh	-	44000.00	-
	Mr Pradeep jain	-	420000.00	-
	Mr. Pramod Kumar jain	-	105000.00	-
	Mr. Vinod Jain	-	105000.00	-
4	**Loan Outstanding**	-		-
	Mr.Pardeep kumar jain	-	1455665.53	-
	Mr.Parmod kumar jain	-	114385.28	-
	Mr.Parveen jain	-	97146197	-
	Mr.Vinod jain	-	1674800.17	-
	Mrs. Priyanka jain	-	-	2581351.90
	M/s Abhay jain HUF	-	-	1917869.51
	M/s Pradeep jain HUF	-	-	1594514.32
	M/s Pramod kumar jain HUF	-	-	1876754.90
	M/s Salek chand jainHUF	-	-	1983583.41
	M/s Vinod jain HUF	-	-	1846359.79
	Mr. Abhay jain	-	-	2321354.74
	Mr.Rishab jain	-	-	395000.21
	Mr.Ritesh jain	-	-	1725319.62
	Mr.Salek chand jain	-	-	3964449.76
	Mrs.Asha jain	-	-	1953977.69
	Mrs.Monika jain	-	-	819705.95
	Mrs.Rita jain	-	-	1061993.77
	Mrs.Veena jain	-	-	2533386.58
5	**Purchase of Shares**	-	-	-
	M/s Bisonic Engineers Pvt. Ltd	-	-	1052000.00
	M/s Bachins India Pvt. Ltd.		1071000.00	-

Annexure – XXI

There were no qualifications in the Audit report for the year ending on 31st March 2003, 2004, 2006 and 2007.

There have been qualifications in the Audit report for the year ending on 31st March 2005:

AS-22 on accounting for taxes on income- During the year under review the company has not provided for the Deferred Tax liability amounting to Rs. 1,90,58,033.14. Has the company would have followed the same accounting policies, its net profit of Rs. 4,23,22,229.15 would have declined to Rs.2,32,64,196.01. However the same has been provided in the restated profit and loss account.

For Sunil K. Mittal & Co.
Chartered Accountants

Varun Gupta
Partner
Membership No. 503070

Date: 31.7.2007
Place: New Delhi

ANNEXURE - XXII

STATEMENT OF PROFIT & LOSS ACCOUNT OF BISONIC ENGINEERS PRIVATE LIMITED (SUBSIDIARY)

The statement of Profit and Losses of the above subsidiary for the period ended 31st March 2005 and year ended 31st March 2006 together with the note appearing thereunder are as set out below:

(Rs. in Lakhs)

Particulars	**For the period ended**	**For the year ended**
	31-Mar-05	**31-Mar-06**
INCOME		
SALES	-	-
Total	**-**	**-**
EXPENDITURE		
Manufacturing Expenses	-	-
Payment and provision for employees	-	-
Administration & Other Expenses	0.10	0.81
Total	0.10	0.81
Profit before Interest, Depreciation and Tax	(0.10)	(0.81)
Depreciation	-	-
Profit before Interest and Tax	(0.10)	(0.81)
Finance Expenses	-	-
Extraordinary items	-	-
Net Profit Before Tax	(0.10)	(0.81)
Less:- Provision for Income Tax	-	-
Less:- Provision for Deferred tax liabilities	-	-
Profit after Tax	(0.10)	(0.81)
Add:- Balance b/f as on date of acquisition /b/f from earlier Years	(0.86)	(0.96)
Balance Carried to Balance Sheet	(0.96)	(1.78)

ANNEXURE -XXIII

STATEMENT OF ASSETS & LIABILITIES OF BISONIC ENGINEERS PRIVATE LIMITED

The statement of Assets and Liabilities of the above subsidiary as at 31st March 2005 and 2006, are as set out below:

Rs. in Lakhs

	Particulars	**As At**	**As At**
		March 31, 2005	**March 31, 2006**
A	**FIXED ASSETS**		
	Fixed Assets (Net)	48.46	48.46
	Less : Revaluation Reserve	-	-
	Net Block after adjustment for Revaluation Reserve	48.46	48.46
	Capital Work in Progress	-	-
	Total Fixed Assets (A)	**48.46**	**48.46**
B	INVESTMENTS (B)	-	-
C	CURRENT ASSETS, LOANS AND ADVANCES		
	Cash and bank Balance	0.17	0.18
	Loans and Advances	-	-
	Total (C)	**0.17**	**0.18**
D	LIABILITIES AND PROVISIONS		
	Unsecured Loans		
	From Directors	0.18	40.82
	From Holding Company	39.85	-
	Current Liabilities & Provisions		
	Sundry Creditors for Expenses	0.06	0.06
	Provision For Electricity Expenses	-	0.04
	Total (D)	**40.09**	**40.92**
E	**NET WORTH (A+B+C-D)**	**8.54**	**7.72**
F	REPRESENTED BY:		
	Share Capital	9.52	9.52
	Total Reserves and Surplus	-	-
	Less Revaluation Reserves	-	-
	Net Reserve and Surplus	-	-
	Pre Operative Pending Allocation	0.96	1.78
	Miscellaneous Expenditure	0.02	0.02
	NET WORTH	**8.54**	**7.72**

ANNEXURE -XXIV

BISONIC ENGINEERS (P) LIMITED

NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2006

1. SIGNIFICANT ACCOUNTING POLICIES:

A.	ACCOUNTING CONVENTION	The accounts have been Prepared on historical cost convention.
B.	FIXED ASSETS	Fixed assets are stated their original Cost of Acquisition including taxes, duties, freight, interest & other incidental expenses related to acquisition and installation of the concerned assets incidental expenses are capitalized wherever appropriate.
C.	DEPRECIATION	Company has not commenced any business, No depreciation is provided on the assets.
D.	INVENTORIES	There are no opening / closing inventories.
E.	RETIREMENT BENIFI	Provisions of provident fund/gratuity/ leave encashment are not applicable on the company.
F.	REVENUE RECOGNITION	Company doesn't have any revenue during the year.
G.	CONTINGENT LIABILITY	All known liabilities are provided for in he accounts except liabilities of contingent nature. We have been explained & informed that no contingent liabilities.

2. PREVIOUS YEAR FIGURES ARE REGROUPED REARRANGED & RECLASSIFIED WHEREVER NECESSARY.

3. COMPANY HAS TAKEN UNSECURED LOAN OF RS. 4082000.00 FROM SHRI PRAVEEN JAIN, DIRECTOR OF THE COMPANY. IT BEING INTEREST FREE UNSECURED LOAN IS NOT PREJUDICAL TO THE INTEREST OF THE COMPANY.

4. COMPANY HAS PAID AN AMOUNT OF RS. 72880.00 DURING THE YEAR, WHICH AS EXPLAINED ARE THE MINIMUM CHARGES LEVIED BY THE STATE ELECTRICITY BOARD.

5. Foreign exchange Earning: NIL
   Foreign exchange Expenditure: NIL

6. Additional information Pursuant to Part II of Schedule IV of the companies act, 1956 (To the extent Applicable).

I Details of company and production.

Description of goods production	Licensed Capacity	Installed Capacity	Actual Capacity
--------------------- Not Applicable -------------------------			

II	Stocks, production and Turnover of finished goods	---------Not Available----------
III	Consumption of raw material:	---------Not Available--------
IV	Consumption of imported raw material	NIL
V	Value of Imports:	NIL
	Raw materials	NIL
	Capital Goods	NIL
	Consumable & others	
VI	Directors Remuneration etc.	NIL
VII	Auditors Remuneration	Rs.6612.00

ANNEXURE-XXV

STATEMENT OF PROFIT & LOSS ACCOUNT OF BACHINS INDIA PRIVATE LIMITED (SUBSIDIARY)

The statement of Profit and Losses of the above subsidiary for the period ended 31st march 2005 and for the Year ended 31st March 2006 together with the note appearing there-under are as set out below :

(Rs. in Lakhs)

Particulars	**For the period ended**	**For the year ended**
	March 31, 2005	**31-Mar-06**
INCOME		
SALES	-	-
Total	**-**	**-**
EXPENDITURE		
Manufacturing Expenses	-	-
Payment and provision for employees	-	-
Administration & Other Expenses	0.09	3.78
Total	0.09	3.78
Profit before Interest, Depreciation and Tax	(0.09)	(3.78)
Depreciation	-	-
Profit before Interest and Tax	(0.09)	(3.78)
Interest & Finance Charges	-	-
Loss on sale of Investment/Assets	-	-
Net Profit Before Tax	(0.09)	(3.78)
Less:- Provision for Income Tax for current year	-	-
Less:- Provision for Deferred tax liabilities for the year	-	-
Profit after Tax	(0.09)	(3.78)
Add:- Balance b/f as on date of acquisition /b/f from earlier Years	(9.96)	(10.05)
Balance Carried to Balance Sheet	(10.05)	(13.83)

ANNEXURE - XXVI

STATEMENT OF ASSETS & LIABILITIES OF BACHINS INDIA PRIVATE LIMITED (SUBSIDIARY)

The statement of Assets and Liabilities of the above subsidiary as at 31st March 2005 and 2006, are as set out below:

Rs. in Lakhs

	Particulars	**As At March 31, 2005**	**As At March 31, 2006**
A	**FIXED ASSETS**		
	Fixed Assets (Net)	61.94	61.94
	Less : Revaluation Reserve	-	-
	Net Block after adjustment for Revaluation Reserve	61.94	61.94
	Capital Work in Progress	-	-
	Total Fixed Assets (A)	**61.94**	**61.94**
B	INVESTMENTS (B)	-	-
C	CURRENT ASSETS, LOANS AND ADVANCES		
	Cash and bank Balance	0.28	0.26
	Loans and Advances - Deposit with UPSEB	0.01	0.54
	Total (C)	**0.29**	**0.80**
D	LIABILITIES AND PROVISIONS		
	Unsecured Loans		
	From Directors	26.55	59.74
	From Holding Company	29.20	-
	Current Liabilities & Provisions		
	Sundry Creditors for Expenses	0.06	0.06
	Provision For Electricity Expenses	-	0.30
	Share Application money	6.47	6.47
	Total (D)	**62.28**	**66.57**
E	**NET WORTH (A+B+C-D)**	**(0.05)**	**(3.83)**
F	REPRESENTED BY:		
	Share Capital	10.00	10.00
	Total Reserves and Surplus	-	-
	Less Revaluation Reserves	-	-
	Net Reserve and Surplus	-	-
	Miscellaneous Expenditure	-	-
	Profit & Loss A/c	10.05	13.83
	NET WORTH	**(0.05)**	**(3.83)**

ANNEXURE - XXVII

BACHINS INDIA (P) LIMITED

NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2006

1.	SIGNIFICANT ACCOUNTING POLICIES:	Annexure - XXVII
A.	ACCOUNTING CONVENTION	The accounts have been Prepared on historical cost convention.
B.	FIXED ASSETS	Fixed assets are stated their original Cost of acquisition including taxes, duties, freight, interest & other incidental expenses related to acquisition and installation of the concerned assets incidental expenses are capitalized wherever appropriate.
C.	DEPRECIATION	Company has not commenced any business, therefore, No depreciation is provided on the assets.
D.	INVENTORIES	There are no opening / closing inventories.
E.	RETIREMENT BENIFI	Provisions of provident fund/gratuity/ leave encashment are not applicable on the company.
F.	REVENUE RECOGNITION	Company does not have any revenue during the year.
G.	CONTINGENT LIABILITY	All known liabilities are provided for in he accounts except liabilities of contingent nature. We have been explained & informed that no contingent liabilities.

2. PREVIOUS YEAR FIGURES ARE REGROUPED REARRANGED & RECLASSIFIED WHEREVER NECESSARY.

3. COMPANY HAS TAKEN UNSECURED LOAN OF RS. 5974000.00 FROM SHRI PRAVEEN JAIN, DIRECTOR OF THE COMPANY. IT BEING INTEREST FREE UNSECURED LOAN IS NOT PREJUDICAL TO THE INTEREST OF THE COMPANY.

4. COMPANY HAS PAID AN AMOUNT OF RS. 350519.00 DURING THE YEAR, WHICH AS EXPLAINED ARE THE MINIMUM CHARGES LEVIED BY THE STATE ELECTRICITY BOARD.

5. Foreign exchange Earning: NIL
   Foreign exchange Expenditure: NIL

6. Additional information Pursuant to Part II of Schedule IV of the companies act, 1956 (To the extent Applicable).

I Details of company and produced.

	Description of goods production	Licensed Capacity	Installed Capacity	Actual Capacity
		--------------------- Not Applicable --------------------------		

II	Stocks, production and Turnover of finished goods	---------Not Available----------
III	Consumption of raw material:	---------Not Available--------
IV	Consumption of imported raw material	NIL
V	Value of Imports:	NIL
	Raw materials	NIL
	Capital Goods	NIL
	Consumable & others	
VI	Directors Remuneration etc.	NIL
VII	Auditors Remuneration	Rs.6612.00

ANNEXURE - XXVIII

STATEMENT OF CONSOLIDATED PROFITS, AS RESTATED

The statement of restated Consolidated Profits of the Group for the Financial Years ended 31st March 2005 and 2006 are set out below:

Particulars	**For the Year Ended**	
	31-Mar-05	**31-Mar-06**
INCOME		
SALES	7,254.59	8,090.71
Less :- Excise Duty	729.49	864.18
Net Sales	**6525.10**	**7226.53**
Other Income/ Job Work	69.84	65.22
Increase/(Decrease) in Stock	(435.58)	93.53
Total	**6159.36**	**7385.28**
EXPENDITURE		
Raw Material Consumed	1,294.11	1,540.91
Manufacturing Expenses	3,349.80	3,435.85
Payment and provision for employees	211.08	261.98
Administration & Other Expenses	83.61	71.03
Miscellaneous Expenses written off	0.83	0.20
Total	**4939.43**	**5309.97**
Profit before Interest, Depreciation and Tax	**1,219.93**	**2,075.31**
Depreciation	487.92	543.72
Profit before Interest and Tax	**732.01**	**1,531.59**
Interest & Finance Charges	267.63	355.53
Profit/Loss on sale of Investment/Assets	1.18	(1.43)
Net Profit Before Tax	**465.56**	**1,174.63**
Less:- Provision for Income Tax for current year	40.30	98.84
Less:- Provision for FBT	-	0.59
Less:- Provision for Deferred tax liabilities for the year	-	265.14
Profit after Tax	**425.26**	**810.06**
Adjustments (See Note 2 of Annexure II A)	(196.45)	-
Current Tax impact of Adjustments	2.15	-
Net Profit as Restated	**230.96**	**810.06**
Post Acquisition Loss of subsidiary Company	**(0.17)**	**(4.48)**
Profit and Loss Balance at the beginning of the year	419.79	650.58
Balance Carried to Balance Sheet	650.58	1,456.16

ANNEXURE XXIX

SUMMARY STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES, AS RESTATED

The summary statement of restated consolidated Assets and Liabilities of the Group as at 31st March 2005 and 2006 are as set out below:

(Rs. in lakhs)

	Particulars	As at March 31, 2005	As at March 31, 2006
A	FIXED ASSETS		
	Gross Block	7,665.23	11,065.17
	Less: Depreciation	2,754.19	3,288.40
	Net Block	4,911.04	7,776.77
	Less : Revaluation Reserve	-	-
	Net Block after adjustment for Revaluation Reserve	4,911.04	7,776.77
	Goodwill	275.85	275.85
	Capital Work in Progress	2,470.20	1,329.63
	Total Fixed Assets (A)	**7,657.09**	**9,382.25**
B	INVESTMENTS (B)	-	-
C	CURRENT ASSETS, LOANS AND ADVANCES		
	Inventories	495.01	829.25
	Sundry Debtors	2,119.56	2,706.64
	Cash and bank Balance	19.27	43.26
	Loans and Advances	720.57	912.32
	Total (C)	**3,354.41**	**4,491.47**
D	LIABILITIES AND PROVISIONS		
	Secured Loans	5,633.91	7,252.76
	Unsecured Loans	1,024.55	1,300.43
	Current Liabilities & Provisions	528.80	430.46
	Deferred Tax liability	462.73	727.88
	Total (D)	**7,649.99**	**9,711.53**
E	**NET WORTH (A+B+C-D)**	**3,361.51**	**4,162.19**
F	REPRESENTED BY:		
	Share Capital	1,996.07	1,996.07
	Share Application Money	-	-
	Minority Interest	1.08	0.98
	Total Reserves and Surplus	1,364.56	2,170.14
	Less Revaluation Reserves	-	-
	Net Reserve and Surplus	1,364.56	2,170.14
	Miscellaneous Expenditure	0.20	5.00
	NET WORTH	**3,361.51**	**4,162.19**

ANNEXURE – XXX

SIGNIFICANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Brief Background

During the financial year ended on March 31, 2005, M/s Magnum Ventures Ltd purchased 9550 shares of M/s Bachins India Private Limited and 8310 shares of M/s Bisonic Engineers Private Limited.

On Ist April 2006, the company has purchased 450 shares of Bachins India Ltd and 1210 shares of Bisonic Engg Pvt Ltd as a result of which these companies have become the 100 % wholly owned subsidiary company and applied for the merger of both the subsidiary. The Hon. High Court Delhi vide its order dated 01.11.2006 approved the merger of both the subsidiary company with the M/s Magnum Ventures Ltd.

The Company has not been preparing annual consolidated Financial Statements. The Consolidated Financial Statements comprises the consolidated financial Statement of Magnum Papers Limited and its Subsidiaries as at 31st March 2005 and 2006 and for the year ended 31st March 2005 and 2006.

2. The financial statements of the following subsidiary companies have been consolidated as per Accounting Standard 21 on "Consolidated Financial Statements"issued by the ICAI.

Name of the Subsidiary	Total shares	No. of shares	Prop of Ownership Interest
Bachins India Private Limited	10000	9550	95.50%
Bisonic Engineers Private Limited	9520	8310	87.29%

There was no change in the number of shares held by the M/s Magnum Ventures Ltd since it acquires shares of subsidiary company M/s Bachins India Private Limited and M/s Bisonic Engineers Private Limited till the financial year ended on 31st March 2006

3. All the subsidiaries are incorporated in India

The significant accounting policies annexed to the statement of Consolidated Profits, as restated, of the group for the Financial Years ended 31st March 2005 and 2006 and the Summary statement of Consolidated Assets and Liabilities, as restated, of the group as at 31st March 2005 and 2006 are as set out below:

1. Principles of Consolidation

   The Financial statements of the subsidiaries have been consolidated on a line by line basis , after eliminating all inter-company transactions in accordance with Accounting Standard 21 issued by the Institute of Chartered Accountants of India.

2. Uniform Accounting Policies

   The Consolidated financial Statements have been prepared on the basis of the accounting policies adopted by the individual entities, as indicated herein , which are uniform in all material respects.

Name of the Entity	**Annexure**
Magnum Papers Limited	Annexure III
Bachins India Private Limited	Annexure XXVII
Bisonic Engineers Private Limited	Annexure XXIV

Annexure – XXXI

Consolidated Cash Flow Statement of M/s Magnum Ventures Ltd & its subsidiary Company M/s Bachins India Pvt Ltd & M/s Bisonic Pvt Ltd.

(Rs. in Lacs)

	PARTICULARS	**For the Year Ended**	
		31.03.05	**31.03.06**
A)	Profit before Taxation	464.83	1170.04
B)	Adjustments		
	ADD		
i	Depreciation	487.92	543.72
ii	Miscellaneous expenses written off	0.83	0.20
iii	Interest expenses	251.54	332.57
iv	Loss on sale of fixed assets	(1.18)	1.43
v	Provision for Gratuity	3.00	2.02
vi	Provision for Wealth Tax	0.00	0.00
vii	Provision for leave Encashment	0.58	2.33
viii	Provisions for Bonus	(0.44)	0.09
ix	Adjustments of insurance colony	(5.87)	-
	Less :-		
	Interest Income	(0.34)	(3.89)
	Operating profit before working capital changes	1200.87	2048.51
C)	(Increase)/ Decrease in Current Assets		
I	Increase in Inventories	397.61	(334.24)
ii	Increase in Sundry Debtors	(305.31)	(587.07)
iii	Increase in loans & advances	(51.87)	(122.90)
	Increase / (Decrease) in Current Liabilities		
i	Increase in Sundry Creditors	(7.92)	(143.22)
ii	Increase in Advance from Customers	(21.17)	7.11
iii	Increase in Expenses Payable	18.15	(25.65)
iv	Increase in other liability (Unsecured Loan)	1023.40	206.85
v	Miscellaneous expenses incurred	0.00	(5.00)
	Cash generated from operations	2253.76	1044.39
	Income tax & FBT	(18.28)	(40.30)
	NET CASH FROM OPERATIONS (A)	2235.48	1004.09
	INVESTING ACTIVITIES		
i	Additions to Capital work in progress	(1870.74)	1140.58
ii	Additions to fixed assets	(1882.21)	(3418.97)
	Investment in sub. Company	(283.43)	0.00
iii	Sale of fixed assets	13.64	8.10
	Interest income	0.34	3.89
	NET CASH FROM INVESTING ACTIVITIES (B)	(4022.4)	(2266.4)
	FINANCING ACTIVITIES		
i	Issue of Equity Shares (including share premium)	0.00	0.00
ii	Increase in Share Application Money	6.41	0.00
iii	Decrease in Investments	0.00	0.00
iv	Borrowings (Secured Loan)	1976.42	1618.84
v	Interest Paid	(251.54)	(332.57)
	NET CASH FROM FINANCING ACTIVITIES	1731.29	1286.27
	Net Change in cash and cash equivalents (A+ B + C)	(55.63)	23.96
	Cash and cash equivalents at the beginning of the period (See Note-1)	74.89	19.26

	Cash and cash equivalents at the end of the period (See Note-1)	19.26	43.26

EXISTING BORROWING FACILITIES

The Company has the following existing loans outstanding in its books of accounts:

I. SECURED LOANS

a. EXISTING TERM LOAN FACILITIES:

(Rs. in lakhs)

Sl. No.	Name of the Bank	Amount Sanctioned	Amount Disbursed	Repaid till date	Principal Amount Outstanding as on 31.3.2007
1.	Indian Overseas Bank	1500.00	1500.00	150.00	1350.00
2.	Indian Overseas Bank	500.00	500.00	500.00	Nil
3.	Indian Overseas Bank	460.00	460.00	323.02	136.98
4.	Indian Overseas Bank	650.00	650.00	217.24	432.76
5.	Oriental Bank of Commerce	800.00	800.00	359.63	440.37
6.	Oriental Bank of Commerce	425.00	425.00	200.00	225.00
7.	Syndicate Bank	1158.00	1158.00	373.46	784.54
8.	Syndicate Bank	400.00	400.00	80.99	319.01
	Total	**5393.00**	**5393.00**	**1704.34**	**3688.66**

Proposed Paper Project:

(Rs. in lakhs)

Sl. No.	Name of the Bank	Amount Sanctioned	Amount Disbursed	Repaid till date	Principal Amount Outstanding as on 31.3.2007
1.	Punjab National Bank	3500.00	1911.92	-	1911.92

Proposed Hotel Project:

(Rs. in lakhs)

Sl. No.	Name of the Bank	Amount Sanctioned	Amount Disbursed	Repaid till date	Principal Amount Outstanding
1.	Punjab National Bank	2000.00	-	-	-
2.	Oriental Bank of Commerce	2000.00	-	-	-
3.	Syndicate Bank	1500.00	-	-	-
4.	Indian Overseas Bank	1500.00	-	-	-

b. EXISTING WORKING CAPITAL FACILITIES:

(Rs. in lakhs)

Sl. No.	Name of the Bank	Amount Sanctioned
1.	Oriental Bank of Commerce	2000.00
2.	Indian Overseas Bank	250.00
3.	Syndicate Bank	200.00
4.	Punjab National Bank	250.00

DETAILS OF THE ABOVE TERM LOANS ARE AS UNDER:

Term loan Rs. in lakhs	Repayment Period/Schedule	Interest	Moratorium for Principal Repayment	Prime/Collateral security	Guarantees
* OBC 2000 lakhs (Fresh loan for Hotel Project)	36 quarterly installments w.e.f June 2010	PLR minus 1% presently; 12.25% p.a at	3 years	First charge on present/ future blocks of assets of Hotel division of the company ranking pari-passu with the other term lenders.	-

Sanction dated 25.11.2006		monthly rests			
OBC 800 lakhs. Sanction dated 26.8.2005	35 equal monthly instalments of Rs. 22.86 lacs.	PLR minus 2.50% at present; 10.75% p.a.	No	Prime: Hypothecation of Plant & Machinery to be purchased under annual Capex Collateral: Equitable Mortgage of Residental property situated at 3/113, Daryaganj Delhi standing in the name of Mr. Pradeep Jain and Mrs. Monika Jain Second charge over fixed assets of the company Fresh valuation as well as NEC of the properties to be held as security (prime as well as collateral)	1. Shri Salek Chand Jain 2. Shri Pramod Kumar Jain 3. Shri Vinod Kumar Jain 4. Shri Pradeep Kumar jain 5. Shri Praveen Kumar Jain 6. Smt. Monica Jain
OBC 425 lakhs (taken over from SBI) [Existing Limit with SBI was 500) Sanction dated 26.8.2005	2005-06 – 1 Cr. 2006-07 – 1 Cr. 2007-08 – 1 Cr. 2008-09 – 1 Cr. 2009-10 – 25 lacs	PLR minus 2.50% at present; 10.75% p.a.	No	Prime: Hypothecation of Plant & Machinery to be purchased out of the term loan released by SBI. Collateral- Same as above	Same as above
*PNB 2000 lakhs (Fresh loan for Hotel Project) Sanction dated 2.11.2006	Shall be repaid in 36 quarterly instalments after a moratorium period of 3 years. Interest to be paid as and when it falls due for payment.	BPLR – 1.50% i.e. 11.50% p.a. at present	3 years (inclusive of 2 years of construction period)	First charge on present & future block assets of Hotel division ranking pari passu with the consortium members. Term Loan to be collaterally secured by way of second charge on entire current assets (present & future) of the Company on parri passu basis. The present charge of term lenders on block of assets of the paper division of Magnum Papers Ltd. to be extended to secure the exposure to the Hotel division.	1. Shri Praveen Kumar Jain 2. Shri Pradeep Kumar Jain 3. Shri Pramod Kumar Jain 4. Shri Vinod Kumar Jain 5. Shri Salek Chand Jain
PNB 3500 lakhs for the proposed Paper project Sanction dated 24.07.2006. The terms of repayment have bee rescheduled vide Bank's letter dated 9.7.2007	16 quarterly installments starting w.e.f June 2008. 2008-09: 4 Qtly instalments of Rs. 180 lakhs each. 2009-10: 4 Qtly instalments of Rs. 205 lakhs each. 2010-11: 4 Qtly instalments of Rs. 230 lakhs each. 2011-12: 4 Qtly instalments	11.50% BPLR minus 1.75%	24 Months	First charge on present/ future block assets of the company (Net block Rs. 89.96 crores as at 31.03.06), ranking pari pasu with the consortium members Collaterally secured by way of second charge on entire current assets (present & future 0 of the company on parri passu basis.	1. Shri Salek Chand Jain 2. Shri Pramod Kumar Jain 3. Shri Vinod Kumar Jain 4. Shri Pradeep Kumar jain 5. Shri Praveen Kumar Jain

	of Rs. 260 lakhs each.				
*Syndicate Bank 1500 lakhs (Fresh loan for Hotel Project) Sanction dated 22.12.2006	Shall be repaid in 36 quarterly instalments after a moratorium period of 3 years. Shall commence from June 2010. Interest is to be paid as and when debited including during moratorium period.	PLR minus 1% with monthly rests; i.e. 12.00% p.a. at present	Till May 2010	First charge on present & Future block assets of Hotel division ranking paripassu with the consortium members. Cost of the proposed Hotel Project is Rs. 102.63 crore. Collateral- Second charge on entire current assets (Present & Future) of the Company on parri passu basis. The present charge of term lenders on block of assets of the of the paper division of Magnum Papers Ltd. to be extended to secure the exposure to the Hotel division.	1. Shri Salek Chand Jain 2. Shri Pramod Kumar Jain 3. Shri Vinod Kumar Jain 4. Shri Pradeep Kumar jain 5. Shri Praveen Kumar Jain
Syndicate Bank 1157.86 lakhs (taken over from IOB) Sanction dated November 29, 2005	42 monthly installments of Rs. 27.82 lakh from 2005-06.	PLR – 3% i.e. 10% p.a.	-	First charge on pari passu basis on entire fixed assets of the company alongwith Indian Overseas Bank and OBC. Collateral: Second charge on pari passu basis on the entire current assets of the company for Term loan alongwith OBC &IOB. 2. Second charge on pari passu basis on entire fixed assets of the company, for working capital limit along with OBC.	1. Shri Salek Chand Jain 2. Shri Pramod Kumar Jain 3. Shri Vinod Kumar Jain 4. Shri Pradeep Kumar jain 5. Shri Praveen Kumar Jain
Syndicate Bank 400 lakhs Sanction dated November 29, 2005	5 years starting 31.7.2006. Interest is to be paid on actual basis as and when due, including the moratorium period.	PLR – 3% i.e. 10% p.a.	Till June 2006	First charge on pari passu basis on entire fixed assets of the company along with IOB & OBC. Collateral: Second charge on pari passu basis on the entire current assets of the company for Term loan alongwith OBC &IOB. 2. Second charge on pari passu basis on entire fixed assets of the company, for working capital limit along with OBC	1. Shri Salek Chand Jain 2. Shri Pramod Kumar Jain 3. Shri Vinod Kumar Jain 4. Shri Pradeep Kumar jain 5. Shri Praveen Kumar Jain 6. Smt. Monica Jain
*IOB 1500 (Fresh loan for Hotel project) 30.12.2006)	Repayable in 36 quarterly instalments after an initial holiday period of 3 years w.e.f. June 2010.	BPLR minus 1%; Presently 12.25% on monthly basis	Till 2010-11	First pari passu charge on entire block assets (present & Future) of the hotel Project. Collateral: Second pari passu charge on present and future current assets of the company. -Second paripassu charge on the block assets of the paper units.	1. Shri Salek Chand Jain 2. Shri Pramod Kumar Jain 3. Shri Vinod Kumar Jain 4. Shri Pradeep Kumar jain 5. Shri Praveen Kumar Jain
IOB 1500 lakhs Sanction dated May 15, 2004	Sixty equal monthly installments of Rs 25 lakhs beginning since Oct 2006 or six months after commencement of commercial production of Unit III plant whichever is	BPLR – 2.50% i.e. 10.75% p.a on monthly rests	Till August 2006	Prime- First paripassu charge on i. Plant and machinery having WDV of Rs. 4026.354 lakhs as on 31.03.2006 ii. Factory Land & Building situated at 18/29,30,31,41,64/6,64/6/3 to 5 Site IV Industrial Area, Sahibabad, Distt. Ghaziabad. & other Block assets Existing & Future Sharing with other consortium banks ie OBC, Synd	1. Shri Salek Chand Jain 2. Shri Pramod Kumar Jain 3. Shri Vinod Kumar Jain 4. Shri Pradeep Kumar jain 5. Shri Praveen

	earlier			B& PNB. Collateral- Second paripassu charge on entire current assets of the company. (First paripassu charge held for working capital facility given by consortium banks)	Kumar Jain
IOB 460 lakhs Sanction dated November 18, 2002	Equal monthly installments of Rs 7.67 lakhs begning Oct 03	BPLR – 2.50% i.e. 10.75% p.a on monthly rests	Till September 2003.	Same as above	Same as above
IOB 650 lakhs Sanction dated 5.4.2005	54 Equal monthly installments of Rs 12.04 lakhs from Oct 2005. Interest to be serviced during holiday period.	BPLR – 2.50% i.e. 10.75% p.a on monthly rests	Six months	Same as above	Same as above

Details of the above Working Capital Facilities are as under:

Working Capital	Repayment Period/Schedule	Interest	Moratorium	Prime/Collateral sec	Guarantees
OBC 2000 lakhs (taken over from SBI) Sanction dated 26.8.2005.	1 years	PLR – 2.50% i.e. 11% pa with monthly rests	No	Prime: Hypothecation of stocks of raw material, stock in process, finished goods, stores & spares and receivables Collateral: Equitable Mortgage of Residental property situated at 3/113. Daryaganj Delhi standing in the name of Shri Pradeep Jain and Smt. Monika Jain Second charge over fixed assets of the company Fresh valuation as well as NEC of the properties to be held as security(prime as well as collateral)	1. Shri Salek Chand Jain 2. Shri Pramod Kumar Jain 3. Shri Vinod Kumar Jain 4. Shri Pradeep Kumar jain 5. Shri Praveen Kumar Jain 6. Smt. Monica Jain
PNB 250 lakhs. Sanction dated 24.7.2006.	-	10.75%	-	Primary: First charge by way of hypothecation of raw material, stock in process, finished goods, receivables & other current assets of the company ranking pari passu basis with the proposed consortium members. Collaterally: Secured by way of second charge on entire fixed assets (present & future) of the company on pari pasu basis	1. Shri Salek Chand Jain 2. Shri Pramod Kumar Jain 3. Shri Vinod Kumar Jain 4. Shri Pradeep Kumar jain 5. Shri Praveen Kumar Jain
Syndicate Bank 200 lakhs Sanction dated November 29, 2005		PLR – 2% i.e. 11% p.a.		Prime: First pari passu charge on entire current assets of company along with OBC (since SBI are already taken over by OBC). Collateral: Second charge on pari passu basis on the entire current assets of the company for Term loan alongwith OBC &IOB. 2. Second charge on pari passu	1. Shri Salek Chand Jain 2. Shri Pramod Kumar Jain 3. Shri Vinod Kumar Jain 4. Shri Pradeep Kumar jain 5. Shri

				basis on entire fixed assets of the company, for working capital limit along with OBC	Praveen Kumar Jain 6. Smt. Monica Jain
IOB 250 lakhs		11%		Prime: First pari passu charge on fully paid stocks and receivables outstanding upto 180 days and other current assets sharing with other consortium banks ie OBC Synd & PNB. Collateral- Second pari passu charge on i. Plant and machinery having WDV of Rs. 4026.354 lakhs as on 31.3.2006 ii. Factory Land & Building situated at 18/29,30,31,41,64/6,64/6/3 to 5 Site IV Industrial Area, Sahibabad, Distt. Ghaziabad. & other Block assets Existing & Future Sharing with other consortium banks ie OBC, Syndicate Bank & PNB.	1. Shri Salek Chand Jain 2. Shri Parmod Kumar Jain 3. Shri Vinod Kumar Jain 4. Shri Pradeep Kumar jain 5. Shri Praveen Kumar Jain

Details of the Non Fund Based Limits are as under:

Sanctioned By	**Amount (Rs. in Lakhs)**	**Period**	**Security**
OBC (taken over from SBI). Sanction dated 26.8.2005	0.20	1 year	Counter Guarantee of the party and documents of title to goods & hypothecation of goods procured under L/C.

ii. FINANCIAL AND OTHER INFORMATION OF COMPANIES, FIRMS, TRUSTS PROMOTED/CONTROLLED BY THE PROMOTERS

The information for the last 3 years based on the audited statements in respect of all the companies, firms, ventures, etc. promoted by the promoters irrespective of whether these are covered under section 370(1)(B) of the Companies Act, 1956 or not are given hereunder:

1. Rose Corner Trading Company LLC, Dubai

Rose Corner Trading Co., L.L.C. is a limited liability company registered in Dubai, United Arab Emirates in accordance with the provisions of Article 218 of the UAE Commercial Companies Law No. 8 of 1984 as amended. Rose Corner was incorporated on November 26, 2000 and its registered office is situated at P.O. Box 51147, Dubai, UAE.

The principal activities of the company as stated in its Memorandum of Association, are trading and acting as indicator and commission agency for Textiles, Ready-made garments, Blankets, Towels & Linens, Shoes, Gifts, Novelties, Perfumes and Cosmetics, Watches and spare parts, Imitation Jewellery, Toys and Games.

Board of Directors

Name	**Designation**
Mr. Essa Thani Meftah Alwail	Partner
Mr. Praveen Kumar Jain	Partner

(As per the certification of Rose Corner dated February 17, 2007)

Shareholding (as on July 31, 2007)

(In AED)

Sl. No.	**Name of the Shareholder**	**No. of Shares**	**%age shareholding**
1.	Mr. Essa Thani Meftah Alwail	153	51%
2.	Mr. Praveen Kumar Jain	147	49%
	Total	**300**	**100%**

(As per the certification of Rose Corner dated July 31, 2007)

The financial highlights for the last 3 years are given below:

(AED in lakhs)

Particulars	**31.12.2006**	**31.12.2005**	**31.12.2004**
Total Income	42.96	75.35	85.43
Profit/(Loss) after Tax	30.36	61.92	71.31
Equity Share Capital	3	3	3
Reserves (excluding revaluation reserve)	12.57	12.21	12.29
Earnings per Equity Share (EPS) (AED)	10120	20640.83	23770.04
Net Asset Value (NAV) per Equity Share (AED)	3353.33	5070.46	5096.29
Networth	10.06	15.21	15.29

(As per the audited financial results of Rose Corner)

One Equity Share is of the face value of AED 1,000 each.
Accounting Year ends on 31st December each year.

Share Quotation
The Company is not listed on any Stock Exchange. The Company has not come out with any Public or Rights Issue since inception.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company and it is not a sick Company.

Related Business Transactions:

There have been no related business transactions during the year 2006-07.

2. Salek Chand Jain Kagzi Charitable Trust

The trust, being registered, was formed on December 22, 1997 with its registered office at 685, Chitla Gate, Chawri Bazaar, Delhi – 110006, with the following trustees:

Registration No.: 085137
Permanent Account No.: AABTS-8960-J

Permanent Trustees:
1. Mr. Vinod Kumar Jain, *Managing Trustee*
2. Mr. Salek Chand Jain
3. Mr. Parmod Kumar Jain
4. Mr. Pradeep Kumar Jain
5. Mr. Praveen Kumar Jain
6. Mr. Abhey Kumar Jain

The total corpus of the society as on March 31, 2006 was Rs. 10,000/-.

The objects for which the Trust is established are medical relief, education, relief of the poor, and advancement of any other charitable objects of general public utility within or outside India. Some of the main objectives of the trust as stated in the trust deed are:

i. To research, provide treatment facilities and encourage system of alternative medicine like Naturopathy, Acupressure, Yoga and massage, Acupuncture, Neurotherapy ad to establish, promote, set up and/or provide aid to or help in the setting up/or maintaining and/or running hospitals, medical schools and colleges, nursing institutions, sanatoriums, charitable dispensaries, clinics, diagnostic centres, maternity homes, child welfare centres, widow homes, orphanage homes, lunatic asylums, porr houses, health check up camps or other establishments/institutions for the benefit of the old and infirm people and/or destitute and for ant other benefit for the public in general.
ii. To establish, promote, set up, run maintain provide aid to appropriate centres and rehabilitation Institutions and to assist, finance and support economically backward and diabled and physically handicapped people of the society for education, cultural activities, rehabilitation, research-oriented programmes and medical relief.

Financial Results:

(In Rupees)

Particulars	**2006-07**	**2005-06**	**2004-05**
Total Income	2,23,327	3,24,000	2,10,960
Excess of Income over Expenditure	7,149	3,483	2,466
Corpus	10,000	10,000	10,000

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the trust and it is not a sick.

Related Business Transactions:

There has been no related business transaction during the year 2006-07.

Details Of Companies/Firms From Which Promoters Have Disassociated

During the last three years, the Company's Promoters have not disassociated themselves from any Company/partnership firm except as mentioned hereunder:

One of the Promoters Mr. Vinod Kumar Jain was a partner in Delhi Paper Company, a partnership firm formed on May 20, 1972 whose main business was commission agency of ay type of goods or services.

The partners Mr. Vinod Kumar Jain and Mr. Abhey Kumar Jain have dissolved the firm vide Dissolution Deed dated March 31, 2007, the salient features of which are as under:

i. The partnership business shall stand dissolved w.e.f March 31, 2007.
ii. That after paying debts of firm and providing for liabilities of the firm as on March 31, 2007, the general account shall be taken over by Mr. Abhey Kumar Jain.
iii. That the liability of income tax etc., if any, arising after the date of dissolution will be borne by Mr. Vinod Kumar Jain and Mr. Abhey Kumar Jain in the ratio of 2:8.

iii. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is the discussion of the financial condition and results of operations together with the Company's audited restated financial statements for the fiscal years ended March 31, 2005, 2006 and 2007 including the significant accounting policies and notes thereto and reports thereon which appear elsewhere in this Red Herring Prospectus. These financial statements have been prepared in accordance with Indian GAAP, the Companies Act and as required under the SEBI Guidelines.

Unless indicated otherwise, the financial data in this section is derived from the Company's restated unconsolidated financial statements prepared in accordance with Indian GAAP and included in this Red Herring Prospectus. The Company's fiscal year ends on March 31 of each year, so all references to a particular fiscal year are to the 12 month period ended March 31 of that year. This discussion contains forward-looking statements that involve risks and uncertainties. The actual results may differ from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Red Herring Prospectus, particularly under "Risk Factors" beginning on page no. x of this Red Herring Prospectus.

i. OVERVIEW OF THE BUSINESS OF THE COMPANY

The Company was incorporated on 29th May, 1980 under the Companies Act, 1956 and was converted into a public limited company vide a special resolution dated 15th February, 1995 and the Fresh Certificate of Incorporation dated 31st May, 1995 in the name of "Magnum Papers Limited" was issued by the Registrar of Companies, Delhi and Haryana at New Delhi. The name of the Company was further changed to Magnum Ventures Limited and a fresh certificate of Incorporation obtained on November 15, 2006 from the Registrar of Companies.

The Company at present has its Registered office situated at "Magnum House", 3/4326, Ansari Road, Daryaganj, New Delhi 110 002. The Company is promoted by first generation entrepreneurs, all of them having over a decade of experience in the paper industry.

The Company has two manufacturing units located at 18/31, Site-IV, Industrial Area, Sahibabad, U.P. and 18/41, Site-IV, Industrial Area, Sahibabad, U.P. and the Company's Depot is located at 64/6, Site-IV, Industrial Area, Sahibabad, U.P.

The first paper machine of the company commenced production in the year 1982 with an installed capacity to produce 1185 TPA of writing and printing paper. Since then the Company has gradually increased its production capacity through up gradation and expansion to 85000 TPA, which was just 1800 TPA in 1984 when the Company was taken over by the present promoters in 1984.

Both the manufacturing units are running successfully and generating cash profits since inception. The Company has registered a turnover of Rs. 10081.91 lakhs and PAT of Rs. 827.39 lakhs for FY 2006-07.

The Company now proposes a technological up-gradation to its existing 2 machines manufacturing Writing and Printing Paper and Duplex Board. This will enable the Company to produce paper, which has more 'brightness' and also of superior quality, which will enable the Company to tap segments in which it is currently not present.

<u>Hotel Project</u>

The Company proposes to set up a Four Star Hotel in the industrial area district of Sahibabad (U.P.) bordering Delhi.

The land identified for hotel project is already in possession of the Company. This land area measuring 2.61 acres, at plot nos. 64/6, 64/6/3, 64/6/4, 64/6/5, at industrial area

Sahibabad is presently being used for storage of waste paper for paper division of Magnum Papers Limited. The proposed land is on 90 years lease from UPSIDC and located on main Madan Mohan Malviya Marg (MMM) connecting NH-24 and Hapur Byepass leading to NH-24. This MMM Road is now being up-graded ot 6 lane road surrounded by industrial area with 2 existing malls and 2 more malls are to come up in near future with 2 PVRs - thus attracting adequate potential for hotel site. It is a 3-side open plot located at 38 kms from the airport, 20 kms from Connaught Place, and 12 km from Akshar Dham Temple. The site is ideally suited for hotel site in this area.

ii. SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO THE LAST FINANCIAL YEAR

Save as mentioned herein-below in this Red Herring Prospectus, in the opinion of the Board of Directors of the Company, there have not arisen any circumstances since March 31, 2007 which materially and adversely affect, or are likely to materially and adversely affect, the Company's manufacturing or sales or the profitability of the Company, or the value of the assets, or the Company's ability to pay its liabilities within the next 12 months.

Paper Project:

The Company has decided to go in for a massive technology up-gradation program, which includes complete modernization / replacement of plant and machinery with regard to manufacturing of Duplex Board (Machine No. II), Printing and Writing papers (Machine No. III), Chemical and Fiber Recovery Section, Recycling of Backwater System etc. In view of the fact that most of the plant and machineries were installed in the 90's, and in order to maintain /improve the quality, cost reduction and operational efficiency, Punjab National Bank had appraised the proposed project for modernization of the Company's paper mill at Sahibabad. The cost of Project and means of financing was appraised as under:

Cost of Project

Particulars	**Amount (Rs. in lakhs)**
Plant & Machinery	4200
Civil Work	150
Provision for contingency	50
Margin for working capital	200
Pre-Operative expenses	400
	5000

Means of Financing

Particulars	**Amount (Rs. in lakhs)**
Term Loan	3500
Public Issue	1500
	5000

Hotel project

To diversify the business activity, the Company has decided to venture into hospitability industry by setting up a 4 Star Business Hotel at Industrial Area, Sahibabad. The project cost of Rs. 102.63 crores is proposed to be partly funded through term loans of Rs. 70 crores from banks. Punjab National Bank had appraised the proposed Hotel Project at Sahibabad. The cost of Project and means of financing was appraised as under:

Cost of Project

(Rs. in lakhs)

Particulars	**Amount**
Land and site Development	857
Building & civil work	5148
Furniture, Fixture & equipment	1908
Provision for contingencies	537
Pre – operative Expenses	143

Securities	60
Technical know how and Management Development fees	511
Interest accrued during construction period	800
Working capital	299
	10263

Means of Financing

(Rs. in lakhs)

Particulars	**Amount**
Term Loan	7000
Promoters contribution	3263
	10263

The Hotel project will be part-financed by way of Term Loans from various banks as under:

Name of the Banker	**Proposed Sharing Pattern (Rs. in lakhs)**
Punjab National Bank	2000
Oriental Bank of Commerce	2000
Syndicate Bank	1500
Indian Overseas Bank	1500
Total	**7000**

The technical feasibility of hotel project was conducted by M/s HVS International, a reknowned Agency in the Hospitality Industry, having offices in New York, San Francisco, Miami, Dallas, Chicago, Denver, Vancouver, Toronto, London, Madrid, Sydney, New Delhi, Singapore, Hong Kong and Sao Polo and has reportedly evaluated 1600 hotel projects in over 65 countries world wide. The firm opened its office in New Delhi in 1997 and launched 2 additional divisions of HVS International in India - HVS Executive Search and Escotel for environmentally sensitive hotels.

The project has also been appraised by Technical cell, PNB Head Office New Delhi who have found it a technically feasible and economically viable proposition.

The Company has entered into a Memorandum of Understanding (MOU) on September 29, 2006 with Country Development and Management Services Private Limited for Territory License and Management Agreements in respect of the proposed hotel project.

iii. FACTORS AFFECTING THE COMPANY'S RESULTS OF OPERATIONS

The financial condition of the Company and its results of operations are affected by numerous factors including the following:

General economic and business conditions:
The demand for the Company's products and business is dependent on general economic conditions in India and, may be affected if there are changes in business conditions in the country. In the era of globalization and cutthroat competition, the Indian Industry is facing hurdles, which depend upon the following factors:

a. Demand:

The demand for paper is linked to the GDP Growth. The demand for paper is influenced by various other factors like national economic growth, industrial production, promotional expenditure, population growth, Government's allocation for the educational sector and government support to the paper industry for meeting the growing domestic demand for paper, enhancing the per capita consumption, achieving economies of scale and attaining global competitiveness.

Hotel: The tourism industry has performed very well in terms of both international tourist arrivals and domestic tourism. The outlook for the year is positive and the industry will continue to be helped by the incentives announced in the last fiscal, as well as by aggressive price wars between the domestic airlines. Delhi is considered to be one of the most important business cities in the country. Ghaziabad's proximity to Delhi and its strategic location serve as an advantage for companies and industries to enter the market as well as shift location to Ghaziabad. The Commonwealth games to be held in India in 2010 will also generate large room-night demand in Noida and Ghaziabad. Beises, the Delhi-Noida-Gurgaon belt is the preferred destination for ITES firms in the country. In view of the above, the Company expects greater room-night demand in the medium to long term.

b. Competition:

Selling prices of the Company's products may be affected if competition intensifies. After globalization, India was facing many difficulties, due to competition from various nations and incompetence in the internal governance. Main threats are from foreign nations. Hence it is necessary to analyze India's position in global arena.

Hotel: The Company has identified one primary competitor i.e., Radisson MBD, four secondary competitors and, ten tertiary competitors with respect to the proposed hotel.

c. Capacity:

The existing manufacturing activities cover writing and printing papers, duplex boards, xerox paper, wrapping and packing papers with installed capacity of 85,000 MT per annum. To improve the existing quality of Company's products, instead of going in for an expansion programme or setting up a new unit, the Company intends to modernize and upgrade the existing equipments.

d. Raw Material:

Raw material for Company's Product is mainly waste paper and chemicals like rosin, bleaching powder, starch etc. Fluctuations in the cost of these raw materials may alter the cost structure and affect profitability.

e. Other Factors:

The Company's results of operations are dependent upon its success in managing its inventories. The Company has to schedule out production process and procurements according to delivery schedule of customers. Any change in schedule may affect its operation in the short run.

f. Labour:

The Paper Industry is labour intensive. The competitive strength of the Company depends upon the availability and efficiency of its labour force. The management–labour relations are cordial and the Company has not experienced any labour trouble in the past.

g. Cost of funds:

Another important problem that is hampering the India's competitiveness is the cost of funds available for promoting new projects. The higher cost of funds increases the required rate of return of projects, which consequently impedes further investment in any projects. Lending rates in India continues to be still higher in comparison to the international markets. Interest rate is mainly a function of two factors namely underlying liquidity and policies of the RBI, which in turn is influenced by trends in international rates, external sector scenario and inflation rate.

Key factors influencing results of operations

Several factors influence the Company's results of operations, financial condition and cash flow significantly. The key factors affecting its operations include:

1. Fluctuation and increase in raw material prices.
2. New competitive businesses.
3. Government Regulations and Policies.
4. Any slow down in the economic growth.

For more information on these and other factors/developments, which have or may affect the Company, please refer to the section titled “Risk Factors” beginning on page no. x, and the section titled “Business Overview” on page no. 78 of this Red Herring Prospectus.

Critical Accounting Policies

The Company’s financial statements are prepared in accordance with generally accepted accounting principles, the applicable accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. Certain of the accounting policies are particularly important to the portrayal of the financial position and results of operations and require the application of assumptions and estimates of the management. For further details please refer to the section titled “Financial Information–Significant Accounting Policies and Notes to accounts” at page nos. 167 and 169 of this Red Herring Prospectus. Some of the important accounting policies are as under.

a. Basis of Preparation of Financial Statement

i. The financial statements have been prepared under the historical cost convention and on the accounting principles of going concern. Accounting polices not specifically referred to otherwise are in accordance with the generally accepted accounting principles and materially comply with the mandatory accounting standards issued by the Institute of Chartered Accountants of India.
ii. The Company follows mercantile system of accounting and recognise significant items of income and expenditure on accrual basis.
iii. In order to comply with the requirements of section 211(3C) of the Companies Act, 1956, the Company is complying with the provisions of the Accounting-Standards issued by the ICAI.

b. Revenue Recognition

Sales are inclusive of Excise Duty and are booked on the basis of dispatches from factory gates.

c. Fixed Assets

Expenditure of capital nature are capitalised at cost comprising of purchase price *(net of Excise duty, rebates and discounts)* and any other cost which is directly attributable to bring the assets to its working condition for the intended use. All fixed assets are carried at cost less depreciation. But when an asset is scrapped or otherwise disposed off, the cost and related depreciation are written-off from the books of accounts and resultant profit or loss, if any is reflected in Profit and Loss Account.

Depreciation on fixed assets is provided on the basis of Written Down Value method except on the Turbine and De-inking Plant on which depreciation has been provided on the Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act. 1956, Vide GSR No. 756E dated 16.12.1993.

d. Retirement Benefits

i. Retirement benefits in the form of provident fund & pension schemes whether in pursuance of law or otherwise is accounted on accrual basis and charged to Profit and Loss account of the year. The Company is regular in depositing these dues to the credit of appropriate authorities in due time.
ii. Liability in respect of gratuity payable to employees has been provided for on the assumption that such benefits are payable to all employees who have completed five years of service at the end of accounting year.
iii. Liability in respect of leave encashment payable to employees has been provided for leave credit at the year-end.

e. Foreign Currency Transactions:

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of the transaction.

f. Taxation on Income

Current Tax is the tax payable for the period determined as per the provisions of the Income Tax Act, 1961. The Provision for deferred tax has been made in accordance with the requirement of Accounting Standard 22 issued by the Institute of Chartered Accounts of India (ICAI).

COMPARISON OF SIGNIFICANT ITEMS OF INCOME AND EXPENDITURE OF THE COMPANY FOR THE PAST THREE YEARS IS AS FOLLOWS:

(Rs. in lakhs)

Expenditure	Year Ended 31.3.2004		Year Ended 31.3.2005		Year Ended 31.3.2006		Year ended 31.3.2007	
	Amt.	%age	Amt.	%age	Amt.	%age	Amt.	%age
Gross Sales	6066.43		7254.59		8090.71		10081.91	
Less: Excise Duty	859.22		729.49		864.18		1007.46	
Net Sales	**5207.21**	**89.23**	**6525.10**	**105.94**	**7226.53**	**97.85**	**9074.45**	**99.23**
Other Income	165.86	2.84	69.84	1.13	65.22	0.88	67.88	0.74
Increase/Decrease in Stock	462.59	7.93	-435.58	-7.07	93.53	1.27	2.68	0.03
Total Income	**5835.66**	**100.00**	**6159.36**	**100.00**	**7385.28**	**100.00**	**9145.01**	**100.00**
Raw Material Consumed	1276.86	21.88	1294.11	21.01	1540.91	20.86	1975.31	21.60
Manufacturing Expenses	3367.65	57.71	3349.80	54.39	3,435.85	46.52	3869.25	42.31
Payment & Provision for Employees	190.79	3.27	211.08	3.43	261.98	3.55	333.47	3.65
Administrative & Other Expenses	54.73	0.94	83.61	1.36	71.03	0.96	142.66	1.56
Miscellaneous Expenses w/o	0.92	0.02	0.83	0.01	0.2	0.00	0.00	0.00
Total	**4890.95**	**83.81**	**4939.43**	**80.19**	**5309.97**	**71.90**	**6320.69**	**69.12**
Profit before Interest, Depreciation and Tax	**944.71**	**16.19**	**1219.93**	**19.81**	**2075.31**	**28.10**	**2824.32**	**30.88**
Depreciation	470.99	8.07	487.92	7.92	543.72	7.36	1010.84	11.05
Profit before Interest and Tax	**473.72**	**8.12**	**732.01**	**11.88**	**1531.59**	**20.74**	**1813.48**	**19.83**
Interest & Finance Charges	268.08	4.59	267.63	4.35	355.53	4.81	553.99	6.06
(Loss)/Profit on sale of Investment/Assets	-3.2	-0.05	1.18	0.02	-1.43	-0.02	-0.96	-0.01
Net Profit before Tax	**202.44**	**3.47**	**465.56**	**7.56**	**1174.63**	**15.91**	**1258.53**	**13.76**
Provision for Income Tax	-16.47	-0.28	-40.53	-0.66	-98.84	-1.34	-206.41	-2.26
Adjustments For Income Tax	-1.81	-0.03	0.23	0.00	0	0.00	0.25	0.00
Provision for FBT	0	0.00	0	0.00	-0.59	-0.01	-0.74	-0.01
Provision for Deferred tax liabilities	-73.77	-1.26	0	0.00	-265.14	-3.59	-223.74	-2.45
Net Profit before Adjustments	**110.39**	**1.89**	**425.26**	**6.90**	**810.06**	**10.97**	**827.39**	**9.05**
Adjustments	5.87	0.10	-196.45	-3.19	0	0.00	0.00	0.00
Current Tax impact of Adjustments	-2.11	-0.04	2.15	0.03	0	0.00	0.00	0.00
Net Profit as Restated	**114.15**	**1.96**	**230.96**	**3.75**	**810.06**	**10.97**	**827.39**	**9.05**

COMPARISON OF FY 2007 WITH FY 2006 – REASONS FOR VARIANCE

Sales (Net of Excise Duty)

The Net Sales accounted for Rs. 9074.45 lakhs during the year 2006-07 as compared to Rs. 7226.56 lakhs during the year 2005-06. It accounted for 97.85% of the total income in the FY 2006, and showed significant increase of 25.6% in the FY 2007. The increased turnover in fiscal 2007 was on account of improved demand for duplex board and for writing & printing paper. The demand for Company's products have been growing on account of buoyancy in the education and packaging sector of the economy.

Other Income
The income from other sources showed a marginal increase from Rs. 65.22 lakhs in fiscal 2006 to Rs. 67.88 lakhs in fiscal 2007. The Other Income in fiscal 2006 was higher due to Income from Incentive on Export Sales.

Total Income
The Company registered an increase of about 24% in its total income for the FY 2007 compared to the previous year on account of increased sales in the fiscal 2007. The total Income of the Company was Rs. 9145.01 lakhs in fiscal 2007 as compared to Rs. 7385.28 lakhs in fiscal 2006.

Raw Material Consumed
Raw material consumption as a %age of total Income has increased from 20.86% in FY06 to 21.60% in FY07. The raw material consumption in FY07 increased to Rs. 1975.31 lakhs from Rs. 1540.91 lakhs in FY06. This increase in raw material consumption is mainly on account of increased volume.

Manufacturing Expenses
Major heads under manufacturing expenses constitute Power & Fuel, Chemicals, Spare Parts and Machine Repair & Maintenance. Power & Fuel costs covers a major portion of total manufacturing expenses. The manufacturing expenses as a %age of total income has reduced from to 46.52% (2006) to 42.31% (2007) due to increased fuel consumption and use of imported chemicals. However, there has been an increase of 12.61% on a year-on-year basis i.e, from Rs. 3435.85 lakhs in FY06 to Rs. 3869.25 lakhs in FY07.

Personnel Expenses
The Personnel expenses basically consist of Salaries, Wages, Overtime, Bonus, Gratuity, and Contribution to employee benefit schemes and other related benefit. The personnel expenses in FY07 was Rs. 333.47 lakhs as compared to Rs. 261.98 lakhs in FY06. The %age increase in the Personnel expenses to Total Income was from 3.55% (2006) to 3.65% (2007). This increase in personnel expenses to total expenses is basically due to increase in work force of the Company to meet higher production and, annual increase in the cost per man-hour.

Administrative & Selling Expenses
The administrative and selling expenses as a percentage of total income has increased from 0.96% (2006) to 1.56% (2007). The expenses in FY07 was Rs. 142.66 lakhs as compared to Rs. 71.03 lakhs in FY06. This is mainly on account of loss due to fire and rise in repair and maintenance costs.

Depreciation
Depreciation for FY07 was Rs. 1010.84 lakhs as compared to Rs. 543.72 lakhs in FY06. Deprecation as a %age of total income during the year 2006-07 was 11.05% as compared to 7.36% during 2005-06. However, depreciation expenses have increased by 85.91% on a year on year basis due to addition in Plant and Machinery.

Interest & Finance Charges
Interest and finance charges increased from Rs. 355.53 lakhs in FY06 to Rs. 553.99 lakhs in FY07. The finance charges as a %age of total income increased from 4.81% (2006) to 6.06% during 2007 due to fresh term loan taken by the Company from the Banks for implementation of project for modernization cum technology up gradation programme.

Profit before Tax
Profit Before Tax increased from Rs. 1174.63 lakhs in fiscal year 2006 to 1258.53 lakhs in fiscal year 2007, mainly due to increase in sales , higher capacity utilization, increased selling price, reduction in manufacturing expenses to the extent of 4.21% of the total income by optimum utilization of resources like power, fuel, water and manpower.

Profit after tax
The profit after tax was Rs. 827.39 lakhs in fiscal year 2007 as compared to profit after tax of Rs. 810.06 lakhs in fiscal year 2006. The profit after tax as a percentage of total income decreased from 10.97% in fiscal year 2006 to 9.05% during 2007. This was largely due to the increased provision for income tax. While the provision for icome tax was Rs. 98.84 lakhs in FY 2006, the same rose to Rs. 206.41 lakhs in FY 2007.

REVIEW OF FINANCIAL POSITION

Fixed Assets

Fixed assets comprised mainly of land, building, plant and machinery, electrical installation, generator, vehicle, office equipment, furniture & fixture, computers, fire fighting equipment, turbine, deinking plant.

Current Assets

Current assets consist of inventories, debtors, cash and bank balances, and loans and advances. Current assets have generally increased in line with the Operation of the Company's business activities. Total Current assets as at the year ended on 31.3.2007 was Rs. 6158.34 lakhs as compared to Rs. 4490.41 Lakhs as at 31.3.2006.

Current Liabilities and Provisions

Current liabilities comprise sundry creditors against goods, expenses payable, other payables, provisions for gratuity and leave encashment. Current liabilities and provisions as at Fiscal Year ended 2007 was Rs. 989.25 lakhs as compared to Rs. 423.48 lakhs as at the Fiscal Year ended 2006.

Non-Current Liabilities

Non-current liabilities as at 31.3.2007 was Rs. 9574.31 lakhs as compared to 8452.62 lakhs at Fiscal year ended on 31.3.2006. The increase is mainly due to increase in long-term secured loans & unsecured loans.

Net Worth

Net worth increased by Rs. 482.99 lakhs during the fiscal year ended on 31.3.2007 to reach a level of Rs. 4648.85 lakhs, as compared to Rs. 4165.86 lakhs at the end of the previous fiscal year 2006.

COMPARISON OF FY 2006 WITH FY 2005 – REASONS FOR VARIANCE

Sales (Net of Excise Duty)

The Net Sales accounted for more about 106% of the total income in the FY 2005, and showed an increase by 10.74% in the FY 2006; i.e., from Rs. 6525.10 lakhs in fiscal 2005 to Rs. 7226.53 lakhs in fiscal 2006. The major contributor of the increased turnover in the fiscal 2006.

Other Income

The income from other sources showed a decrease of around 7%; i.e., from Rs. 69.84 lakhs in fiscal 2005 to Rs. 65.22 lakhs in fiscal 2006. The Other Income in the fiscal 2005 was higher on account of Income from Incentive on Export Sales of Rs. 9.75 lakhs and Income from Insurance Claim of Rs. 5.87 lakhs. However, in the restated financial statements the same has been accounted for in fiscal 2004 as an extra-ordinary item.

Total Income

The Company registered an increase of 19.9% in its total income in FY 2006 as compared to the previous year on account of increased sales in the fiscal 2006. The total Income of the Company was Rs. 7385.28 lakhs in fiscal 2006 as compared to Rs. 6159.36 lakhs in the previous year.

Raw Material Consumed

Raw material consumption as a %age of total Income decreased from 21.01% in FY05 to 20.86% in FY06. Raw Material consumption in FY06 increased to Rs. 1540.91 lakhs from Rs. 1294.11 lakhs in FY05. This slight decrease in raw material consumption is mainly on account of increased volumes.

Manufacturing Expenses

Major heads under manufacturing expenses are Power & Fuel, Chemicals, Spare Parts and Machine repair & maintenance. Power & Fuel covers a major portion of total manufacturing expenses. The manufacturing expenses as a %age of total income has fallen down from 54.39% (2005) to 46.52% (2006) due to increased production. However, there has been a slight increase of 2.6% in absolute terms on a year-on-year basis i.e, from Rs. 3349.80 lakhs in FY05 to Rs. 3435.85 lakhs in FY06.

Personnel Expenses
The Personnel expenses basically consist of Salaries, Wages, Overtime, Bonus, Gratuity, and Contribution to employee benefit schemes and other related benefit. Personnel expenses in the year 2005-06 was Rs. 261.98 lakhs as compared to Rs. 211.08 lakhs in the year 2004-05. Personnel expenses as a %age of Total Income increased from 3.43% (2005) to 3.55% (2006). This increase in personnel expenses to total income is basically due to increase in production and annual increase in the cost per man-hour.

Administrative & Selling Expenses
The administrative and selling expenses has fallen from 1.36% (2005) to 0.96% (2006). The expenses in FY06 was Rs. 71.03 lakhs as compared to Rs. 83.61 lakhs in FY05. This is mainly on account of reduced export expenses and exchange fluctuation.

Depreciation
Deprecation as %age of total income during 2005-06 was 7.36% as compared to 7.92 % during 2004-05. However, depreciation expenses have increased by 11.44% on a year-on-year basis, i.e, from Rs. 487.92 lakhs in FY05 to Rs. 543.72 lakhs in FY06.

Interest & Finance Charges
The finance charges as %age of total income increased from 4.35% (2005) to 4.81% (2006) due to fresh term loan taken by the company from the Banks for implementation of different project for modernization cum expansion programme. It increased from Rs. 267.63 lakhs in FY05 to Rs. 355.53 lakhs in FY06.

Profit before Tax
Profit Before Tax increased from Rs. 465.56 lakhs in fiscal year 2005 to Rs. 1174.63 lakhs in fiscal year 2006, mainly due to increase in total production from 47862.728 Tonnes to 55601.362 Tonnes i.e., 16.2% jump; on account of increase in sales, better product mix between writing & printing paper, and duplex boards; and decrease in raw material consumption, and manufacturing expenses.

Profit after tax
The profit after tax was Rs. 810.06 lakhs in fiscal year 2006 as compared to Rs. 425.26 lakhs in fiscal year 2005. The profit after tax as a percentage of total income increased from 6.90% in the fiscal year 2005 to 10.97% in fiscal year 2006. This was largely due to the control over raw material costs and manufacturing overheads.

REVIEW OF FINANCIAL POSITION

Fixed Assets
Fixed assets are comprised mainly of land, building, plant & machinery, electrical installation, generator, vehicle, office equipment, furniture & fixture, computers, fire fighting equipment, turbine etc.

During the year ended 31.3.2006 there was an addition Rs. 3418.97 lakhs of fixed assets, consisting of purchased Land, Building, Plant & Machinery, Electrical Installation, Generator, office equipment, Computers and Turbine.

Current Assets
Current assets consist of inventories, debtors, cash and bank balances, and loans and advances. Current assets have generally increased in line with the Operation of the Company's business activities. Total Current assets as at 31.3.2006 was Rs. 4490.41 lakhs as compared to Rs. 3422.72 lakhs as at 31.3.2005.

Current Liabilities and Provisions
Current liabilities and provisions comprise sundry creditors against goods, expenses payable, other payables, provisions for gratuity and leave encashment. Current liabilities as at 31.3.2006 was Rs. 423.48 lakhs as compared to Rs. 521.93 lakhs as at 31.3.2005.

Non-Current Liabilities
Non-current liabilities as at 31.3.2006 was Rs. 8452.62 lakhs as compared to Rs. 6631.73 lakhs as at 31.3.2005. The increase was mainly due to increase in long-term secured loans and unsecured loans.

Net Worth
Net worth increased by Rs. 805.26 lakhs during the fiscal year ended on 31.3.2006 to reach Rs. 4165.86 lakhs, as compared to Rs. 3360.60 lakhs at the end of fiscal year 2005.

COMPARISON OF FY 2005 WITH FY 2004 – REASONS FOR VARIANCE

Sales (Net of Excise Duty)
The Net Sales accounted for around 89% of the total income in FY 2004, and showed significant increase of over 25% in FY 2005, i.e., from Rs. 5207.21 lakhs in fiscal 2005 to Rs. 6525.10 lakhs in fiscal 2006. This was due to increased turnover in the fiscal 2005 as compared to 2004.

Other Income
The income from other sources showed a decrease of around 58%, i.e., from Rs. 165.86 lakhs in fiscal 2004 to Rs. 69.84 lakhs in fiscal 2005. The Other Income in the fiscal 2004 were higher due to Income from commission of Rs. 87.52 lakhs in 2004.

Total Income
The Company registered an increase of around 6% in its total income for the FY 2005 compared to the previous year on account of increased sales in the fiscal 2005. The total Income of the Company was Rs. 6159.36 lakhs in fiscal 2005 as compared to Rs. 5835.66 lakhs in the previous year.

Raw Material Consumed
Raw material consumption as a %age of total income decreased minimally from 21.88% in FY04 to 21.01% in FY05. This reduction was on account of increased production. The raw material consumption was Rs. 1276.86 lakhs in FY04 which rose to Rs. 1294.11 lakhs in FY05.

Manufacturing Expenses
Major heads under manufacturing Expenses are Power & Fuel, Chemicals, Spare Parts, Excise Duty and Machine repair & maintenance. Power & Fuel covers a major portion of total manufacturing expenses. The manufacturing expenses as a %age of total income decreased from 57.17% in FY04 to 54.39% in FY05. The expenses in absolute terms was Rs. 3367.75 lakhs in 2003-04 and Rs. 3349.80 lakhs in 2004-05.

Personnel Expenses
The Personnel expenses basically consist of Salaries, Wages, Overtime, Bonus, Gratuity, and Contribution to employee benefit schemes and other related benefit. Personnel expenses as a %age to total income increased from 3.27% (2004) to 3.43% (2005). This increase in personnel expenses was basically due to increase in production and annual increase in the cost per man-hour.

Administrative & Selling Expenses
The administrative and selling expenses has increased from 0.94% in FY04 to 1.36% in FY05. The slight increase in selling and administrative expenses was basically because of increase in sales. The gross turnover during 2003-04 was Rs. 60.66 Crores which was drastically increased to Rs. 72.54 Crores in 2004-05.

Depreciation
Depreciation was Rs. 470.99 lakhs in FY04 which rose to Rs. 487.92 lakhs in FY05. Depreciation during 2003-04 was 8.07% of Total income as compared to 7.92% of total income during 2004-05. There has been an increase of 3.59% on a year-on-year basis.

Interest & Finance Charges
The finance charges as %age to to total income decreased from 4.59% in FY04 to 4.53% in FY05.

Profit before Tax
Profit Before Tax increased from Rs. 202.44 lakhs in fiscal year 2004 to Rs. 465.56 lakhs in fiscal year 2005, mainly due to increase in sales, increase in selling price due to higher demand for products and decrease in raw material consumption, manufacturing expenses as compared to total income.

Profit after tax
The profit after tax was Rs. 425.26 lakhs in fiscal year 2005 as compared to profit after tax of Rs. 110.39 lakhs in fiscal year 2004. The profit after tax as a percentage to total income increased from 1.89% in the fiscal year 2004 to 6.90% in fiscal year 2005. This was largely due to the control over raw material costs and manufacturing overheads and, non-provisioning of deferred tax liability.

REVIEW OF FINANCIAL POSITION

Fixed Assets
Fixed assets are comprised mainly of land, building, plant and machinery, electrical installation, generator, vehicle, office equipment, furniture & fixture, computers, fire fighting equipment, turbine etc.

Current Assets
Current assets consist of inventories, debtors, cash and bank balances, and loans and advances. Current assets have generally increased in line with the operation of the Company's business activities. Total Current assets as at 31.3.2004 was Rs. 3511.85 lakhs as compared to Rs. 3422.72 lakhs as at 31.3.2005.

Current Liabilities and Provisions
Current liabilities comprise sundry creditors against goods, expenses payable, other payables, provisions for gratuity and leave encashment. Current liabilities as at the Fiscal Year ended 2004 was Rs. 509.63 lakhs as compared to Rs. 521.93 lakhs as at the Fiscal Year ended 2005.

Non-Current Liabilities
Non-current liabilities as at 31.3.2005 stood at Rs. 6631.73 lakhs as compared to Rs. 3711.99 lakhs as at 31.3.2004. The increase is mainly due to increase in long-term secured loans & unsecured loans.

Net Worth
Net worth increased by Rs. 231.79 lakhs during the Fiscal Year ended on 31.3.2005 to reach Rs. 3360.60 lakhs as compared to RS. 3128.81 lakhs for FY 2004.

LIQUIDITY AND CAPITAL RESOURCES

The Company depends on both internal and external sources of liquidity to fund working capital and capital expenditure. The Company has traditionally funded the working capital requirements and capital expenditures from internally generated funds, unsecured loans and debt financing. In respect of the debt funding of working capital, the Company uses cash credit limits from various banks comprising Oriental Bank of Commerce, Indian Overseas Bank, Punjab National Bank and Syndicate Bank, whereas for project or capital expenditure, the Company has entered into long term borrowings in the form of term loans/unsecured loans which have been in Rupees.

Dividend
The Company has not declared any dividend during the last five fiscal years.

i. **Unusual or infrequent events or transactions**
M/s Bachins India Pvt. Limited and M/s Bisonic Engineers Pvt. Limited were two 100% subsidiaries of the Company. Both the subsidiary companies were having industrial land and building only in Sahibabad Industrial Area, Ghaziabad. These two subsidiaries have since been amalgamated into Magnum Ventures Limited (formerly Magnum Papers Limited) as per the Order dated November 1, 2006 of the Hon'ble Delhi High Court. This amalgamation would result in business synergy and consolidation of these companies into one large company with a stronger asset base. As a result of the merger, the Company's investment to the extent of Rs. 2.83 crores in the above susbsidiaries have been extinguished and the same has been set off out of the General Reserves.

A fire occurred at the Company's godown situated at 64/6, Site IV, Industrial Area, Sahibabad, Ghaziabad on 30.11.2006, in which stocks worth Rs. 1.15 crores was destroyed.

However, the Company received insurance claim amounting to Rs. 80.16 lakhs and salvage value of Rs. 13.52 lakhs, resulting in a loss of Rs. 21.32 lakhs.

The Company is engaged in manufacturing and trading of paper for the last 25 years. To diversify the business activity, it has decided to venture into hospitability industry by setting up a 4 Star Business Hotel at Industrial Area, Sahibabad.

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

The Excise duty rationalization by the Government has had both positive and negative impact on the finances of the Company. The same would continue to affect the bottom line as and when such changes are made.

Any increase in fuel prices affects the transportation cost and also the cost of production during turbine shutdown. The increase in ocean freight may lead to surge in the rate of waste paper. Imported waste paper will be affected by such increase in future. However, since the total content of imported waste paper is minimal, the Company's competitiveness is not likely to get adversely affected.

iii. **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 as disclosed in this Red Herring Prospectus, there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operation.

iv. **Future changes in relationship between costs and Income, in case of events such as future increase in labour or material costs or prices that will cause a material change are known**

Increase in the price of raw materials such as imported and domestic waste paper could materially affect cost as a percentage of revenue. The risk on account of price fluctuation is reduced to a significant extent considering the fact that a rise in the price of the basic raw material is passed on in the form of increased prices of the finished products.

v. **The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sale prices**

The increase in revenue has been mainly due to the Company being able to demand higher price from the market and reduction in cost of inputs. With the proposed technology upgradation and modernization programme, the Company expects to improve the efficiency, lower cost of inputs and improve quality of finished goods.

vi. **Total turnover of each major industry segment in which the issuer company operated**

The Company currently operates only in one industry segment i.e., manufacturing of paper and the total revenue of the Company represents revenue derived from that segment only.

vii. **Status of any publicly announced new products or business segment**

The Company decided to venture into hospitability industry by setting up a 4 Star Business Hotel at Industrial Area, Sahibabad. For further details of the Hotel project please refer to the section titled "Objects of the Issue" at page no. 32 of this Red Herring Prospectus.

viii. **The extent to which the business is seasonal**

The Company's products are not seasonal in nature. Certain events in the year, however, create additional demand such as Festivals, New Year, re-opening of schools etc.

ix. **Any significant dependence on a single or few suppliers or customers**

The Company is not dependent on a single or few customers. The Company sources its raw material from a number of suppliers and is not under threat from seasonal dependence on any single supplier.

x. **Competitive Conditions**

The Company faces competition from both bigger and smaller players.

SECTION VI: LEGAL AND OTHER INFORMATION

i. OUTSTANDING LITIGATIONS AND DEFAULTS

Litigation involving the Company
There are no outstanding litigations, defaults etc pertaining to matter likely to affect operations and finances of the company including prosecution under any enactment in respect of Schedule XIII of the Companies Act 1956 (1 of 1956).

Except as described below, there are no other outstanding litigations including statutory dues, commercial disputes, patent disputes etc. No Criminal proceedings, civil prosecution or tax liabilities have been launched against the Company or any of the Directors or for any of the offenses under the enactment specified in paragraph 1 of schedule XIII of the Companies Act 1956, except as mentioned herein-below.

No disciplinary action / investigation has been taken by Securities and Exchange Board of India (SEBI)/ Stock Exchanges against the Company, its directors, promoters and their other business ventures (irrespective of the fact whether or not they fall under the purview of section 370(1B) of the Companies Act 1956.)

The Company has not defaulted in meeting any economic offences, statutory dues, Bank dues, institutional dues and any dues to instrument holders of debentures, fixed deposits.

A. AGAINST THE COMPANY

i. UNDER TRADE TAX ACT

Sl.No.	Particulars	
1.	**Case Title/ Date of Institution/ Forum**	Civil Appeal No. 2810-2938 of 2004 State of U.P & Others Vs M/s. Baghpat Cooperative Sugar Mills Ltd. and others There are a number of respondent companies involved in the matter. The Company is respondent no.1 in C.A. 2819 of 2004. Date of Institution: 24.09.03 Name of the Court: Hon'ble Supreme Court of India
	Particulars of the case	The Company filed writ petition No.730 of 2000 titled Magnum Papers Limited Vs State of UP & Others in the Hon'ble High Court of Allahabad challenging the validity of the circular dated 25.7.2000 issued by the Commissioner Trade Tax, U.P. and a subsequent circular issued by the Indian Oil Corporation cancelling the recognition certificates issued Section 4-B of the UP Trade Tax Act under which the Company was authorized to purchase various goods including diesel for the manufacture of paper and paper boards. The said writ was decided in favour of the Company as per judgment dated 25.3.2003 of the connected writ petition No. 628 of 2000 (tax) in M/s Vam Organics Chemicals Ltd Vs State of UP and others, wherein the State Government was directed to treat the diesel oil used in generators required for manufacturing be treated as notified goods. Now the State of UP has filed a special leave petition against the Order of the High Court in the Supreme Court.

	Amount involved	Rs. 261.92 lakhs (For the period from FY 2000-01 to December 31, 2006)
	Present Status	The Hon'ble Supreme Court vide its Order dated 25.4.2005 granted special leave to appeal to the State of U.P. and issued notice to all the respondents. The Supreme Court also directed that the matter be tagged alongwith the Civil Appeal no. 1929 of 2004 titled as State of U.P. & Ors V/s Vam Organics Chemicals Ltd. The Company is not actively involved in the case as there are a number of other respondents. No further date has been fixed by the Hon'ble Supreme Court as yet.

ii. UNDER CENTRAL EXCISE ACT

1.	M/s Magnum Papers Limited Vs Commissioner of Central Excise Date of Institution 9.3.2006 Name of the Court Custom Excise Service tax , Appellate Tribunal New Delhi	• By a Show Cause notice no. C.NO.V(IS) Off/Adj/MPL/54/2002/1595 dated 8.10.2002, the Company was asked to show cause to the Additional Commissioner, Central Excise, Ghaziabad, as to why the CENVAT credit on documents issued by first/second stage dealer amounting to Rs. 8,28,510/- for the period August 2000 to October 2001 should not be held as irregular and recovered from the Company. • The Company filed a reply to the Show Cause Notice on 28.11.2002. • An Order no. 18/Adc/JC/04 dated 31.3.2004 was passed by the Additional Commissioner against the Company wherein it was held that the appellant (MPL) had not contravened the provisions of central excise rules and the CENVAT credit rules, and accordingly the proceedings initiated against Magnum vide the show cause notice was dropped. The Department filed an appeal before the Office of the Commissioner (Appeals), Customs and Central Excise, Meerut on the ground that in the adjudication the Additional Commissioner has incorrectly interpreted the CBEC Circular No. 96/7/95-CX dated 13.2.1995. Commissioner (Appeals) held that the Additional Commissioner had erred in interpretation and that the credit of Rs. 8.28 lakhs taken by MPL was inadmissible and ordered for the recovery of the said amount under Rule 57AH of the erstwhile Central Excise Rules, 2001 along with the interest on the above amount u/s	Rs. 8.28 lakhs and interest U/s 11AB of Central Excise Act, 1944	Department has filed an appeal before Hon'ble High Court Allahabad. No date for hearing of the matter has been fixed by the Hon'ble High Court yet.

		11AB of the Central Excise Act, 1944. Appeal was made by the Company to the Custom Excise & Service Tax Appellate Tribunal, filed on 9.3.2006 by the Company. The Tribunal vide its Order dated 2.6.2006 decided in favour of the Company by setting aside the impugned order. The Commissioner of Customs & Central Excise, Ghaziabad has filed an Appeal before the Hon;ble High Court of Allahabad u/s 35-G of Central Excise Act.		
2.	M/s Magnum Papers Ltd Vs Central Excise Department Date of Institution: 31.03.2006 Name of the Court: Joint Commissioner Central (AE) Excise, Ghaziabad	• Show cause notice was issued to the Company no. 26/05-2006 dated 31.03.06 by the Office of the Commissioner , Customs and Central Excise , Ghaziabad for the reply of the Company asking why : • The amount of Service Tax of Rs. 11,38,294.00 should not be demanded and recovered from them under proviso to section 73 of the Finance Act , 1994 on taxable value of Rs. 1,75,14,441.00 • The Company should not be asked to pay interest under Section 75 Finance Act, 1994 on the service tax payable. • Penalty should not be imposed upon them under Sections 75, 76 & 78 of Finance Act, 1994.	Rs.11.38 lakhs and interest	No date of hearing has been fixed.

B. BY THE COMPANY

UNDER TRADE TAX ACT

Sl. No.	Case Title/ Date of Institution/ Forum	Particulars of the case	Amount Involved (In Rs.)	Present Status
1.	Civil Misc. Writ Petition no.17 of 2004 Magnum Papers Limited Vs. State of U.P and Others Date of Institution: 8.1.2004 Name of the Court: High Court of Allahabad	In accordance with the provisions of Section 4-A of the U.P Trade Tax Act, providing for the grant of exemption from payment of tax in respect of the expansion undertaken, notification no. 780 dated 31.3.1995 was issued by the State Government for providing grant of exemption from payment of tax with respect to the units which the Company has undertaken for expansion on the turnover which is in excess of the base production. Company has filed Writ Petition against: 1) The process of re-assessment of tax	6.17 lakhs	The Hon'ble High Court Allahabad has on 8.1.2004 vide its order granted stay against the reassessment proceedings in pursuance of notice dated 25.11.2003 u/s 21 of UP Trade Tax Act and directed the standing counsel of the

		liability of the Company in pursuance issue of notice dated 25.11.2003 u/ s 21 of the UP Trade Tax Act. 2) For quashing the circular of CST/UP dated 25.1.2003 regarding the non-inclusion of stock transfer in achieving base production u\s 4A of UP Trade Tax Act.		Government to file the counter affidavit within three weeks. No further date has been fixed by the Hon'ble Court yet.

C. LITIGATIONS RELATING TO CLAIMS UNDERS MOTOR VEHICLE ACT

Sl. No.	Case Title/ Date of Institution/ Forum	Particulars of the case	Amount Involved (In Rs.)	Present Status
1.	Petition No. 477/03 before the Motor Accident Claim Tribunal, Delhi	Claim for compensation under Sections 166 and 140 of the Motor Vehicle Act, 1988 due to accident between Company's vehicle and a Delhi Police Van on 25/2/1988. An accident occurred between the Company's vehicle and a Delhi Police Van on 25/2/1988 resulting in the death of 3 persons comprising two police personnel and one Nigerian national. A Delhi Police Head Constable was injured.	The vehicle was insured with a comprehensive insurance policy with National Insurance Company Ltd. Hence, no financial liability shall devolve upon the Company as the liability, if any, is payable by the Insurance company. Claim amount is Rs. 27,09,200	Application for claim has been filed separately by each of the legal heirs of the deceased. Company has filed its written statement. Meanwhile National Insurance Co. Ltd has moved the Delhi High Court by filing a Suit/Petition under Article 227 of Constitution of India for quashing/setting aside the order dated 7.12.2006 passed by MACT, Tis Hazari Courts, Delhi in connection with Suit/Petition o. 414 of 2006 titled Commissioner of Police V/s Rajinder Kumar & Ors. The Insurance company has also filed Civil Misc. (Main) Application in Petition 618/06 with the Hon'ble High Court of Delhi praying for setting aside the order. The Hon'ble High Court of Delhi has listed the next hearing for 21.9.2007.
2.	MAC No. 420 of 2006 with Motor Accident Claim Tribunal, Delhi, Agra	Claim for compensation under section 166 and 140 of Motor Vehicle Act, 1988 due to accident between Company's vehicle and a Tanker. An	The vehicle was insured with a comprehensive insurance policy with IFFCO Tokyo General	Company has filed its written statement. The Company is no longer appearing in the matter as it has

		accident occurred on 20.8.2005 between company's Tanker and a Vehicle resulting in death of the driver of the vehicle. Application for claim has been filed by the widow of the deceased with MACT, Agra.	Insurance Co. Ltd. Hence, no financial liability shall devolve on the company as the liability, if any, is payable by the Insurance company. Claim amount is Rs. 10 lakhs.	no liability, being fully insured.
3.	MAC No. 82/2005 with Motor Accident Claim Tribunal, Delhi, Delhi	Claim for compensation under section 166 and 140 of Motor Vehicle Act, 1988 due to accident between Company's vehicle and a Tractor. The accident occurred on 14.2.2005 between company's vehicle and a tractor resulting in injury to the petitioner who was standing nearby. Application for claim has been filed by the petitioner with MACT, Delhi.	Insurance Company Ltd. Hence, no financial liability shall devolve on the company as the liability, if any, is payable by the Insurance Company. The Petitioner has claimed an amount of Rs. 15 lakhs.	Company has filed its written statement on 18.7.2005. The Company is no longer appearing in the matter as it has no liability, being fully insured. The Honourable Court passed an award on 11.4.2007 granting relief to the Mr. Shankar Kumar, the petitioner, of Rs. 91,000/- along with interest @ 8% p.a. payable by the Insurance Company from the date of filing till realization. As per the Order, the Insurance company has the right to recover the above payment from Magnum.

D. LITIGATIONS OF COMPANIES PROMOTED BY THE PROMOTERS/DIRECTORS OF MAGNUM

Sl. No.	Case Title/Date of Institution/Forum	Particulars of the case	Amount Involved (Rs.)	Present Status
1.	Case No. 184/06 Shri M.C.Mittal Vs. M/s Bachins India Private Limited A 35/1 Site IV, Industrial Area, Sahibabad, Ghaziabad, UP & Shri Praveen Jain, Director M/s Bachins India Private Limited 3/4326, Ansari Road,Darya Ganj,New Delhi	Suit for Recovery of Rs. 4,00,000/- (Rupees Four lakhs only) alongwith pendentelite and future interest @ 18% per annum besides cost of the suit. The plaintiff has claimed that he had deposited a sum of Rs. 3.15,lakhs with Bachins India, carrying interest @ 18% p.a. since 31.3.2005 and had demanded his deposit back several times but his amount was not refunded. Hence this recovery suit.	Rs. 4,00,000/- (inclusive of Principal of Rs. 3,15,000/- and interest of Rs. 85,000/- for the period from 31.3.2005 to 30.9.2006)	Notice from the Court received in March 2007. First date of hearing fixed for 29th March 2007. Written statement has been filed. Next date of hearing is 19.9.2007.

	Court : Addl. District & Sessions Judge, Tis Hazari Courts, Delhi. (Bachins India Pvt. Ltd. was a subsidiary company of Magnum Ventures Limited. The company has since been merged with Magnum Ventures Limited w.e.f. 1.4.2006 in terms of Order dated 1.11.2006 of the Hon'ble Delhi High Court .			

AGAINST OR BY THE PROMOTERS:

Except for the above mentioned case filed by Mr. M.C. Mittal against M/s Bachins India Private Limited, and Mr. Praveen Kumar Jain as a promoter of M/s Bachins India Private Limited, there are no other cases / litigations filed by or against the promoters (i.e., Mr. Praveen Kumar Jain, Mr. Pradeep Kumar Jain, Mr. Parmod Kumar Jain and Mr. Vinod Kumar Jain). There are no pending litigations by or against the directors, or group companies.

In terms of Clause 6.11.1.1 (g), as at March 31, 2007, except for the following Creditors, the Company does not owe a sum exceeding Rs. 1 lakh to a Small Scale Undertaking or any other creditor, which is outstanding for more than 30 days:

Detail of Sundry Creditors (More than 30 days) as on 31st March, 2007

Sl.	Name of Party	Address	Nature of Credit	O/s Amount More than 30 Days (Rs. In Lacs)
1.	ABB Ltd. (Haryana)	14, Mathura Road Faridabad - 121 003	Machinery	77.71
2.	A.B.Engg.Industries (Aurangabad)	Plot no. 5 & 6, Phase II Peenya Industrial Area, Bangalore- 560058	Machinery	2.16
3.	Aureole Rubbers (P) Ltd (Delhi)	C-582, III Floor Saraswati Vihar, Pitam Pura, Delhi-34.	Chemical	5.47
4.	Bharat Pipe & Saintary Store (Ghaziabad)	G .T Road, Ghaziabad (UP)	Consumable Stores	2.25
5.	Bharat Shell Ltd. (Ghaziabad)	B-37, Sector-1, Tower-A, IIIrd Floor, Noida.	Lubricant	2.75
6.	Chandra Industrial Co. P.Ltd. (Ghaziabad)	C-109, B.S Road Industrial Area, Ghaziabad , U.P.	Packing Material	1.08
7.	Creative Engineers (Kanpur)	322, D Block, Shyam Nagar Kanpur – 208013	Consumable Stores	1.69
8.	Gita Flopumps India P.Ltd. (Saharanpur)	Gita Compound, Paper Mill Road, Saharanpur (UP)	Spare Parts	1.59
9.	Goel Dyes & Chemicals (Mzr' Nagar)	204/7 Patel Nagar, Muzzafarnagar - 251001 (UP)	Chemical	2.64
10.	Gulshan Sugar & Chemicals Ltd. (Muzaffarnagar)	381, Patpar Ganj Ind. Area Delhi-92	Chemical	11.72
11.	House of Plastics (Gurgaon)	Shop NO-2, G.D Plaza, Meharauli Road Gurgaon, (Haryana)	Packing Material	1.67
12.	Hukam Chand Durga Prasad	254, Katra Peran	Chemical	14.31

	(Delhi)	Tilak Bazar, Delhi.		
13.	Indo Precision Industries (Faridabad)	J-59 DLF Sector-10 Near Jain Mandir, Faridabad	Machinery Maintenace	1.35
14.	Indo Textiles Meerut	Near Paswara House, New Dev Puri, Baghpat Road Meerut (UP)	Consumable Stores	1.06
15.	Ions Filtech P.Ltd. (Delhi)	Plot no. 190, Tunda Nagar, Johripur, Delhi.	Chemical	5.97
16.	JVD Cera Coating & Colour (P) Ltd. Ghaziabad	R. K House, Room No 113, W.P 504, Shiv Market, Ashok Vihar, Delhi-52	Chemical	1.11
17.	Kissan Paper Chem Muzaffar Nagar	Industrial Area, 20, Chunki (B-2 Industrial Estate Muzaffarpur - 251001(UP)	Chemical	1.22
18.	Macawber Beekey P.Ltd.	10, K M, Stone Dadri Road, Greater Noida (UP).	Machinery	1.62
19.	Matrix Minerals & Chemicals Bhilwara	S-14 , Apsra Complex, Azad Market, Bhilwara, 311001, (RAJ)	Chemical	3.71
20.	Max Ion Engineers (Delhi)	46, Anand Nagar , Inderlok Delhi – 35	Chemical	7.18
21.	Modinagar Rolls Ltd. Modinagar	Major Asha Ram Road, Modinagar, Ghaziabad.	Machinery Maintenace	9.02
22.	Nlc Nalco India Ltd (Delhi)	233, SFS, Flats Ground Floor, Rajouri Apartment, Rajouri Garden, New Delhi-110067	Chemical	17.32
23.	Paras Minerals & Alloys (Delhi)	N-1A/27, Kirti Nagar, N Delhi -15	Chemical	5.61
24.	Parasnath Associates (Delhi)	1768/67, II Floor, S.Paul Building, Bhagirath Place, Delhi	Consumable Stores	1.06
25.	Porrits & Spencer (Asia) Ltd. Faridabad	113/114A, Sector 24, Faridabad -121005 (Haryana)	Spare Parts	24.01
26.	Premium Energy Transmission Ltd Parganas	Thapar House, 124 Janpath, New Delhi - 110001 , India	Machinery	10.74
27.	Quadrant EPP Surlon India Ltd	Plot No, 54/11, Site IV, Ind. Area, Sahibabad G.Z.B (UP)	Spare Parts	2.56
28.	Rolex Engg. Co. (Saharanpur)	Railway Road, Saharanpur (UP)	Machinery	1.69
29.	Saket Paper Products P Ltd Delhi	45- A, DDA Flate, Sundri Road, N Delhi.	Waste Paper	60.52
30.	Satyam Trading Corporation Delhi	3856/4, Shah Ganj Sardanand Marg, Delhi-06	Consumable Stores	2.31
31.	S.D.Sharma & Co. (Delhi)	58, G.B Road, Delhi 06	Chemical	1.27
32.	Shalimar Wires Industries Ltd. Hooghly	909, Ansal Bhawan, 16, Kasturba Gandhi, N Delhi.	Spare Parts	26.35
33.	Shree Conveyor System	5224/1-4, Nigam Market, G B Road, Sradhanand Marg, Delhi.	Machinery	11.16
34.	Shyam Power Tech	2264-B, Hill Road, Talaja Road, Bhavnagar, Gujrat.	Machinery	9.46
35.	Strapex India Ltd (Haveli)	Saraswati Business P. Ltd, AD Pitampura Delhi.	Machinery	1.56
36.	S.V. Traders Delhi	920/8, Chhota Chipiwara, Mela Room House, II Floor, Chawri Bazar Delhi, - 06	Waste Paper	1.96
37.	Techmech Electricals, Delhi	1540-A,Baghirath Place , Delhi	Consumable Stores	2.85
38.	Udaipur Minerals Development Syndicate P. Ltd.	B-40 Golcha Square, Azad Marg C- Scheme, Jaipur.	Chemical	4.20
39.	Umrao Singh Pawan Kumar Delhi	254, Katra Peran, Tilak Bazar, Delhi -06	Chemical	1.25
40.	Mudita Oil Carrier	II A,296 Nahru Nagar , Ghaziabad, (UP)	Transport	1.15

41.	Shriniwasa Roadways P. Ltd.	122 Waltex Road , Chennai – 600 003	Transport	5.61
	Total			**349.92**

The promoters, members of the promoters group, issuer, and companies/firms promoted by promoters are not detained as willful defaulters by the Reserve Bank of India/Government authorities and there are no violations of securities laws committed by them in the past or pending against them.

ii. MATERIAL DEVELOPMENTS

In the opinion of the Board of Directors of the Company, there have not arisen, since the date of the last financial statement disclosed in the Red Herring Prospectus, any circumstances that materially or adversely affect or are likely to affect the profitability of the Company or the value of its assets or their ability to pay their material liabilities within the next twelve months.

iii. GOVERNMENT APPROVALS/LICENSING ARRANGEMENTS

As per Notification No. FEMA 20 / 2000 - RB dated 3rd May 2000, as amended from time to time, under automatic route of Reserve Bank, the Company is not required to make an application for Issue of Equity Shares to NRIs/FIIs with repatriation benefits. However, the allotment / transfer of the Equity Shares to NRIs/FIIs shall be subject to prevailing RBI Guidelines. Sale proceeds of such investments in Equity Shares will be allowed to be repatriated along with the income thereon subject to the permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws.

The Company has all the necessary licenses, permissions and approvals, as may be applicable, from the Central and State Governments and other government agencies/certification bodies required for the business and no further approvals are required by the company, except those mentioned separately hereunder, and those approvals that may be required to be taken from any government or any other authority in the normal course of business from time to time to continue the activities, and those mentioned under the heading Risks Envisaged.

The Company does not require any other approvals or renewals pertaining to land, except as mentioned specifically hereunder.

It must, however be, distinctly understood that in granting the below-mentioned approvals, the Central Government, State Government, RBI and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

In view of the approvals listed below, the Company can undertake this Issue and its current and proposed business activities and no further material approvals are required from any Government authority to continue such activities.

PAPER UNIT:

Sl. No.	Name of Registration	Licence/ Registration No. & Date	Name of Issuing Authority/Department
1.	Industrial Entrepreneur Memorandum in respect of the following items and quantities: Duplex Board Coated/ Uncoated: Existing Capacity 25000 MT Writing & Printing Paper Creamo Wove Paper: Existing Capacity 28000 MT Photocopying Paper Computer Paper: Existing Capacity 5000 MT Duplex Board, White Diamond Graphic Board: Existing Capacity 12000 MT Wrapping/ Packaging Paper: Existing Capacity 5000 MT Paper Lamination & Ruling Paper: Existing Capacity 10000 MT	No. 288/SIA/IMO/2006 dated 27.6.2006	Secretariat of Industrial Assistance, Ministry of Commerce & Industry

2.	Central Sales Tax Registration	No. GD 5116831 dated 2.7.1980	Central Sales Tax Department
3.	U.P. Value Added Tax Registration	No 09288800100 dated 22.6.2007	Dy. Commissioner U.P. Trade Tax Department
4.	3B Registration (UP Recognition Certificate)	No. GD 3812 dated 4.1.1995	U.P. Trade Tax Department
5.	Central Excise Registration Certificate under Central Excise Act, 1944 for Unit I located at 18/29, 18/30 & 18/31, Site IV, Industrial Area, Sahibabad, Ghaziabad, Uttar Pradesh	No. AAACM-6054-HXM-001 dated January 5, 2007.	Office of the Assistant Commissioer, Central Excise Division-III Department of Central Excise, Ghaziabad, Uttar Pradesh
6.	Central Excise Registration Certificate under Central Excise Act, 1944 for Unit II located at 18/41, Site IV, Industrial Area, Sahibabad, Ghaziabad, Uttar Pradesh	AAACM-6054-HXM-002 dated January 5, 2007.	Office of the Assistant Commissioer, Central Excise Division-III Department of Central Excise, Ghaziabad, Uttar Pradesh
7.	Service Tax Registration No. for "Transport of Goods by Road" for Unit I located at 18/29, 18/30 & 18/31, Site IV, Industrial Area, Sahibabad, Ghaziabad, Uttar Pradesh	AAACM-6054-HST-001 dated January 1, 2007	Superintendent (Service Tax) Office of the Assistant Commissioer, Central Excise Division-III Department of Central Excise, Ghaziabad, Uttar Pradesh
8.	Service Tax Registration No. for "Transport of Goods by Road" for Unit II located at 18/41, Site IV, Industrial Area, Sahibabad, Ghaziabad, Uttar Pradesh	AAACM-6054-HST-002 dated January 17, 2007	Superintendent (Service Tax) Office of the Assistant Commissioer, Central Excise Division-III Department of Central Excise, Ghaziabad, Uttar Pradesh
9.	Boiler Licence: NOC for working of boiler at the maximum working pressure of 10.55 kg/cm2.	UP/5791 dated 7.8.2006 Valid upto: 6.8.2007	Assistant Director of Boilers, U.P., Kanpur.
10.	Boiler Licence: NOC for working of boiler at the maximum working pressure of 10.55 kg/cm2.	UP/5054 dated 10.7.2007 Valid upto: 6.7.2008	Assistant Director of Boilers, U.P., Kanpur.
	Boiler Licence: NOC for working of boiler at the maximum working pressure of 10.5 kg/cm2.	UP/5877 dated 1.9.2006 Valid upto: 31.8.2007	Assistant Director of Boilers, U.P., Kanpur.
11.	Boiler Licence: NOC for working of boiler at the maximum working pressure of 11.25 kg/cm2.	UP/5835 dated 15.5.2007 Valid upto: 4.5.2008	Deputy Director of Boilers, U.P., Kanpur.
12.	Boiler Licence: NOC for working of boiler at the maximum working pressure of 11.25 kg/cm2.	UP/5294 dated 7.8.2006 Valid upto: 6.8.2007	Assistant Director of Boilers, U.P., Kanpur.
13.	Boiler Licence: NOC for working of boiler at the maximum working pressure of 77.8 kg/cm2.	UP/6012 dated 20.6.2007 Valid upto: 7.6.2008	Deputy Director of Boilers, U.P., Kanpur.
14.	Registration to run the Paper manufacturing factory at 18/31, Site IV, Industrial Area, Sahibabad, Ghaziabad, U.P.	Regsitration No. GZB-873 Validity: 1.1.2007-31.12.2007	Deputy Director of Factories, U.P., Ghaziabad.
15.	Registration to run the Paper manufacturing factory at 18/41, Site IV, Industrial Area, Sahibabad. Ghaziabad, U.P., valid up to December 31, 2007.	Regsitration No. GZB-3517 Validity: 1.1.2007-31.12.2007	Deputy Director of Factories, U.P., Ghaziabad.
16.	Inspection Report for 1820 KVA Generator Set installed at premises of factory at 18/31, Site IV, Industrial Area, Sahibabad, Ghaziabad	Inspection Report No. 2232 dated 11.2.2002	Deputy Director of Electrical Safety Ghaziabad

17.	Inspection Report for 3x1250 KVA and 3x625 KVA Generator Set installed at premises of factory at 18/41, Site IV, Industrial Area, Sahibabad, Ghaziabad	Inspection Report No. 1743 dated 11.2.2001	Deputy Director of Electrical Safety Ghaziabad
18.	Inspection Report for 2335 KVA medium voltage Generator Set installed at premises of factory at 18/41, Site IV, Industrial Area, Sahibabad, Ghaziabad	Inspection Report No. 1742 dated 11.2.2001	Deputy Director of Electrical Safety Ghaziabad
19.	Inspection Report for 2 MVA Generator Set & Turbine 4.5 MV Set installed at premises of factory at 18/41, Site IV, Industrial Area, Sahibabad, Ghaziabad	Inspection Report No. 1044 dated 13.9.2005	Deputy Director of Electrical Safety Ghaziabad
20.	Service Tax Registration Number of Contractors (Labour) in favour of Mr. Yadram.	ST No. AFTPR 6917 FST 001	Superintendent (Service Tax) Central Excise Ghaziabad
21.	Service Tax Registration Number of Contractors (Labour) in favour of Mr. Vishwnath Pandit.	ST No. AELPJ 1774 KST 001	Superintendent (Service Tax) Central Excise Ghaziabad
22.	Service Tax Registration Number of Contractors (Labour) in favour of Mr. Sanjay Kumar Singh.	ST No. AYUPS 6171 LST 001	Superintendent (Service Tax) Central Excise Ghaziabad
23.	Service Tax Registration Number of Contractors (Labour) in favour of Mr. Bageshwar Shukla.	ST No. AUNPS 8394 NST 001	Superintendent (Service Tax) Central Excise Ghaziabad
24.	Service Tax Registration Number of Contractors (Labour) in favour of Mr. Chaman Khan.	ST No. ALXPK 8260 EST 001	Superintendent (Service Tax) Central Excise Ghaziabad
25.	Permanent Account Number	AAACM-6054-H	Income Tax Department, Government of India
26.	Tax Deduction Account Number	DELMO-8792-A	National Securities Depository Limited, Mumbai.
27.	Licence to import and store Petroleum in installation at 18/31, Site IV, Industrial Area, Sahibabad, Ghaziabad.	No. P/HQ/UP/15/1959(P181395) dated 15.7.1998 Import limit: 10 Kilo Ltr Valid up to 31.12.2009	Chief Controller of Explosives Ministry of Commerce & Industry Petroleum & Explosives Safety Organisation (PESO) Nagpur
28.	Licence to import and store Petroleum in installation at 18/41, Site IV, Industrial Area, Sahibabad, Ghaziabad.	No. P/HQ/UP/15/1271 (P8664) dated 15.7.1998 Import limit: 20 Kilo Ltr Valid up to 31.12.2008	Chief Controller of Explosives Ministry of Commerce & Industry Petroleum & Explosives Safety Organisation (PESO) Nagpur
29.	Factory Licence	Regn. GZB-873 for Unit I: Site 18/31 Valid upto 31.12.2007 Regn. GZB-3517 for Unit I: Site 18/41 Valid upto 31.12.2007	Deputy Director of Factories Ghaziabad Distt. Ghaziabad U.P.
30.	Certificate of Importer-Exporter Code (IEC)	IEC No. 0590005375 dated 7.12.1998 (Issued in the name of Magnum Ventures Ltd on 5.1.2007)	Jt. Director General of Foreign Trade, Ministry of Commerce, Government of India
31.	Air Consent u/s 21 of Air (Prevention & Control of Pollution) Act, 1981 from Uttar Pradesh, Pollution Control Board for 18/31 Site IV, Industrial Area, Sahibabad, Ghaziabad.	F13495-C-1/Air Pollution/G-274/2007/12 dated 8.3.07 Validity: 1.1.2007 to 31.12.2007	U.P. Pollution Control Board, PICUP Bhavan Gomti Nagar Lucknow
32.	Air Consent u/s 21 of Air (Prevention & Control of	F13505-C-1/Air Pollution/G-	U.P. Pollution Control Board, PICUP Bhavan

	Pollution) Act, 1981 from Uttar Pradesh, Pollution Control Board for 18/41 Site IV, Industrial Area, Sahibabad, Ghaziabad.	872/2007/dated 8.3.07 Validity: 1.1.2007 to 31.12.2007	Gomti Nagar Lucknow
33.	Water Consent u/s 25-26 of the Water (Prevention & Cotrol of Pollution) Act, 1974 for 18/41 Site IV, Industrial Area, Sahibabad, Ghaziabad.	F13487 C-1/Water Consent/G-127/2007/23 dated 8.3.2007. Validity: 1.1.2007 to31.12.2007.	U.P. Pollution Control Board, PICUP Bhavan Gomti Nagar Lucknow
34.	Water Consent u/s 25-26 of the Water (Prevention & Cotrol of Pollution) Act, 1974 for 18/31 Site IV, Industrial Area, Sahibabad, Ghaziabad.	F13494 C-1/Water Consent/G-615/2007/ 44 dated 8.3.2007. Validity: 1.1.2007 to 31.12.2007	U.P. Pollution Control Board, PICUP Bhavan Gomti Nagar Lucknow
35.	Employees Provident Fund Registration	PF Code No. Unit I & II: UP-13415	Office of Regional Provident Fund Commissioner, Ghaziabad, Uttar Pradesh
36.	Employees State Insurance Registration	License No. 21-6780-82	Office of Regional Director, ESIC
37.	Licence under Contract Labour (Regulation and Abolition) Act, 1970	259/202 dated 16.10.2002	Additional Labour Commissioner, Ghaziabad, UP.
38.	No Objection Certificate from the Fire Department		The Company has, vide its letter dated 25.4.2006, applied to the Fire Station Incharge, Sahibabad, Ghaziabad for fire clearance pertaining to Units 18/31 and 18/41.
39.	Permission to use Generating Set located at Unit 18/29-30	No.1744, Dated 11-12-2001 Capacity: 1605 K.V.A.	Deputy Director, Electric Safety, U.P. Government, Ghaziabad
40.	Permission to use Transformer located at Unit 18/31	No. 10104 dated 23-3-1996 Capacity: 900 K.V.A.	Assistant Director, Electric Safety, U.P. Government, Ghaziabad
41.	Permission to use Generating Sets located at Unit 18/29-30	No. 1745, Dated 11-12-2001 4 generator sets with following capacity: 1250 K.V.A. 625 K.V.A. 380 K.V.A. 320 K.V.A.	Deputy Director, Electric Safety, U.P. Government, Ghaziabad
42.	Certificate under Standards of Weights & Measures Act for 21 nos. of equipment	No. 771336 dated 26.6.2007 in favour of the Magnum Ventures Ltd at A 40/2, Site IV Capacity of the Electronic Weigh Bridge (S.No. 22396) : 60000 Kgs. Capacity of twenty C.I.nt: 50 Kgs. each	Senior Inspector, Office of the Controller of Legal Metrology (Weights & Measures)
43.	Certificate under Standards of Weights & Measures Act for Steelyard Type Weigh Bridge	No. 061554 Dated 25.09.06, Capacity: 40000 Kgs.	Senior Inspector, Office of the Controller of Legal Metrology (Weights & Measures)
44.	Certificate under Standards of Weights & Measures Act for Electronic Weigh Bridge	No. 771327 dated 25.6.2007, in favour of the Magnum Vetures Ltd at A 35/1, Site IV S.No. 22411 Capacity: 80000 Kgs.	Senior Inspector, Office of the Controller of Legal Metrology (Weights & Measures)
45.	Certificate under Standards of Weights & Measures Act for Electronic and Steelyard Type Weigh Bridge Both and for P/M	No. 494312 dated 23.12.2006. Capacity of Electronic and Steelyard Type	Senior Inspector, Office of the Controller of Legal Metrology (Weights & Measures)

	Capacity Proweight Type	Weigh Bridge Both: 25000 Kgs. Capacity of Proweight Type: 500Kgs.	
46.	Certificate under Standards of Weights & Measures Act for 6 nos. of equipment	No. 494313 & 494314 dated 23.12.2006 Capacity of Steelyard Type P/M Capacity: 1000 Kgs. Capacity of Weighbridge: 40000 Kgs. Capacity of two Dial Type P/M Capacity: 100 Kgs. Capacity of Electronic Scale Capacity: 30 Kgs. Capacity of Electronic Scale Capacity: 100 Kgs.	Senior Inspector, Office of the Controller of Legal Metrology (Weights & Measures)
47.	Certificate under Standards of Weights & Measures Act for 24 nos. of equipment	No. 771306 dated 21.6.2007, Capacity of Three Steelyard Type Capacity: 1000 Kgs., 500 Kgs. And 300 Kgs. Capacity of One Electronic Weighbridge (S.No. 22397): 60000 Kgs. Capacity of twenty C.I.nt: 50 Kgs. Each	Senior Inspector, Office of the Controller of Legal Metrology (Weights & Measures)
48.	Certificate under Standards of Weights & Measures Act for Electronic Digital Scale	No. 061553 Dated 25.09.06 Capacity: 60 Kgs.	Senior Inspector, Office of the Controller of Legal Metrology (Weights & Measures)
49.	Contract Labour (Regulation & Aboliition) Act 1970	Licence No. 4/2002 Valid upto 11.04.08	Asst. Labour Commissioner State Government, UP
50.	Contract Labour (Regulation & Aboliition) Act 1970	Licence No. 15/2002 Valid upto 15.10.07	Asst. Labour Commissioner State Government, UP
51.	Contract Labour (Regulation & Aboliition) Act 1970	Licence No. 22/2000 Valid upto 23.10.07	Asst. Labour Commissioner State Government, UP
52.	Contract Labour (Regulation & Aboliition) Act 1970	Licence No. 11/95 Valid upto 20.11.07	Asst. Labour Commissioner State Government, UP
53.	Contract Labour (Regulation & Aboliition) Act 1970	Licence No. 03/2003 Valid upto 06.02.08	Asst. Labour Commissioner State Government, UP

HOTEL UNIT:

The proposed Hotel is to become operational from January 1, 2009. The following Licences, approvals and permissions are to be obtained by the Company. The Company intends applying for requisite licences and approvals at appropriate time during the course of the implementation of the project.

Sl. No.	Name of Registration	Name of Issuing Authority/Department	Status
1.	Approval of Change of Land Use, Approval of FAR, and Building Plan	Regional Manager, UP State Industrial Development Corporation Ltd.	Application dated 4.5.2006 pending.
2.	Building Completion and Occupancy Certificate	UP State Industrial Development Corporation Ltd.	To be applied after completion of Building.
3.	NOC from Uttar Pradesh, Pollution Control Board	U.P. Pollution Control Board	NOC received from UPPCB vide letter no. 2398/M-86/NOC-15/2006 dated 13.06.06.

4.	Air Consent from Uttar Pradesh, Pollution Control Board *	U.P. Pollution Control Board	To be obtained 2 months prior to production
5.	Water Consent for the year under Water Pollution Control Act, 1974 *	U.P. Pollution Control Board	To be obtained 2 months prior to production
6.	N.O.C under Uttar Pradesh Roadside Control Act	District Magistrate	Applied vide letter dated 17.11.2006
7.	N.O.C from Police Authorities	Senior Superintendant of Police Ghaziabad	Applied vide letter dated 03.08.06
8.	Certificate from Police Department authorizing running of Hotel	Senior Superintendant of Police	Pending
9.	N.O.C for Height clearance of Building (33 metres)	Central Registry, HQ Hindon Air Force Station Hindon, Ghaziabad	Applied vide letter dated 5.1.2007
10.	N.O.C from Fire Department *	U.P. Fire Service Department, Meerut	Applied vide letter dated 25.4.2006. The Department has sought compliance o various issues vide their letter no. I-1/FS/06 dated 25.5.2006.
11.	N.O.C for coverage of Drainage	Nagar Nigam, Ghaziabad	Permission received from Nagar Nigam vide letter no. Construction/1069/3 dated 14.5.2007
12.	Construction of Culverts (Pullias)	Nagar Nigam, Ghaziabad	Permission received from Nagar Nigam vide letter no. Construction/1069/3 dated 14.5.2007
13.	Allotment of space parallel to boundary wall for maintenance for the period 29.12.06 to 28.12.07 (For construction of service road subject to approval of PWD)	Nagar Nigam, Ghaziabad	Space allotted by Nagar Nigam on 27.12.2006
14.	Certificate regarding registration as Hotel	Nagar Nigam, Ghaziabad	Pending
15.	Certificate from Health Officer giving clearance for sanitary and hygienic condition	Nagar Nigam, Ghaziabad	Pending
16.	Approval of plumbing and sanitary systems	Nagar Nigam, Ghaziabad	Pending
17.	Garbage Disposal and Sewage system disposal	Nagar Nigam, Ghaziabad	Pending
18.	Restaurant Licence	Nagar Nigam, Ghaziabad	Pending
19.	Operation of Laundry	Nagar Nigam, Ghaziabad	Pending
20.	N.O.C for Construction of Culverts (Pullias)	National Highways Authority of India (NHAI); Public Works Department (PWD)	Pending
21.	Bar Licence /Liquor Licence	Excise Department	Pending
22.	Insurance (Public Liability)	Insurance Company	Pending
23.	Power Sanction (Initial Load)	UP State Electricity Board	Pending
24.	Installation of LIFTS	Electricity Department	Pending

25.	Money Changer's Licence	Reserve Bank of India	Pending
26.	GAS Bank (Storage of Fuel)	Inspector of Explosives	Pending
27.	Sanction of PLG/Furnace Oil	IOC/HPCL/BPCL	Pending
28.	Boiler Installation	Director of Boiler Inspector	Pending
29.	D.G. Set Installation	Electricity Board	Pending
30.	Luxury Tax	State Government	Pending
31.	Hotel Transport	Regional Transport Office	Pending
32.	Cold Storage Installation	Agriculture Department	Pending
33.	Minimum Wages & Shop Establishment Act	Central/State Government Authorities	Pending
34.	Service Tax	Excise Department	Pending
35.	Prevention of Food Adulteration Act	Local Authority/State Health Department	Pending
36.	Employees State Insurance	ESIC	Pending
37.	Employees Provident Fund	Office of Regional Provident Fund Commissioner	Pending
38.	Factories Act	Deputy Director of Works	Pending
39.	Entertainment Tax		Pending
40.	Music in Lobby & Other Public area	Performing Rights Society of India	Pending
41.	Clearance for Import of Capital Goods		Pending
42.	Water Test Reports		Pending
43.	Importer Exporter Code No.		Pending

SECTION VII

OTHER REGULATORY AND STATUTORY DISCLOSURES

1. **Authority for the Issue**

The issue of Equity Shares by the Company has been authorised by the resolution of the Board of Directors passed at their meeting held on January 7, 2006 which was subject to the approval of shareholders through a special resolution to be passed pursuant to Section 81(1A) of the Companies Act. Subsequently, on February 4, 2006, the shareholders approved the Issue at the Extra-Ordinary General Meeting of the Company held at New Delhi. In the EGM of January 24, 2007, the shareholders passed a revised resolution, superseding the previous one, by increasing the limit of funds to be raised under the provisions of Section 81 (1A) of the Act.

2. **Prohibition by SEBI/RBI/Any other Authority**

The Company, its directors, its promoters, Promoter Group, the Group Companies, persons in control of the promoter companies, other companies with which the promoters/directors are associated as directors or as promoters are not prohibited from accessing/operating the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other authority.

Neither the Company nor its directors, associates, promoters, promoters Group companies or relatives of the Promoters have been detained as wilful defaulter by the RBI or government authorities. There are no violations of securities laws committed by any of them in the past or pending against them.

3. **Eligibility of the Company to enter the capital market**

The Company is eligible for the issue as per Clause 2.2.1 of the SEBI (DIP) Guidelines in terms of the certificate issued by M/s Sunil K Mittal & Co., Chartered Accountants, dated July 31, 2007.

- The Company has 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;
- The Company has had a pre-Issue net worth of not less than Rs. 1 crore in each of the three preceding full years;
- The Company has had a track record of distributable profits as per Section 205 of the Companies Act, 1956 for at least three out of the immediately preceding five years;
- The proposed Issue size would not exceed five times the pre-Issue net worth as per the audited accounts for the year ended March 31, 2007;
- The name of the Company was changed from Magnum Papers Limited to Magnum Ventures Limited on November 15, 2006. It does not represent any change in business line or activity, but the Company is diversifying by setting up a hotel business besides the existing paper business.

(Rs. in lakhs)

	For the year ended March 31				
	2003	**2004**	**2005**	**2006**	**2007**
Net Tangible Assets [1]	5,031.37	7,112.95	10,455.06	13,346.36	15,174.78
Monetary Assets [2]	4.67	74.71	18.82	42.82	16.51
Monetary Assets as a % of Net Tangible Assets	0.09	1.05	0.18	0.32	0.11
Net Worth [3]	2567.74	3128.81	3360.60	4165.86	4648.85
Distributable Profits [4]	33.80	114.15	230.96	810.06	827.39

Notes:

1 - *Net Tangible Assets is defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserves), trade investments, current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and long term liabilities).*

2 - *Monetary assets comprise of cash and bank balances, public deposit account with the Government.*

3 - *Net worth has been defined as the aggregate of equity share capital and reserves, excluding miscellaneous expenditures, if any.*

4 - *Distributable profits have been defined in terms of section 205 of the Companies Act.*

The Company undertakes that the number of allottees (i.e., Persons receiving Allotment in the Issue) shall be at least 1000, otherwise, the entire application money will be refunded forthwith. In case of delay, if any, in refund, the Company shall pay interest (on a pro rata basis) on the application money at the rate of 15% per annum for the period of delay , subject to and in accordance with applicable law..

4. **Disclaimers**

SEBI DISCLAIMER CLAUSE:

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA.

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BRLM, SREI CAPITAL MARKETS LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES 2000, IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BRLM IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLM, SREI CAPITAL MARKETS LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 16, 2007 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS 1992 WHICH READS AS FOLLOWS:

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

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

WE CONFIRM THAT:

a. **THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPER RELEVANT TO THE ISSUE;**

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

III. **WE CONFIRM THAT, BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID;**

IV. **WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS; AND**

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

THE FILING OF DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/ 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 BRLM, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

5. **CAUTION STATEMENT /DISCLAIMER STATEMENT FROM THE ISSUER AND BOOK RUNNING LEAD MANAGER:**

The Company, its Directors, BRLM accept no responsibility for statements made otherwise than in the Red Herring Prospectus or the advertisements or any other material issued by or at the instance of the above mentioned entities and any one placing reliance on any other source of information, including the Company's website "www.magnumventures.in would be doing so at his or her own risk.

The BRLM does not accept any responsibility, save to the limited extent as provided in terms of the Memorandum of Understanding entered into between the Company and the BRLM and the Underwriting Agreement to be entered into amongst the Underwriters and the Company.

All information shall be made available by the BRLM and the Company 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 the bidding centres or elsewhere.

The Company and the BRLM are obliged to update the Red Herring Prospectus and keep the public informed of any material changes till the listing and trading commencement.

Neither the Company, the BRLM 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.

6. **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, HUF, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, scheduled commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or Trusts under the applicable Trust Law and who are authorised under their constitution to hold and invest in shares, permitted Insurance Companies and Pension Funds and to permitted non residents including FIIs, NRIs and other eligible Foreign investors This Red Herring Prospectus does not, however, constitute an offer to sell or, an invitation to subscribe to or purchase 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 Red Herring Prospectus comes is required to inform himself or herself about it, and to observe, any such restrictions. Any dispute arising out of this Issue shall be subject to the exclusive jurisdiction of appropriate court(s) in, Delhi, India only.

No action has been or will be taken to permit a public Issue in any jurisdiction where action would be required for that purpose, except that this Red Herring Prospectus has been filed with SEBI for observations and the SEBI has given its observations Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

7. **Disclaimer Clause of the Stock Exchanges**

Disclaimer Clause of Bombay Stock Exchange Limited (BSE) – The Designated Stock Exchange

"**Bombay Stock Exchange Limited** ('the Exchange) has given vide its letter no. DCS/IPO/SI/IPO-IP/824/2006-07 dated March 20, 2007 permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinised this Offer Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

i) warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
ii) warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or

iii) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever."

Disclaimer Clause of The National Stock Exchange Association Limited (NSE)

As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter ref. NSE/LIST/48522-2 dated June 11, 2007 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 scrutinised this 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 this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquires any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever."

8. **Filing of Red Herring Prospectus with the Board and The Registrar of Companies**

A copy of the Draft Red Herring Prospectus, along with the documents required to be filed has been filed with Securities and Exchange Board of India (Head Office), Corporation Finance Department, SEBI Bhavan, Plot No. C4-A, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051. A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered for registration with the RoC, and a copy of the Prospectus, along with the documents required to be filed under Section 60 of the Companies Act, would be delivered for registration with the Registrar of the Companies, Delhi & Haryana, Delhi located at Office of the Registrar of Companies, Delhi & Haryana, IFCI Tower, 4th Floor, Nehru Place, New Delhi – 110 017.

9. **Listing**

Initial listing applications have been made by the Company to the Bombay Stock Exchange Limited (BSE) (Designated Stock Exchange) and the National Stock Exchange of India Limited (NSE) for permission to list the equity shares and for an official quotation of the Equity Shares of the Company.

In case the permission to deal in and for official quotation of the Equity Shares are not granted by the above mentioned Stock Exchanges, the Company shall forthwith repay, without interest, all monies received from applicants in pursuance of the Red Herring Prospectus. If such money is not paid within eight days after the Company becomes liable to repay it (i.e., from the date of refusal or within 70 days from the 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 the date the expiry of 8 days, will be jointly and severally liable to repay the money with interest as prescribed under section 73 of the Companies Act, 1956.

The Company with the assistance of the BRLM shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within seven working days of finalisation of the basis of allotment for the Issue.

10. **Impersonation**

Attention of applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"Any person who

a) **makes in a fictitious name an application to a company for acquiring, or subscribing of any Shares therein, or**
b) **otherwise induces a company to allot, or register any transfer of Shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."**

11. **Consents**

Consents, in writing, of the Directors, Company Secretary, Compliance Officer, Statutory Auditors, Bankers to the Company, Bankers to the Issue, Book Running Lead Manager to the Issue, Legal Advisor to the Issue, and Registrar to the Issue,Syndicate Members, Escrow Collection Bankers and Underwriters to act in their respective capacities, have been obtained and shall be filed along with a copy of the Red Herring Prospectus with the Registrar of Companies, NCT of Delhi & Haryana, Delhi as required under Section 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

M/s Sunil K Mittal & Co., Chartered Accountants, the Company's statutory auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

M/s Sunil K Mittal & Co., Chartered Accountants, the Company's statutory auditors have given their written consent to the inclusion of their report on the tax benefits accruing to our Company and its members in the form and context in which it appears in this Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

12. **Expert Opinion**

Except as stated elsewhere in this Red Herring Prospectus, we have not obtained any expert opinions.

13. **Expenses of the Issue**

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:

(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the ROC)

Sl. No.	**Activity**	**Estimated Amount (Rs. in lakhs)**	**% of Total Expenses**	**% of Total Issue size ***
1.	Fees of BRLM	[•]	[•]	[•]
2.	Underwriting commission	[•]	[•]	[•]
3.	Brokerage & Selling commission	[•]	[•]	[•]
4.	Advertisement & Marketing expenses	[•]	[•]	[•]
5.	Printing and Stationery, Distribution, postage etc	[•]	[•]	[•]
6.	Fees of Registrar to the issue	[•]	[•]	[•]
7.	Other Expenses (including legal fees, filing fees, listing fees, depository charges etc)	[•]	[•]	[•]
8.	Contingencies	[•]	[•]	[•]
	Total	**[•]**	**[•]**	**[•]**

* - Will be incorporated after finalization of Issue price

Fees Payable to the BRLM

The total fees payable to the Book Running Lead Manager (including underwriting commission if any, and brokerage and selling commission) for the issue will be as per the Memorandum of Understanding entered into with SREI Capital Markets Ltd, dated February 16, 2007 a copy of which is available for inspection at the Registered Office of the Company.

Fees Payable to the Registrar to the Issue

The total fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding dated January 24, 2007 signed with the Registrar, a copy of which is available for inspection at our Registered Office. The Registrar will also be reimbursed with all relevant out-of-pocket expenses such as cost of stationery, postage, stamp duty, communication expenses, etc.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post or speed post or under certificate of posting

Others

The total fees payable to the Legal Advisor, Auditors and Tax Auditors will be as per the terms of their respective engagement letters.

14. **Underwriting Commission, Brokerage and Selling Commission**

The Underwriting commission for the Issue would be set out in the Underwriting Agreement, copy of which would be available for inspection at the Registered Office of the Company. Brokerage will be paid on the basis of allotment made against application bearing the stamp of a member of any recognized exchange in India in the broker columns. Brokerage at the same rate shall also be payable to the bankers to the issue in respect of allotment made against applications bearing their respective stamps in the brokers columns.

In case of tampering or over stamping of broker/agents codes on the application form, Issuers decision to pay brokerage in respect will be final and no further correspondence will be entertained in the matter.

15. **Previous Rights and Public Issues, if any**

The Company has not made any previous rights and public issues since inception.

16. **Previous issues of shares otherwise than for cash**

The Company has not made any previous issues of shares for consideration otherwise than for cash.

17. **Commission and Brokerage on Previous Issues**

The Company has not made any previous public or right issue since inception and as such no amount has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription of the equity shares

18. **PARTICULARS IN REGARD TO MAGNUM VENTURES LIMITED AND OTHER LISTED COMPANIES UNDER THE SAME MANAGEMENT WITHIN THE MEANING OF SECTION 370 (1)(B) OF THE COMPANIES ACT, 1956 THAT MADE ANY CAPITAL ISSUE DURING THE LAST THREE YEARS**

There have been no capital issues during last three years either by the Company or any other company under the same management within the meaning of Sec. 370(1)(B) of the Act.

For more details, please refer to the section titled “Financial and Other Information of Companies, Firms, Trusts promoted/controlled by the Promoters” beginning at page no.208 of this Red Herring Prospectus.

19. **Promise Vis-À-Vis Performance – The Company**

This is the first public issue of the Company. Hence Promise vis-à-vis performance is not applicable to us.

Listed Ventures of Promoters

The promoters do not have any listed venture and hence not applicable.

20. **Outstanding Debentures or Bond Issues**

The Company does not have any outstanding debentures or bonds**.**

21. **Outstanding Preference Shares**

The Company does not have any outstanding preference shares.

22. **Stock Market Data for Equity Shares of the Company, if listed**

This being the first public issue of the Company the Equity Shares of the company is not listed on any stock exchange hence no stock market data is available.

23. **Mechanism for Redressal of Investor Grievance**

The Memorandum of Understanding between the Company and the Registrar to the Issue will provide for retention of records with the Registrar to the Issue, Bigshare Services Private Limited, for a period of at least one year from the last date of dispatch of letters of allotment, demat credit, and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to Company and the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application, Depository participant and the respective Syndicate member or collection center where the application was submitted.

All investor complaints that cannot be resolved by the Company Secretary or the Compliance Officer would be placed before the Investors Grievance Committee for resolution. The Company will settle investor grievances expeditiously and satisfactorily.

Disposal of Investor Grievances by the Company

The Company estimates that the average time required by it or the Registrar to the Issue for the redressal of routine investor grievances shall be seven working days from the date of receipt of the complaint. In case of non-routine complaints and where external agencies are involved, the Company or the Registrars will seek to redress these complaints as expeditiously as possible.

The company has appointed, Mr. K. Sitaraman, Vice President (Corporate) & Company Secretary as the Compliance Officer and he may be contacted in case of any pre-issue or post-issue related problems such as non-receipt of allotment advice, refund orders and demat credit, etc. He can be contacted at:

Mr. K. Sitaraman
Magnum Ventures Limited

18/41, Site IV
Industrial Area, Sahibabad
Ghaziabad – 201 010
Uttar Pradesh
Tel.: 91- 0120- 2895200/01/02/03
Fax: 91- 0120- 2895210
Email: ipo@magnumventures.in

24. **Changes in Auditors during last 3 years and, reasons thereof**

The auditors of the Company are appointed (and reappointed) in accordance with provisions of the Companies Act and their remuneration, rights and duties are regulated by section 224 to 233 of the Companies Act.

There have been no changes of the statutory auditors in the last three years. M/s Sunil K Mittal & Co., Chartered Accountants were re-appointed as Statutory Auditors of the Company at the AGM held on May 31, 2007.

25. **Capitalisation of Reserves Or Profits**

The Company has till date not capitalized the reserves or profits, except for the Bonus Issue on 27.5.1995 by offering 11 equity shares for every 6 equity shares held by the then existing shareholders.

26. **Revaluation of assets, if any**

The Company has not revalued its Fixed Assets since incorporation.

SECTION VIII

ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

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

Authority for the Issue

The issue of Equity Shares by the Company was authorised by the resolution of the Board of Directors passed at their meeting held on January 7, 2006, which was subject to the approval of shareholders through a special resolution to be passed pursuant to Section 81 (1A) of the Companies Act. Subsequently, on February 4, 2006, the shareholders approved the Issue at the Extra-Ordinary General Meeting of the Company held at New Delhi. In the EGM of January 24, 2007, the shareholders passed a revised resolution, superseding the previous one, by increasing the limit of funds to be raised under the provisions of Section 81 (1A) of the Act.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Memorandum and Articles of the Company and shall rank pari passu in all respects with the other existing Equity Shares of the Company including rights in respect of dividend. The allotees will be entitled to dividends and other corporate benefits, if any, declared by the company after the date of allotment. For a description of our Articles of Association, please refer to “Main Provisions of the Articles of Association of the Company” on page no. 283 of this Red Herring Prospectus.

Mode of payment of dividend

The declaration and payment of dividends will be recommended by our Board of Directors and our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial condition.

Face Value and Issue Price

The Equity Shares with a face value of Rs.10 each are being offered in terms of this Red Herring Prospectus at an Issue price of Rs. **[•]**, which is **[•]**, times the face value. At any given point of time, there shall be only one denomination for the Equity Shares of the Company subject to applicable laws.

Compliance with SEBI DIP Guidelines

The Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time. In this regard the Company has appointed Mr. K. Sitaraman, Vice President (Corporate) & Company Secretary as the Compliance Officer of the Company.

Rights of the Equity Shareholder

Subject to applicable laws, regulations, rules and guidelines and the Memorandum and Articles of Association, the Equity shareholders shall have the following rights:

- Right to receive dividend, if declared
- Right to receive notice, annual reports, attend general meetings and exercise voting powers, unless prohibited by law
- Right to vote on a poll either in person or by proxy
- Right to receive offers for rights shares and be allotted bonus shares, if announced.
- Right to receive surplus on liquidation.

- Right of free transferability and
- Such other rights, as may be available to a shareholder of a listed public Company under the Companies Act and the Memorandum and Articles of Association.

For a detailed description of the main provisions of the Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation / splitting of Shares, refer to the section titled "Main Provisions of the The Articles Of Association of the Company" on page no. 283 of this Red Herring Prospectus.

Market Lot & Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. Under existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialized form for all investors. As trading in the Equity Shares is compulsorily in dematerialized form, the market lot is one equity share.

Allocation and Allotment of Equity shares through this Issue will be done in electronic form multiples of one Equity Share, subject to a minimum allotment of 200 Equity Shares to the successful bidders.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with competent courts / authorities in New Delhi, India.

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 the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, becoming 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 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/her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the Prescribed form available on request at the registered office of the Company and the Registrars and Transfer Agents of the Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either; -

- To register himself or herself as the holder of the Equity Shares; or
- To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to elect / choose either to register himself or herself or to transfer the Equity Shares, and if the notice is not complied within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment / transfer of Equity Shares in the Issue will be made only in dematerialized mode, there is no need to make a separate nomination with the Company. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require to changing of the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

"If the company does not receive the minimum subscription of 90% of the Issue to public including devolvement of the members of the syndicate, if any, within 60 days from the bid /

date of closure of the issue, the company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the company becomes liable to pay the amount, the company shall pay interest as per Section 73 of the Companies Act, 1956."

Further, in accordance with clause 2.2.2 A of the SEBI Guidelines, we shall ensure that the number of prospective allottees to whom Equity Shares will be allotted will not be less than 1,000.

Arrangements for disposal of odd lots

The Company's shares will be traded in dematerialized form only and the marketable lot is one share. Therefore there is no possibility of odd lots.

Letters of Allotment or Refund Orders

The Company shall give credit to the beneficiary account with depository participants within 2 working days of finalization of the basis of allotment of Equity Shares. In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, the Company further undertakes that:

- Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
- Dispatch of refund orders will be done within 15 days from the Bid/Issue Closing Date;
- Refunds shall be made in the following manner:
  - ❑ In case of applicants residing in any of the centres specified by the SEBI – by crediting of refunds to the bank accounts of applicants through electronic transfer of funds by using ECS (Electronic Clearing Service), Direct Credit, RTGS (Real Time Gross Settlement) or NEFT (National Electronic Funds Transfer), as is for the time being permitted by the Reserve Bank of India;
  - ❑ In case of other applicants – by despatch of refund orders by registered post, where the value is Rs. 1500/- or more, or under certificate of posting in other cases, (subject however to postal rules); and
  - ❑ In case of any category of applicants specified by the SEBI – crediting of refunds to the applicants in any other electronic manner permissible under the banking laws for the time being in force which is permitted by the SEBI from time to time.
- The Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day prescribed time period as mentioned above (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) within 15 days from the date of the closure of the issue.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Restrictions, if any, on Transfer and Transmission of Shares and on their Consolidation/Splitting

For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation/splitting, please refer sub-heading "Main Provisions of the Articles of Association of the Company" starting from page no. 283 of this Red Herring Prospectus.

Application by Eligible NRIs/FIIs registered with SEBI and FVCIs registered with SEBI

It is to be distinctly understood that there is no reservation for Eligible NRIs and FIIs registered with SEBI or FVCIs registered with SEBI. Such Eligible NRIs, FIIs registered with SEBI or FVCIs registered with SEBI will be treated on the same basis as other categories for the purpose of allocation. As per the policy of the RBI, OCBs cannot participate in this Issue.

SECTION VIII

ISSUE INFORMATION

i. ISSUE STRUCTURE

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

Public Issue of 1,76,40,750 Equity Shares of Rs. 10/- each for cash at a price of Rs. **[•]** per equity share for cash aggregating Rs. **[•]** Lakhs being made through a 100% book building process. The Issue will constitute 46.92% of the post-issue paid-up capital of the Company.

Details of the Issue structure is tabulated below:

Particulars	**QIBs**	**Non Institutional Bidders**	**Retail Bidders**
Number of Equity Shares (available for allocation) *	Up to 88,20,375 equity shares	Not less than 26,46,112 equity shares	Not less than 61,74,263 equity shares
Percentage of Issue size available for allocation	Up to 50% of the Issue size shall be available for QIBs out of which 5% shall be available for Mutual Funds	Not less than 15% of the Issue size	Not less than 35% of the Issue size
Basis of Allocation or Allotment if Respective category is Oversubscribed (subject to sectoral cap and specified investment limits)	Proportionate	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 200 equity shares thereafter	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 200 equity shares thereafter	200 Equity Shares and thereafter in multiples of 200 thereafter
Maximum Bid	Not exceeding the Issue size subject to regulations as applicable to the Bidders	Not exceeding the Issue size subject to regulations as applicable to the Bidders	Such number of Equity Shares so as to ensure that whereby the Bid Amount does not exceed Rs.1,00,000
Mode of Allotment	Compulsory in Dematerialised form	Compulsory in Dematerialised form	Compulsory in Dematerialised form
Trading Lot/ Market Lot	One Equity Share	One Equity Share	One Equity Share
Who can apply **	Public financial institutions as specified in Section	Companies, Corporate Bodies, Scientific Institutions Societies	Resident Indian Individuals, HUF(in the name of the Karta)

	4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI multilateral and bilateral development Financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2,500 Lakhs and pension funds with minimum corpus of Rs. 2,500 Lakhs in accordance with applicable law.	and Trusts Resident Indian individuals, HUF (in the name of Karta) and NRIs (applying for an amount exceeding Rs.1,00,000)	and eligible NRIs applying for an amount up to Rs.1, 00,000.
Terms of Payment	Margin amount applicable to QIB Bidders at the time of submission of Bid-cum-Application Form to the members of the Syndicate	Margin Amount applicable to Non Institutional Bidders at the time of submission of Bid-cum-Application Form to the members of the Syndicate	Margin Amount applicable to Retail Individual Bidder at the time of submission of Bid- cum-Application Form to the members of the Syndicate,
Margin Amount	Margin Amount of at least 10% of the Bid amount at the time of submission of Bid cum Application Form to the members of the Syndicate	Full Bid Amount at the time of submission of Bid cum Application Form to the members of the Syndicate	Full Bid Amount at the time of submission of Bid cum Application Form to the members of the Syndicate

* Subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in the QIBs, Non-Institutional and Retail categories would be allowed to be met with spill-over inter-se from any category or combination of categories at the discretion of the Company in consultation with the BRLM.

** In case the Bid-cum-Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid-cum-Application Form.

ii. ISSUE PROCEDURE

Principal Terms And Conditions Of The Issue

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

Book Building Procedure

This Issue is being made through the 100% Book Building Process wherein upto 50% of the Issue shall be allotted to Qualified Institutional Buyers (QIBs) on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue would be allocated to Non-Institutional Bidders and not less than 35% of the Issue would be allocated to Retail Individual Bidders on a proportionate basis, subject to valid bids being received from them at or above the Issue Price.

Bidders are required to submit their Bids through the members of the Syndicate. QIB Bids can be submitted only through Syndicate members. In the case of QIB Bidders, the the Company in consultation with the BRLM may reject any Bid at the time of acceptance of the Bid cum Application Form, provided that the reasons for rejecting the same are provided to such Bidders in writing. In case of, Non-Institutional Bidders and Retail Individual Bidders, the Company would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares would be allotted to all successful bidders, only in the dematerialised form. Bidders will not have the option of getting allotment of the security shares in physical form. The equity shares on allotment shall be traded only in dematerialised segment of the Stock Exchange.

Illustration of Book Building and Price Discovery Process

(Investors may note that this illustration is solely for the purpose of easy understanding and is not specific to the Issue)

Bidders can bid at any price within the price band. For instance, assume a price band of Rs.20 to 24 per share, issue size of 3000 equity shares and receipt of five bids from bidders out of which one bidder has bid for 500 shares at Rs.24 per share while another has bid for 1,500 shares @ Rs. 22 per share. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book as shown below shows the demand for shares of the company at various prices and is collated from bids from various investors.

Number of Equity shares Bid For	Bid Price (Rs.)	Cumulative Equity Shares	Subscription Shares bid for
500	24	500	16.67%
1000	23	1500	50.00%
1500	22	3000	100.00%
2000	21	5000	166.67%
2500	20	7500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e. Rs. 22 per share in the above example. The issuer, in consultation with the BRLM, will finalise the issue price at or below such cut-off price i.e. at or below Rs. 22 per share. All bids at or above this Issue price and cut-off bids are valid bids and are considered for allocation in respective category.

Bid-cum-Application Form

Bidders shall only use the specified Bid- cum- Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in their Bid-cum-Application Form and such options shall not be considered as multiple bids. Upon the allocation of Equity Shares, despatch of the Confirmation of Allocation Note and filing of Red Herring Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the application form. Upon completing and submitting of the Bid-cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised the Company to make the necessary changes in this Red Herring Prospectus and Bid-cum-Application Form as would be required for filing the Red Herring Prospectus with ROC and as would be required by the ROC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories is as follows:

CATEGORY	COLOUR OF BID-CUM-APPLICATION FORM
Indian public, (including resident QIBs, non institutional bidders, retail bidders and Eligible NRIs applying on a non-repatriation basis	White
Non Residents, Eligible NRIs or FIIs applying on a repatriation basis	Blue

Who can Bid?

Persons eligible to invest under all applicable laws, rules, regulations and guidelines;

i Indian nationals resident in India who are majors, or in the names of minor as natural/legal guardians in single or joint names (not more than three);
ii Hindu Undivided Families or HUFs, in the individual name of 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;
iii Companies, corporate bodies and societies registered under the applicable laws in India; and authorised to invest in the Equity Shares;
iv Indian mutual funds registered with SEBI;
v Indian financial institutions, schedule commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and SEBI guidelines, as applicable);
vi Venture Capital Funds registered with SEBI;
vii Foreign Venture Capital Investors registered with SEBI, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
viii State Industrial Development Corporations;
ix Trust/society registered under the Societies Registration Act, I860, as amended or under any other law relating to trusts/society and who are authorised under their constitution to hold and invest in Equity Shares;
x Eligible NRIs on repatriation basis or a non-repatriation basis subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
xi FIIs registered with SEBI on repatriation basis or on non repatriation basis subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
xii Scientific and / or industrial research organizations authorised under their constitution to invest in Equity Shares;
xiii Insurance companies registered with Insurance Regulatory and Development Authority.
xiv Provident funds with minimum corpus of Rs. 2,500 Lakhs and who are authorized under their constitution to hold and invest in Equity Shares
xv Pension funds with minimum corpus of Rs. 2500 Lakhs and who are authorized under their constitution to hold and invest in Equity Shares.
xvi Multilateral and bilateral development financial institutions
xvii Any other QIBs permitted to invest in the issue under applicable laws and regulations

Pursuant to the existing regulations, OCBs are not eligible to participate in the Issue.

Note: The BRLM and Syndicate Member 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, including in the QIB Portion and Non-Institutional Portion where allocation is on a proportionate basis.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law, rules, regulations, guidelines and approvals or statutory guidelines.

Application by Mutual Funds
(As per the current regulations, the following restrictions are applicable for investments by mutual funds):

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than 4,41,019 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIB bidders, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments by index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in the Equity Shares.

In terms of SEBI Guidelines, 5% of the QIB Portion (i.e., 4,41,019 Equity Shares) shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% share of the QIB Portion will also be eligible for allocation in the remaining QIB Portion.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Application 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 the post-Issue paid-up capital of the Company. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub account shall not exceed 10% of the total paidup capital or 5% of the total paid up capital of the Company in case such sub-account is a foreign corporate or an individual. As of now, the aggregate FII holding in the Company cannot exceed 24% of its total paid up equity capital. However, this limit of 24% may be increased up to the applicable sectoral cap by passing a board resolution and a special resolution of the shareholders authorizing such an increase.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of Regulation 15A (1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended, an FII or its sub-account may issue, deal or hold, off-shore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

Bids by Eligible NRIs

Bid cum application forms have been made available for NRIs at the registered office of the Company, members of the Syndicate and the Registrar to the Issue.

NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians. All instruments accompanying bids shall be payable in New Delhi only.

Application by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors
(As per the current regulations, the following restrictions are applicable for investments by SEBI registered venture capital funds and foreign venture capital funds):

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 respectively. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 25% of the corpus of the venture Capital Fund or the Foreign Venture Capital Investor.

SEBI issued a press release on June 26, 2006 stating that the shareholding of SEBI registered Venture Capital Funds and Foreign Venture Capital Investors held in a company prior to making an initial public offering, would be exempt from lock-in requirements only if the shares have been held by them for at least one year prior to the time of filing of the Red Herring Prospectus with SEBI.

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 limits under applicable laws or regulations.

Maximum and Minimum Bid size

a) **For Retail Individual Bidders**:

The Bid must be for a minimum of 200 Equity Shares and and in multiples of 200 Equity Shares thereafter so as to ensure that the Bid Amount (including revision of Bids, if any) payable by the Bidder does not exceed Rs 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 100,000. In case the Bid Amount is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The option to bid at Cut-off price is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

b) **For Non-institutional Bidders and QIBs Bidders** :

The Bid must be for a minimum of such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of 200 equity shares. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by applicable laws. Under the existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay QIB Margin upon submission of 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. 100,000 for being considered for allocation in the Non-institutional portion. In case the Bid Amount reduces to Rs. 100,000 or less due to revision in Bids or revision in the price band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation in the Retail Portion. Non- Institutional Bidders and QIB Bidders are not allowed the option of bidding at the Cut-off Price.

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 this Red Herring Prospectus.

Information for the Bidders

a. The Company will file the Red Herring Prospectus with the ROC at least three days before the Bid/Issue Opening Date.
b. The Syndicate Members will circulate copies of the Red Herring Prospectus along with the Bid-cum-Application Form to potential investors.
c. Any investor (who is eligible to invest in the Equity Shares) desirous of obtaining the Red Herring Prospectus along with the Bid-cum-Application Form can obtain the same from the Registered office of the Company or from the BRLM or from a Syndicate Member or from their websites.
d. Investors who are interested in subscribing to the Company's Equity Shares should approach any of the BRLM/ Syndicate Members or their authorized agent(s) to register their bid.
e. The Bids should be compulsorily submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of the Syndicate Member. The Bid-cum-Application Forms, which do not bear the stamp of the Syndicate Member, will be rejected.

Method and Process of Bidding

1. The Company and the BRLM shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with ROC and also publish the same in two widely circulated newspapers (one each in English and Hindi). This advertisement shall be in the format and contain the disclosures specified in Part A of Schedule XX-A of the SEBI Guidelines as amended by SEBI Circular no SEBI/CFD/DIL/DIP/14/2005/25/1 dated January 25, 2005. The Members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.

2. The Bidding Period shall be open for at least 3 working days and not more than 7 working days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be published in two national newspapers (one each in English and Hindi) and the Bidding Period shall be extended for a further period of three days, subject to the total Bidding Period not exceeding ten working days.

3. During the Bidding Period, the Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids, subject to the terms of the Syndicate Agreement and the Red Herring Prospectus.

4. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled "Bids at Different Price Levels" on page no. 258 of the Red Herring Prospectus) within the Price Band and specify the demand (i.e. the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid-cum-Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.

5. The Bidder cannot bid on another Bid cum Application Form after his or her Bids on one Bid-cum-Application Form has been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the 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 paragraph 'Build up of the Book and Revision of bids" on page no. 261 of the Red Herring Prospectus.

6. 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.The Bidder should make sure that they ask for a copy of computerized TRS for every bid option from the syndicate member(s) Therefore, a Bidder can receive up to three TRSs for each Bid-cum-Application Form.

7. Along with the Bid-cum-Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment and Payment into the Escrow Collection Account" on page no. 259 of the Red Herring Prospectus.

8. Investors who are intrested in subscribing for the Equity Shares of the Company should approach any of the members of the Syndicate or their authorised agent(s) to register their Bid.

9. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the section titled "Issue Procedure - Terms of Payment".

Bids at Different Price Levels

1. The price band has been fixed at Rs. 27/- to Rs. 30/- per Equity Share of Rs.10/- each, Rs. 27/- being the floor of the price band and Rs. 30/- being the cap of the price band. The bidders can bid at any price within the price band in multiples of Re.1/-

2. In accordance with the SEBI guidelines, the Company, in consultation with the BRLM, can revise the Price Band during the Bidding/Issue period, by informing the stock exchanges and issuing a press release and notification on the terminal of the Syndicate Members, in which case the Bidding Period shall be extended further for a period of three additional working days, subject to the total Bidding / Issue Period not exceeding ten working days. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.

3. In case of revision in the Price Band, the Issue Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 (ten) working days. Any revision in the Price Band and the revised Bidding/Issue period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in two widely circulated newspapers (one each in English and Hindi) and, also indicating the change on the relevant websites of the BRLM and the websites and the terminals of the Syndicate Members.

4. The Company, in consultation with the BRLM, can finalize the Issue Price within the Price Band without the prior approval of, or intimation, to the Bidders.

5. The Bidder can bid at any price within the Price Band. The Bidder can bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum Bid in any of Bidding Options not exceeding upto Rs 100,000 may bid at "Cut-off". However, bidding at "Cut-off" is prohibited for QIB or Non Institutional Bidders bidding for more than Rs.100,000 and such Bids from QIBs, Non Institutional Bidders will be rejected.

6. Retail Individual Bidders who bid at the Cut-Off price agree that they shall purchase the Equity Shares at the Issue Price, as finally determined which would be a price within the Price Band. Retail Individual Bidder bidding at Cut-Off price shall submit bid–cum–application form along with a cheque/demand draft for the Bid Amount based on the cap of the Price Band in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders (i.e., the total number of

Equity Shares allocated in the Issue multiplied by the Issue Price), who bid at Cut-off price, the Retail Individual Bidders who bid at Cut-off price shall receive the refund of the excess amounts from the respective refund or Escrow Account.

7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at Cut off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 100,000 if the Bidder wants to continue to Bid at Cut-off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 100,000, the Bid will be considered for allocation under the Non-Institutional 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 of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.

8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have Bid at Cut-off could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the respective refund or Escrow Account, as the case may be.

9. The minimum application value shall be within the range of Rs. 5,400/- to Rs. 6,000/-. The issuer company, in consultation with the BRLM, shall stipulate the minimum application size (in terms of number of shares) falling within the aforesaid range of minimum application value and make upfront disclosures in this regard, in the offer document. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 200 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/-.

Application in the Issue

Equity Shares being issued through the Red Herring Prospectus can be applied for in the dematerialized form only.

Escrow Mechanism

The Company and members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidder 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 / Margin Amount from Bidders in a certain category would be deposited in the Escrow Account of the Company. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and an Escrow Agreement. The monies in the Escrow Account of the Company shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank shall not exercise any lien whatsoever over the monies deposited therein, and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account and the Refund Account with the Bankers to the Issue in terms of the Escrow Agreement with the Company and as per Red Herring Prospectus.

The Bidders may note that the Escrow Mechanism is not prescribed by SEBI and the same has been established as an arrangement between the Escrow Collection Bank(s), the Company, the Registrars to the Issue and the BRLM to facilitate collections from the Bidders.

Terms of Payment and payment into the Escrow Collection Account

Each Bidder, shall provide the applicable Margin Amount, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his/her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details refer to the paragraph entitled “Payment Instructions” beginning on page no. 269) of this Red Herring Prospectus and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum

Application Forms accompanied by cash/stock invest/money order shall not be accepted. The maximum Bid price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold such monies for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be held for the benefit of the Bidders who are entitled to refunds be transferred to the Refund Account. On the Designated Date, and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank(s) shall dispatch all refund amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allotment to the Bidders failing which the Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Each category of Bidders i.e., QIB Bidders, Non-Institutional Bidders and Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of the submission of the Bid cum Application Form. The Margin Amount payable by each category of Bidders is mentioned under the section entitled "Issue Structure" on page nos. 251 of this Red Herring Prospectus. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Price, any difference between the amount payable by the Bidder for Equity Shares allocated/allotted at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of 2 (two) days from the date of communication of the allocation list to the members of the Syndicate by the BRLM._If the payment is not made favoring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. QIBs will be required to deposit a margin of 10% at the time of submitting of their Bids. However, if the applicable Margin Amount for Bidders is 100%, the full amount of payment has to be made at the time of submission of the Bid cum Application Form.

Where the Bidder has been allocated/allotted lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation/allotment, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which the Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Electronic Registration of Bids

a. The Syndicate Member will register the Bids using the on-line facilities of the BSE and the NSE. There will be at least one on-line connectivity in each city where a stock exchange is located in India, and where bids are accepted.
b. The BSE and NSE will offer a screen-based facility for registering bids for the Issue. This facility will be available on the terminals of Syndicate Members and their authorised agents during the Bidding / Issue Period. Syndicate Members 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 Syndicate Member will upload the Bids until such time as permitted by the Stock Exchanges.
c. The aggregate demand and price for bids registered on each of the electronic facilities of the BSE and the NSE will be downloaded on a regular half-hourly basis, consolidated and displayed online at all bidding centres. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding Period. This information can be accessed on BSE's website at www.bseindia.com or on NSE's website at "www.nseindia.com.
d. At the time of registering each bid, the Syndicate Members shall enter the following details of the investor in the online system:

   - Name of the investor (Investors should ensure that the name given in the bid cum application form is exactly the same as the Name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.)

- Investor category – Individual / Corporate / NRI / FII / Mutual Funds etc.
- Number of Equity Shares bid for
- Bid Price
- Bid-cum-Application Form number
- Payment made upon submission of Bid-cum-Application Form.
  Payment/ Bid Amount paid upon submission of Bid cum Application Form; and
- Depository Participant Identification no. and client identification no. of the dematerialized account of the Bidder

e. Depository Participant Identification no. and client identification no. of the dematerialized account of the BidderA system generated Transaction Registration Slip (TRS) (or the Order Confirmation Note) 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 Syndicate Members. The registration of the bid by the Syndicate Members does not guarantee that the Equity Shares shall be allocated either by the Syndicate Members or the Company.

f. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

g. 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 Bidders, Bids would not be rejected except on the technical grounds listed at page nos**.** 272 in the Red Herring Prospectus.

h. It is to be distinctly understood that the permission given by the BSE and NSE to use their network and the software of the online IPO system shall not in any way be deemed or construed that the compliance with various statutory and other requirements by the Company, BRLM etc. are cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, its Promoters, its management or any scheme or project of the Company

i. It is also to be distinctly understood that the approval given by the BSE and NSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or continued to be on the BSE and NSE.

Build up of the Book and Revision of Bids

a) Bids registered by various Bidders through the Members of the Syndicate shall be electronically transmitted to the BSE or NSE mainframe on a online basis. Data will be uploaded on regular basis.

b) The book gets built up at various price levels. This information will be available with the BRLM on a regular basis.

c) During the Bidding/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.

d) Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.

e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid.

f) Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.

g) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.

h) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**

i) Only bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/allotment. In case of a 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 Bid cum Application Forms, shall be final and binding on all concerned.

Price Discovery and Allocation/Allotment

a. After the Bid Closing Date, the BRLM shall analyze the demand generated at various price levels and discuss the pricing strategy with the Company.

b. The Company, in consultation with the BRLM will finalize the Issue Price and the number of equity shares to be allocated in each investor category.

c. The allotment to QIB Bidders of upto 50% of the Issue size (including 5% specifically reserved for mutual funds) would be on a proportionate basis in consultation with the Designated Stock Exchange subject to valid bids being received at or above the issue price, in the manner as described in the section entitled "Basis of Allotment – Allotment to QIB Bidders" on page no. 274 of this Red Herring Prospectus. The allocation to Non-Institutional Bidders of not less than 15% of the Issue size and Retail Individual Bidders of not less than 35% of the Issue size would be on a proportionate basis in a manner specified in the SEBI Guidelines, in consultation with Bombay Stock Exchange Limited, designated stock exchange, and subject to valid bids being received at or above the Issue Price.

d. Under-subscription, if any, in any category, would be allowed to be met with spill over from any of the other categories, at the sole discretion of the Company in consultation with the BRLM and the Designated Stock Exchange. However if the aggregate demand by mutual funds is less than 4,41,019 equity shares, the balance equity shares available for allocation in the mutual fund portion will be first added to the QIB portion and be allotted proportionately to the QIB bidders.

e. Allocation to all investors including eligible NRIs, FIIs, foreign venture capital funds registered with SEBI applying on repatriation basis will be subject to applicable laws, rules, regulations, guidelines and approvals.

f. The BRLM and the Company shall intimate the Syndicate Members of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.

g. The Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date but before the allotment without assigning reasons therefore. In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

h. The allotment details shall be put on the websites of the Registrar to the Issue

Notice to QIBs: allotment reconciliation

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. Based on the electronic book, QIBs 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 Guidelines, certain Bid applications 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 earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Signing of Underwriting Agreement and ROC Filing

a. The Company, the BRLM, and other Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation(s)/allotment to the Bidders.
b. After signing the Underwriting Agreement, the Company would update and file the updated Red Herring Prospectus with ROC, which then would be termed 'Red Herring Prospectus'. The Red Herring Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

Filing of the Red Herring Prospectus with the ROC

The Company will file a copy of the Red Herring Prospectus with the Registrar of Companies, NCT of Delhi & Haryana, Delhi 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 this Red Herring Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI Guidelines in an English national daily with wide circulation, and one Hindi National newspaper with wide circulation.

Advertisement Regarding Issue Price and Prospectus

The Company will issue a statutory advertisement after the filing of the Prospectus with the ROC in an English national daily with wide circulation and one Hindi National newspaper with wide circulation at New Delhi. This advertisement, in addition to the information (in the format and containing the disclosures specified in Part A of Schedule XX-A of the SEBI Guidelines), that has to be set out in the statutory advertisement, shall indicate the Issue Price along with a table showing the number of Equity Shares Any material updates between the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note (CAN) and Allotment for the Issue

a. Upon approval of the basis of allotment by the Designated Stock Exchange, the BRLM or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated/allotted Equity Shares in the Issue. The approval of the basis of allotment by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, investors should note that the Company shall ensure that the date of allotment of the Equity Shares to all investors in this Issue shall be done on the same date.

b. 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 amount payable into the Escrow Account by the Pay-in Date specified in the CAN.

c. Bidders who have been allocated/allotted Equity Shares and who have already paid the Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account. The 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.

d. The Issuance of CAN is subject to "Allotment Reconciliation and Revised CANs" as set forth under the chapter "Terms of Issue" of this Red Herring Prospectus.

Designated Date and Transfer of Funds to Public Issue Account

a) We will ensure that the Allotment of Equity Shares is done within 15 days of the Bid Closing Date/Issue Closing Date. After the funds are transferred from the Escrow Accounts to the Public Issue Account on the Designated Date, we would ensure the credit to the successful Bidders depository account within fifteen days of the date of Allotment.

b) As per SEBI Guidelines, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per provisions of the Companies Act and the Depositories Act, rules, regulations and byelaws of the Depositories.

c) After the funds are transferred from the Escrow Accounts to the Public Issue Account on the Designated Date, we will allot the Equity Shares to the Allottees. The company would ensure the allotment of Equity shares within 15 days of Bid / Issue Closing Date and give instructions to credit to allottees' depository accounts within two working days from the date of allotment. In case the company fails to make allotment within 15 days of the Bid/Issue Closing Date, interest would be paid to the investors at the rate of 15% per annum.

d) Investors are advised to instruct their depository participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

GENERAL INSTRUCTIONS

Do's:

a. Check if you are eligible to apply having regard to applicable laws, rules, regulations, guidelines and approvals and the terms of the Red Herring Prospectus;

b. Read all the instructions carefully and complete the resident Bid-cum-Application Form (white in colour) or non resident Bid-cum-Application Form (blue in colour) as the case may be,

c. Ensure that you Bid only in the Price Band.

d. Ensure that the details about your depository participant and beneficiary account are correct as shares will be allotted in the dematerialised form only.

e. Ensure that the DP account is activated;

f. Investor must ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the beneficiary account is held with the Depository participant. In case the Bid cum Application Form is submitted in joint names, it should be ensured that the beneficiary 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.

g. Ensure Bids are submitted at the bidding centres only on forms bearing stamp of the Syndicate Member at the Bidding Centres.

h. Ensure that you have been given a TRS for all your bid options.

i. Submit Revised Bid to the same Syndicate Member through whom the original Bid was placed and obtain a revised TRS.

j. Submit the Bid with the applicable Margin Amount. Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T. Act and ensure that you have attached copies of your PAN card or PAN allotment letter with the Bid cum Application Form, where the maximum Bid for Equity Shares by a Bidder is for a total value of Rs. 50,000/- or more. In case the PAN has not been allotted, mention "Not allotted" in the appropriate place. and attach a copy of Form 60 or 61 as the case may be, together with permissible documents as address proof.

k. QIBs shall submit their bids only to the BRLM or Syndicate Members duly appointed in this regard.

l. Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;

Don'ts:

a. Do not Bid for lower than minimum Bid size.

b. Do not Bid or revise the Bid to a Price that is less than the floor of the Price Band or higher than the cap of the Price Band.

c. Do not Bid on another Bid-cum-Application Form after you have submitted the Bid to a Syndicate Member.

d. Do not Pay Bid amount in cash. or by money order or by postal order or by stock invest.

e. Do not Send Bid-cum-Application Forms by post; instead hand them over to a Syndicate Member only.

f. Do not Bid at cut off price (for QIB Bidder and Non-Institutional Bidders, for whom the bid amount exceeds Rs. 1 Lac).

g. Do not Fill up the Bid cum Application Form for an amount that exceeds the issue size and / or investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable law or regulations or maximum amount permissible under the applicable regulations or under the terms of the Red Herring Prospectus

h. Do not Bid at Bid Amount exceeding Rs 100,000 (for Retail Individual Bidders);

i. Submit Bids accompanied by stockinvest.

j. Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

Instructions for Filling up the Bid-cum-Application Form

Bidders can obtain Bid-cum-Application Forms and/or Revision Forms from the BRLM or Syndicate Members.

Bids and Revision of Bids

Bids and revisions to Bids must be:

a. Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (white colour for Resident Indians and eligible NRIs applying on non-repatriation basis and blue colour for Non Residents including eligible NRIs, FIIs registered with SEBI and FVCIs registered with SEBI, applying on repatriation basis.

b. Made in single name or in joint names (not more than three, and in the same order as their Depository Participant details).

c. 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.

d. For Retail Individual Bidders, the Bids must be for a minimum of 200 Equity Shares and in multiples of 200 Equity Shares thereafter subject to a maximum Bid amount of Rs. 1 Lakh.

e. For non institutional and QIB Bidders, Bids must be for a minimum of such number of Equity shares that the Bid amount exceeds Rs. 100,000/- and in multiples of 200 Equity Shares thereafter. Bids cannot be made for more than the size of the Issue. Bidders are advised to ensure that a single bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws & regulations.

f. Thumb impressions and signatures other than in the languages specified in the Eight Schedule in the Constitution of India must be attested by a magistrate or a notary public or a special executive magistrate under official seal.

Bidder's 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 Bidder bank account details. These bank account details would be printed on the refund order, if any, to be sent to Bidders or used for sending the refund through Direct Credit, NEFT, RTGS or ECS. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLM nor the Bank shall have any responsibility and undertake any liability for the same.

Bidder's Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALSED 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.

Bidders should note that on the basis of name of the Bidders, DP's name, Depository Participant-Identification Number and Beneficiary Account Number will be provided by them in the Bid cum application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation (herein after referred to as Demographic Details.) Hence, Bidders **are advised to immediately update their Bank Account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLM, nor the Company shall have any responsibility and undertake any liability for the same.**

Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the

Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay on account of returned refund orders/allocation advice/CANs shall be at the Bidders sole risk and we, the BRLM and shall not have any responsibility nor undertake any liability for the same.

These Demographic Details would be used for all correspondence with the bidders including mailing of the refund orders/CANS/Allocation Advice and printing of Bank particulars on the refund order and the demographic Details given by Bidders in the Bid-cum-Application Form would not be used for these purposes by the Registrar. Hence, Bidders are advised to update their Demographic Details as provided to their DPs.

By signing the Bid cum Application Form, Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on the records.

Refund orders / Allocation Advice / CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidders' sole risk and neither the Bank nor the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, namely names of the Bidders (including the order of names of joint holders), the DP's identity and the beneficiary's identity, then such Bids are liable to be rejected.

The Company in its absolute discretion, reserves 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 or 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.

Bids by Non Residents, NRIs, FIIs and Foreign Venture Capital Investors registered with SEBI on a repatriation basis

Bids and revision to Bids must be made:

1. On the Bid cum Application Form or the Revision Form, as applicable (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.

2. In a single name or joint names (not more than three and in the same order as their Depository Participant details)

3. By eligible NRIs for a Bid Price of up to Rs. 100,000 would be considered under the Retail Individual Portion for the purposes of allocation and Bids for a Bid Price of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation;

4. By other eligible non-resident Bidders for a minimum of such number of Equity Shares and in multiples of 200 thereafter such that the Bid Price exceeds Rs. 100,000.

5. By FIIs /FVCIs registered with SEBI – for a minimum of such number of Equity Shares and in multiples of 200 thereafter that the Bid Amount exceeds Rs. 100,000.

6. In the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

7. Refunds dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through

Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

The Company does not require approvals from FIPB or RBI for the Issue of Equity Shares to eligible NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions.

As per the existing policy of the Government of India, OCBs are not permitted to participate in the Issue.

There is no reservation for Non Residents, NRIs, FIIs and foreign venture capital funds and all Non Residents, NRI, FII and foreign venture capital funds applicants will be treated on the same basis with other categories for the purpose of allocation.

Bids under Power of Attorney

In case of Bids made pursuant to a Power of Attorney or by limited companies, corporate bodies, registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Articles of Association and/or Bye Laws must be lodged along with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made pursuant to a Power of Attorney by FIIs, FVCIs, VCFs and Mutual Funds, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

Bids made by Insurance Companies

In case of Bids made by Insurance Companies registered with the Insurance Regulatory and Development Authority, a certified true copy of the certificate of registration issued by with the Insurance Regulatory and Development Authority must be submitted with the Bid cum Application Form. Failing this, the Company and the BRLM reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof

Bids made by Provident Funds

In case of Bids made by provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, a certified true copy of a certificate from a chartered accountant, certifying the corpus of the provident fund/pension fund must be submitted with the Bid cum Application Form. Failing this, the Company and the BRLM reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Bids made by Mutual Funds

In case of Bids made by mutual fund registered with SEBI, venture capital fund registered with SEBI and foreign venture capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, the Company and the BRLM reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

The Company, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Bid cum Application form, subject to such terms and conditions that the Company/the BRLM may deem fit.

Bids and revision to Bids must be made:

On the Bid-cum-Application Form or the Revision Form, as applicable, and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.

- In a single name or joint names (not more than three)

- **By NRIs** – For a minimum of 200 Equity Shares and in multiples of 200 thereafter subject to a maximum Bid amount of Rs. 100,000 for the Bid to be considered as part of the Retail Portion. Bids for the Bid Amount more than Rs. 100,000 would be considered under Non-Institutional Category for the purposes of allocation. For further details see "Maximum and Minimum Bid Size" on page no. 256 of this Red Herring Prospectus.

- **By FIIs** – for a minimum of such number of Equity Shares and in multiples of 200 that the Bid Amount exceeds Rs. 100,000.

- In the names of individuals or in the names of FIIs or in the names of FVCIs, Multilateral and Bilateral Development Financial Institutions but not in the names of minors, firms or partnerships, foreign nationals (excluding NRIs) or their nominees or OCBs.

- Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money payable upon submission of the Bid-cum-Application Form or Revision Form 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/ speed post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

The Company does not require approvals from FIPB or RBI for the transfer of Equity Shares to eligible NRIs, FIIs, FVCIs registered with SEBI and multilateral and bilateral institutions. As per the RBI regulations, OCBs are not permitted to participate in the Issue.

There is no reservation for Non Residents, NRIs, FIIs and FVCIs and all Non Residents, NRI, FII and FVCIs applicants will be treated on the same basis with other categories for the purpose of allocation.

PAYMENT INSTRUCTIONS

The Company shall open an Escrow Accounts of the Company with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation/allotment in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Account of the Company

1. The Bidders for whom the applicable margin is equal to 100% shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account of the Company and submit the same to the member(s) of the Syndicate.

2. In case the above margin amount paid by the Bidders during the Bidding/Issue Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account of the Company within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLM.

3. The payment instruments for payment into the Escrow Account of the Company should be drawn in favour of:

   a) In case of Resident Retail and Non Institutional Bidders: "Escrow Account – MVL Public Issue – Retail - R".
   b) In case of Non-Resident Retail and Non Institutional Bidders: "Escrow Account – MVL Public Issue – Retail - NR".
   c) In case of Resident QIB Bidders: "Escrow Account – MVL Public Issue – QIB - R".
   d) In case of Non-Resident QIB Bidders: "Escrow Account – MVL Public Issue – QIB - NR"

4. In case of Bids by eligible NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary (NRO) account of a Non-Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.

5. In case of Bids by Eligible NRIs applying on non-repatriation basis, the payments must be made out of a NRO Account.

6. In case of Bids by FIIs, FVCIs registered with SEBI and the ,multilateral and bilateral financial institutions 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.

7. Where a Bidder has been allocated a lesser number of Equity Shares than what the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account of the Company.

8. The monies deposited in the Escrow Account of the Company will be held for the benefit of the Bidders till the Designated Date.

9. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of the Company as per the terms of the Escrow Agreement into the public issue account with the Bankers to the Issue.

10. No later than I5 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the successful Bidders

11. Payments should be made by cheque, or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts 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/Stock invest/Money Orders/Postal orders will not be accepted

Payment by Stockinvest

In terms of RBI circular no. DBOD No. FSC BC 42/24.47.00/2003-2004 dated November 5, 2003; the option to use the Stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through Stock invest has been withdrawn.

Submission of Bid-cum-Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by Account Payee cheques or drafts shall be submitted to the Syndicate Member at the time of submitting the Bid-Cum Application Form.

No separate receipts shall be issued for the money payable on submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the Syndicate Member 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 refunds will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be despatched to his/her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole/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 as probable 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. Then the addresses of all these applications from the address master will be strung. 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. Application with the same name and same address will be treated as multiple applications.

4. The applications will be scanned for similar DP ID and Client ID numbers. In case applications bear the same numbers, these will be treated as multiple applications.

5. After consolidation of all the masters as described above, a print out of the same will be taken and the applications physically verified to tally signatures as also fathers/husbands names. On completion of this, the applications will be identified as multiple applications

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

The BRLM reserve the right to reject, in their absolute discretion, all or any of the multiple Bids in any or all categories.

Permanent Account Number or PAN

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. **The copy of the PAN card or PAN allotment letter is required to be submitted with the Bid-cum-Application Form.**

Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.** In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should Mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address:

a. Ration Card
b. Passport
c. Driving License
d. Identity Card issued by any institution
e. Copy of the electricity bill or telephone bill showing residential address
f. Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address
g. Any other documentary evidence in support of address given in the declaration.

It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61, as the case may be.

UNIQUE IDENTIFICATION NUMBER - MAPIN

With effect from July 1, 2005, SEBI had decided to suspend all fresh registrations for obtaining UIN and the requirement to contain/quote UIN under the SEBI MAPIN Regulations/Circulars vide its circular bearing number MAPIN/Cir-13/2005. However, in a recent press release dated December 30, 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UINs in a phased manner. The press release states that the cut off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs.100,000 to Rs.500,000 or more. The limit will be reduced progressively. For trade order value of less than Rs.500,000 an option will be available to investors to obtain either the PAN or UIN. These changes are, however, not effective as of the date of this Red Herring Prospectus and SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN Regulations.

COMPANY'S RIGHT TO REJECT BIDS

The Company and the members of the Syndicate reserve the right to reject any Bid without assigning any reason thereof in case of QIBs provided the reasons for rejecting the same shall be provided to such bidders in writing. In case of Non Institutional Bidders and Retail Bidders, the Company would have the right to reject Bids only on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on *inter-alias*, the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for,

2. Bank account details (for refund) are not given;

3. Age of First Bidder not given;

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;

5. Bids by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;

6. PAN photocopy/PAN communication/Form 60 or Form 61 declaration along with documentary evidence in support of address given in the declaration, not given if Bid is for Rs. 50,000 or more;

7. GIR number furnished instead of PAN;

8. Bids for lower number of Equity Shares than specified for that category of investor;

9. Bids at a price less than the floor of the Price Band or higher than the cap of the Price Band,

10. Bids at cut-off price by a QIB bidder or a Non Institutional Bidder, whose bid amount exceeds Rs. 100,000;

11. Bids for number of Equity Shares, which are not in multiples of 200;

12. Category not ticked;

13. Multiple Bids;

14. In case of Bid under Power of Attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;

15. Bids accompanied by Stockinvest/ money order/ postal order/ cash;

16. Signature of sole and / or joint Bidders missing;

17. Bid-cum-Application Form does not have the stamp of the BRLM or member of the Syndicate;

18. Bid-cum-Application Form does not have the Bidder's depository account details;

19. Bid-cum-Application Forms are not submitted by the Bidders within the time prescribed as per the Bid cum Application Form, Bid/Issue Opening Date advertisement and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid cum Application Form;

20. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depositary Participant's identity (DP ID) and the beneficiary's account number;

21. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;

22. Bids by OCBs or

23. Bids by person who is not eligible to acquire Equity shares of our Company in terms of all applicable laws, rules, regulations, guidelines and approvals.

24. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations. See the details regarding the same in the section titled "Issue Procedure – Bids at Different Price Levels" beginning on page no. 258 of this Red Herring Prospectus

25. Bids by U.S. persons other than entities that are both “qualified institutional buyers” as defined in Rule 144A of the U.S. Securities Act, 1933 and “qualified purchasers” under the Investment Companies Act;

26. Bids by QIBs not submitted through members of the Syndicate;

Basis of Allotment

A. For Retail Individual Bidders:

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all the successful Retail Individual Bidders will be made at the Issue Price.

- The Issue size less allotment to Non-Institutional and QIB Bidders shall be available for allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

- If the aggregate demand in this portion is less than or equal to 61,74,263 Equity Shares at or above the Issue Price, full allotment shall be made to the Retail Bidders to the extent of their demand.

- If the aggregate demand in this category is greater than 61,74,263 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 200 Equity Shares and in multiples of one equity shares thereafter. The method of proportionate basis of allotment is stated below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all successful Non-Institutional Bidders will be made at the Issue Price.

- The Issue size less allotment to QIBs 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.

- If the aggregate demand in this category is less than or equal to 26,46,112 Equity Shares at or above the Issue Price, full allotment shall be made to Non-Institutional Bidders to the extent of their demand.

- In case the aggregate demand in this category is greater than 26,46,112 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of 200 Equity Shares and in multiples of one equity shares thereafter. The method of proportionate basis of allotment is stated below.

C. For QIB Bidders

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all the QIB Bidders will be made at the Issue Price.

- The QIB Portion shall be available for allocation to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

  However, eligible Bids by Mutual Funds only shall first be considered for allocation proportionately in the Mutual Funds Portion. After completing proportionate allocation to Mutual Funds for an amount of 4,41,019 Equity Shares (the Mutual Funds Portion), the remaining demand by Mutual Funds, if any, shall then be considered for allocation proportionately, together with Bids by other QIBs, in the remainder of the QIB Portion (i.e. after excluding the Mutual Funds Portion). For the method of allocation in the QIB

Portion, see the paragraph titled "Illustration of Allotment to QIBs" appearing below. If the valid Bids by Mutual Funds are for less than 4,41,019 Equity Shares, the balance Equity Shares available for allocation in the Mutual Funds Portion will first be added to the QIB Portion and allocated proportionately to the QIB Bidders. For the purposes of this paragraph it has been assumed that the QIB Portion for the purposes of the Issue amounts to 50% of the Net Issue size, i.e., 88,20,375 Equity Shares

- Allotment shall be undertaken in the following manner:

a. In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:

    i. In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.

    ii. In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full allotment to the extent of valid bids received above the Issue Price.

    iii. Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for allotment to all QIB Bidders as set out in (b) below;

b. In the second instance allotment to all QIBs shall be determined as follows:

    i. The number of Equity Shares available for this category shall be the QIB Portion less allocation only to Mutual Funds as calculated in (a) above.

    ii. The subscription level for this category shall be determined based on the overall subscription in the QIB Portion less allocation only to Mutual Funds as calculated in (a) above.

    iii. Based on the above, the level of the subscription shall be determined and proportionate allocation to all QIBs including Mutual Funds in this category shall be made.

The aggregate allotment to QIB Bidders shall be up to 88,20,375 Equity Shares.

In case the aggregate demand in this category is greater than 88,20,375 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of 200 Equity Shares and in multiples of one Equity Share thereafter. For the method of proportionate basis of allocation refer below.

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.

The BRLM, 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 SEBI Guidelines. The drawal of lots (where required) to finalise the basis of allotment, shall be done in the presence of a public representative on the Governing Board of the Designated Stock Exchange.

Procedure and Time Schedule for Allotment of Equity Shares

The Syndicate Members have the right to reject the Bid received from QIB at the time of receipt of the Bids. However, the Syndicate Members shall disclose the reasons for not accepting the Bid to the Bidder. In case of Non- Institutional Bidders and Retail Individual Bidders, the company has a right to reject bids based on technical grounds. In case a Bid is rejected in full, the whole of the Bid Amount will be refunded to the Bidder within 15 days of the Bid/ Issue Closing Date. In case a bid is rejected in part, the excess Bid Amount will be refunded to the Bidder within 15 days of the Bid/ Issue Closing Date. The Company will ensure allotment/ transfer of the Equity Shares within 15 days of the Bid/ Issue Closing Date, and the company shall pay interest at the rate of 15% per annum (for any delay beyond the periods as mentioned above), if Equity Shares are not allotted, refund orders are not dispatched and/ or demat credits are not made to investors within two working days from the date of allotment.

Method of Proportionate Basis of Allotment

In the event of the Issue being over-subscribed, the the basis of allotment to Retail and non Institutional Bidders shall be finalized by the company in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM, and the Registrar to the Issue shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner. The allocation shall be made in multiples of one share, on a proportionate basis as explained below subject to minimum allocation being equal to the 200**.**

The subscription of for each portion will be computed separately

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 oversubscription ratio.

d. In all Bids where the proportionate allotment is less than 200 Equity Shares per Bidder, the allotment shall be made as follows:

   - Each successful Bidder shall be allotted a minimum of 200 Equity Shares; and

   - 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 equal to the number of Equity Shares calculated in accordance with (b) above.

e. If the proportionate allotment to a Bidder is a number that is more than 200 but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.

   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. The basis of allocation on a proportionate basis shall be finalised in consultation with the Designated Stock Exchange.

EQUITY SHARES IN DEMATERIALIZED FORM WITH NSDL OR CDSL

In terms of Section 68B 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 electronic mode.)

In this context, the following two tripartite agreements have been signed between (Registrars of the Company), the Depositories and the Company:

i. An Agreement dated July 18, 2007 among NSDL, the Company and the Registrar to the Issue.

ii. An Agreement dated June 11, 2007, among CDSL, the Company and the Registrar to the Issue.

All Bidders can seek allotment only in dematerialised mode. Bids from any Bidder without the following details of his or her depository account are liable to be rejected:

a. A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of NSDL or CDSL prior to making the Bid.

b. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's Identification number) appearing in the Bid cum Application Form or Revision Form.

c. Equity Shares allotted/transferred to a Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.

d. Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository, In case of joint holders, the names should necessarily be in the same sequence as they appear in the depository account of the Bidders).

e. Non transferable allotment advice or refund orders will be directly sent to the Bidder by the Registrar to this Issue.

f. 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 get rejected.

g. 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.

h. It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. All the stock exchanges where Equity Shares are proposed to be listed are connected to NSDL and CDSL.

i. The trading of Equity Shares of the Company would only be in dematerialized form for all investors in the dematerialized segment of the respective Stock Exchanges.

COMMUNICATIONS

All future communications in connection with Bid made in the Issue should be addressed to the Registrars to the Issue quoting full name of the sole/first Bidder, Bid-cum-Application Form number, number of Equity Shares applied for, date, bank and branch alongwith details of Depository Participant, where the Bid-cum-Application was submitted and cheque /draft number and issuing bank thereof.

Pre-Issue and Post Issue related problems

Investors can contact the Compliance Officer Mr. K. Sitaraman, Vice President (Corporate) & Company Secretary or the Registrar to the Issue Bigshare Services Private Limited in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc. He may be contacted at:

Mr. K. Sitaraman
Magnum Ventures Limited
18/41, Site IV
Industrial Area, Sahibabad
Ghaziabad – 201 010
Uttar Pradesh
Tel.: 91- 0120- 2895200/01/02/03
Fax: 91- 0120- 2895210
Email: ipo@magnumventures.in

Address of the Registrar:

BIGSHARE SERVICES PRIVATE LIMITED
E-2, Ansa Industrial Estate, Sakivihar Road
Saki Naka, Andheri (East)
Mumbai – 400 072
Tel : +91-22-40430200
Fax: +91-22-28475207
Contact Person: Mr. Ashok Shetty
E-mail: ipo@bigshareonline.com
Website: www.bigshareonline.com

Disposal of Applications and Application Money

The Company shall ensure dispatch of allotment advice, transfer advice or refund orders and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within two working days of date of finalisation of allotment of Equity Shares. The Company shall dispatch refund above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk, except for Bidders who have opted to receive refunds through the ECS facility or RTGS or Direct Credit.

The Company shall put in its best efforts to insure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven working days of finalisation of the basis of allotments.

Letters of Allotment or Refund Orders

We shall give credit to the beneficiary account with depository participants within 15 working days of the Bid/Issue closing date. We shall ensure refunds as per the modes of refund discussed in the paragraph below :

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI DIP Guidelines, we further undertake that:

- Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;

- **Dispatch of refund orders**

  Refunds will be done within 15 days from the Bid/Issue Closing Date at the sole or First Bidder's sole risk. The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue; and

- **Interest in case of delay in dispatch of allotment letters/refund orders**

  The Company shall pay interest @ 15% per annum if the allotment letters/ refund orders have not been dispatched to the applicants 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 within 15 days from Bid/Issue Closing Date.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as an Escrow Collection Bank and payable at par at places where Bids are received except where the refund or portion thereof is made in electronic manner as described above. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

No separate receipts shall be issued for the money payable on the submission of Bid-cum Application Form or Revision Form. However, the collection center of the members of the Syndicate will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowlegement slip will serve as the duplicate of the Bid-cum-Application Form for the record of the Bidder.

Modes of Refund

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant- Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details including nine digit MICR code. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the sole or Bidder's sole risk and neither the BRLMs nor the Company shall have any responsibility and undertake any liability for the same.

The payment of refund, if any, shall be undertaken in the following order of preference:

1. **NEFT**

   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.

2. **ECS**

   Payment of refund shall be undertaken through ECS for applicants having an account at any of the following fifteen centres: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory through ECS for applicants having a bank account at any of the abovementioned fifteen centres, except where the applicant, being eligible, opts to receive refund through Direct Credit or Real Time Gross Settlement (RTGS).

3. **Direct Credit**

   Applicants applying through the web/internet whose service providers opt to have the refund amounts for such applicants being by way of direct disbursement by the service provider through their internal networks, the refund amounts payable to such applicants will be directly handled by the service providers and credited to bank account particulars as registered by the applicant in the demat account being maintained with the service provider. The service provider, based on the information provided by the Registrar, shall carry out the disbursement of the refund amounts to the applicants.

4. **RTGS**

   Applicants having a bank account at any of the abovementioned fifteen centres and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Issuer. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant

Note: Wherever payments cannot be made through NEFT or ECS or direct credit and the refund amount exceeds one million, such applicants shall have the option to receive the refund payment through RTGS.

5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders shall be dispatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

In case of revision in the Price Band, the Bidding/Issue Period shall be extended for three additional days after revision of Price Band. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the BSE and NSE, by issuing a press release, and by indicating the change on the web site of the BRLM at the terminals of the Syndicate

Please note that applicants having a bank account at any of the 15 centres where the clearing houses for ECS are managed by the RBI are eligible to receive refunds through the modes detailed in I, II, III and IV above. For all the other applicants, including applicants who have not updated their bank particulars alongwith the nine digit MICR Code, prior to the Bid/Issue Opening Date, the refund orders would be dispatched under "Under Certificate of Posting" for refund orders less than Rs. 1,500 and through speed post/registered post for refund orders exceeding Rs. 1,500.

Dispatch of Refund Orders

The Company shall make refunds to applicants in case of over subscription using the following modes.

In case of applicants not residing in any of the centres specified by the SEBI, the refunds shall be credited to the bank accounts of applicants through electronic transfer of funds by using Electronic Clearing Service (ECS) Direct Credit, Real Time Gross Settlement (RTGS) or national Electronic Fund Transfer(NEFT), as is for the time being permitted by the Reserve Bank of India.

In case of other applicants – by dispatch of refund orders by registered post, where the value is Rs. 1500/- or more, or under certificate of posting in other cases,(Subject however to postal rules) and

In case of any category of applicants specified by SEBI- crediting of refunds to the applicants in other electronic manner permissible under the banking laws for the time being in force which is permitted by SEBI from time to time.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"Any person who:

a. **Makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or**

b. **Otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name**

shall be punishable with imprisonment for a term which may extend to five years."

Interest in case of delay in dispatch of allotment letters/refund orders

The Company agrees that allotment of securities offered to the public shall be made not later than 15 days of the closure of Public Issue. The Company further agrees that it shall pay interest @15% per annum if the allotment letters/ refund orders have not been dispatched to the applicants or if, in, a 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) within 15 days from the date of the closure of the Issue.

However, applications received after the closure of issue in fulfillment of underwriting obligations to meet the minimum subscriptions requirement shall not be entitled for the said interest.

Refund orders shall be payable at par at all centres where Bidding terminal were set up to receive Bids from Bidders.

UNDERTAKINGS BY THE COMPANY

The Company undertakes as follows:

a. that the complaints received in respect of this Issue shall be attended to by the Company expeditiously and satisfactorily;

b. that all steps for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are to be listed are taken within seven working days of finalization of the basis of allotment;

c. that adequate 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.

d. that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of the issue giving details of the bank where refunds shall be credited along with the amount and expected date of electronic credit of refund.

e. that the refund orders or allotment advice to the successful bidders shall be despatched within specified time; and

f. that no further Issue of Equity Shares shall be made until the Equity Shares issued through this Red Herring Prospectus are listed or until the Bid moneys are refunded on account of non-listing, under subscription, etc.

Utilization of Issue Proceeds

The Board of Directors of the Company certifies that:

a. All monies received out of the Fresh Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;

b. Details of all monies utilized out of the Fresh Issue shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilized;

c. Details of all unutilized monies out of the Fresh Issue, if any, shall be disclosed under the appropriate separate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested.

d. The Company shall not have recourse to the Issue proceeds until approval for trading of Equity Shares from all the stock exchanges where listing is sought is received.

Pending utilization for the purposes described above, the company intends to invest the funds in high quality interest/dividend bearing liquid instruments including money market mutual funds, bank deposits and similar securities with banks for necessary duration. Such Investment would be in accordance with the investment policies approved by the Board from time to time.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investments.

Subscription by NRIs/ FIIs

It is to be distinctly understood that there is no reservation for Non-Residents, NRIs ,FIIs foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions and such NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions will be treated on the same basis as other categories for the purpose of allocation.

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:

By way of Circular no. 53 dated Decmber 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian Company in a public offer without the prior approval of the RBI, so long as the price of equity shares to be issued is not less than the price at which the equity shares are issued to residents.

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 sub-account shall not exceed 10% of our total issued capital or 5% of the total issued capital of our Company in case such sub-account is a foreign corporate or an individual. The aggregate holding by FIIs in a company cannot exceed 24% of its issued share capital, however, this limit of 24% may be increse upto the applicable sectoral cap by passing a board resolution and a special resolution of the shareholders authorizing such an increase.

With the approval of the board of directors and the shareholders by way of a special resolution, the aggregate FII holding limit may be increased to 100%.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15(A)(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII or its sub-account may issue, deal or hold, offshore derivative instruments such as participatory notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of “know your client” requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

SECTION IX

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

PRELIMINARY

1. Unless the context otherwise requires, words or expressions contained in these Articles shall bear the same meaning as in the Act. The marginal notes hereto shall not effect the construction hereto and in these presents, unless there be something in the subject or context inconsistent therewith.

"The Act" means the Companies Act, 1956

"These Articles" means these Articles of Association as originally framed or as altered by Special Resolution, from time to time.

"The Company" means MAGNUM VENTURES LIMITED

"The Directors" mean the Directors of the Company for the time being.

"Board" means the Board of Directors of the Company for the time being.

"The Office" means the registered office of the Company for the time being.

"The Register means the Register of Members to be kept pursuant to Section 150 of the Act.

"Dividend" includes Bonus.

"Month" means calendar month

"Year" means calendar year and "financial Year" shall have the meaning assigned thereto by Section 2 (17) of the Act.

"Proxy" includes Attorney duly constituted under a power of attorney

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"Seal" means the common seal of the company.

"In Writing "and "Written" shall include printing, Lithography and other modes of representing or reproducing words in a visible form. Words' imparting the Singular number only include the plural number and vice-versa.

"Beneficial Owner" means a person or persons whose name is recorded as such with a depository.

"SEBI" means the Securities & Exchange Board of India.

"Depository" means a Company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as a depository under the Securities & Exchange Board of India, 1992.

"Registered Owner" means a Depository whose name is entered as such in the records of the Company.

"Security" means such security as may be specified by SEBI from time to time.

Words imparting the masculine gender only include the feminine gender

Words imparting persons include corporations

2. Save as provided herein, the regulations contained in Table "A" in schedule 1 of The Act shall not apply to the company.

3. The Authorised Share Capital of the company shall be such amount and be divided into such shares as may, from time to time, be provided in clause V of Memorandum of Association with power to subdivide consolidate and increase and with power from time to time, to issue any shares of the original capital with and subject to any preferential,

qualified or special rights, privileges or conditions as may be, thought fit, and upon the subdivision of shares to apportion the right to participate in profits, in any manner as between the shares resulting from subdivision.

4. The Company shall have power to issue Preference Shares carrying right to redemption out of profits which would otherwise be available for dividend, or out of the proceeds of a fresh issue of shares made for purpose of such redemption, or liable to be redeemed at the option of the company, and the Board may subject to the provisions of Section 80 of the Act exercise such power in such manner as it thinks fit.

5a (1) Where at any time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares then:

a) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the company, in proportion, as nearly as circumstances admit, to the capital paid up on those shares at that date.

b) The offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer if not accepted, will be deemed to have been declined.

c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub clause (b) shall contain a statement of this right;

d) After the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner as they may think most beneficial to the company.

(2) Notwithstanding anything contained in sub-clause (1), the further shares aforesaid may be offered to any persons (Whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever.

a) If a special resolution to that effect is passed by the company in General Meeting, or
b) Where no such resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the Company.

(3) Nothing in sub-clause © of (1) hereof shall be deemed;
a) To extend the time within which the offer should be accepted; or
b) To authorise 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 has declined to take the shares comprised in the renunciation.

(4) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the 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.

Provided that the terms of Issue of such debentures or the terms of such loans include a term providing for such option and such term:

a) Either has been approved by the Central Government before the Issue of the debentures or the raising of the loans or is in conformity with Rules, if any made by that Government in this behalf; and
b) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the company in General Meeting before the Issue of the debentures or raising of the loans.

5b. Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with 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 the General Meeting.

6. Subject to the provisions of the Act it shall be lawful for the company to issue at a discount, shares of a class already issued.

7. The Company may, subject to compliance with the provisions of Section 76 of the Act, exercise the powers of paying commission on the issue of shares debentures. The commission may be paid or satisfied in cash or shares, debentures or debentures stock of Company.

8. The company may pay a reasonable sum of brokerage, subject to the ceiling prescribed under the Act.

9. Subject to Section 187 C of the Act, the Company shall be entitled to treat the registered holder of any shares as the absolute owner thereof and accordingly shall not, except as ordered by a court of competent jurisdiction or as by law required, be bound to recognize any trust, benami or equitable or other claim to or interest in such shares or any fractional part of a share whether or not it shall have express or other notice thereof.

CERTIFICATE

10. The certificate to title to shares shall be issued under the seal of the Company.

11. Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of Issue thereof otherwise provide, or within two months of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares, as the case may be. Every certificate of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons,

the company shall not be borne to Issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holders.

12. If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, and a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate.

Every certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for Issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above, the Directors shall comply with such Rules 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.

JOINT-HOLDERS OF SHARES

13. Where to or more persons are registered as the holders of any share they shall be deemed to hold the same as joint-tenants with benefit of survivorship subject to provisions following and to the other provisions of these articles relating to joint holders;

a) The Company shall not be bound to register more than three persons as the joint holder of any shares.
b) The joint holders of a share shall be liable severally as well as jointly in respect of all payments which out to be made in respect of such shares.
c) On the death of any one of such joint holders the survivor or survivors shall be the only person recognized by the Company as having any title to or interest in such share but the board may deem require such evidence of death as it may deem fit.
d) Only the person whose name stands first in the Register as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share.

CALLS

14. The Directors may from time to time, subject to the terms on which any shares may have been issued, make such calls as they think fit. Upon the member in respect of all moneys unpaid on the shares held by them respectively, and not by the conditions of allotment thereto made payable at fixed times, and each member shall pay the amount of every call so made on him to the persons and at the times and places appointment by the Directors. A call may be made payable by instalments.

15. That the option or right to call of shares shall not be given to any person except with the sanction of the Company in general meeting.

16. Not less than 30 (Thirty) days notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid.

17. If by the terms of issue of any share or otherwise, the whole or part of the amount of issue price thereof is made payable at any fixed time or by instalments at fixed times, every such amount of issue price or instalment thereof shall be payable as if it was a call duly made by the Directors and of which due notice had been given and all the provisions herein contained in respect of calls shall apply to such amount or issue price or instalments accordingly.

18. If the sum payable in respect of any call or instalment be not paid on or before the day appointed for the payment thereof, the holder for the time being of the share in respect of which the call shall have been made or instalment shall be due, shall pay interest for the same at the rate of 12 (twelve) percent per annum, from the day appointed for the payment thereof to the actual payment or at such other rate as the Directors may determine but they shall have power to waive the payment thereof wholly or part.

19. On the trial or hearing of any action or suit brought by the Company against any member or representative to recover any debt or money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the defendant is, or was, when the claim arose, on the Register of the Company as a holder, or one of the holders of the number of shares in respect of which such claim is made, that the resolution making the call is duly recorded in the minute book and that the amount claimed is not entered as paid in the books of the Company, and it shall not be necessary to prove the appointment of the Directors who made any call nor that a quorum of directors was present at the meeting at which any call was made nor that such meeting was duly convened or constituted, nor any other matter whatsoever; but the proof of the matters aforesaid shall be conclusive evidence of the debt.

20. 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 the same would but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

FORFEITURE AND LIEN

21. If any member fail to pay any call or instalment on or before the day appointed for the payment of the same, the Directors may at any time thereafter, during such time as the call or instalment remains unpaid, serve notice on such member requiring him to pay the same together with any interest that may have accrued and expenses, that may have been incurred by the company by reasons of such non-payment.

22. The notice shall name a day (not being less than 30(thirty) days from the date of the notice) and a place or places on and at which such call or instalment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time, and at the place or places appointed, the shares in respect of which such call was made or instalment is payable will be liable to be forfeited.

23. If the requirement of any such notice as aforesaid be not complied with, any shares in respect which such notice has been given may, at any time, thereafter before payment of all calls or instalments, interest and expenses due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share not actually paid before the forfeited. Neither the receipt by the Company of a portion of any money which shall, from time to time, be due from any member of the Company in respect of his shares, either by way of principal or interest, nor any indulgency granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such share as herein provided.

24. When any shares shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

25. Any share so forfeited shall be deemed to be the property of the Company, and the Directors may sell, re-allot or otherwise dispose off the same in such manner as they think fit.

26. The Director may, at any time before any share so forfeited shall not be sold, re-allotted or otherwise disposed off, annual the forfeiture thereof upon such conditions as they think fit.

27. Any member whose shares have been forfeited shall notwithstanding such forfeiture, be liable to pay and shall forthwith pay to the Company all calls, instalments, interest and the expenses, owing upon or in respect of such shares, at the time of instalments, interest and the forfeiture together with interest thereupon, from the time of the forfeiture until payment at 12 (Twelve) percent per annum or such other rate as the Directors may determine and the Directors may enforce the payment thereof without any deduction or allowance for the value of shares at the time of forfeiture but shall not be under any obligation to do so.

28. The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against in the Company in respect of the share and all other rights incidental to the share except only such of those rights as by these Articles are expressly saved.

29. A duly verified declaration in writing that the declarant is a Director of the Company and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposition thereof, shall constitute a written title to such shares.

30. The Company shall have a first and paramount lien upon all the shares / debentures (other than fully paid-up shares / debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares / debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares / debentures. Unless otherwise agreed, the registration of a transfer of shares / debentures shall operate as a waiver of the Company's lien if any, on such shares / debentures. The Directors may at any time declare any shares / debentures wholly or in part to be exempt from the provisions of this clause.

31. Deleted

32. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers by these presents given, the Directors may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to entered in the register in respect of the shares sold and after his name has been entered in the Register in respect of such shares his title to such shares shall not be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition, nor impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

33. Where any shares under the powers in that behalf herein contained are sold by the Directors and the certificate thereof has not been delivered to the Company by the former holders of the said shares the Directors may issue new certificate in lieu of certificate not so delivered.

33a. The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and the statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

TRANSFER AND TRANSMISSION OF SHARES

34. Subject to the provisions of Act, no transfer of shares shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor or transferee has been delivered to the Company together with the certificate or certificates of the shares, or if no such certificate is in existence along with the letter of allotment of shares. The instrument of transfer of any shares shall be signed both by or on behalf of the transferor and by or on behalf of transferees and 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.

35. Application for the registration of the transfer of a share may be made either by the transferor or the transferee provided that, where such application is made by the transferor, no registration shall in case of partly paid shares be effected unless the company gives notice of the application to the transferee in the manner prescribed by the Act, and subject to the provisions of Articles hereof, the company shall, unless objection is made by the transferee within two weeks from the date of receipt the notice enter in the register the name of the transferee in the same manner and subject to the same conditions as if the application for the registration was made by the transferee.

36. Before registering any transfer tendered for registration, the Company may, if it so thinks fit, give notice by letter posted in the ordinary course to the registered holder that such transfer deed has been lodged and that, unless objection is taken, the transfer will be registered and if such registered holder fails to lodge an objection in writing at the office of the Company within two weeks from the posting of such notice to him he shall be deemed to have admitted the validity of the said transfer.

37. The Company shall keep a “Register of Transfers” and therein shall be fairly and distinctly entered particular of every transfer of any share.

38. 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 maybe, was delivered to the Company, send notice of the refusal to the transferee and the transferor or the person giving intimation of such transmission, as the case may be, giving such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company or any account whatsoever except where the company has a lien on the shares.

39. (1) No transfer shall be made to a minor or a person of unsound mind.
(2) No fee shall be charged for registration of transfer, probate, letter of administration, certificate of death or marriage, power of Attorney or similar other instruments.

40. All instruments of transfer duly approved shall be retained by the Company and in case of refusal, instruments of transfer shall be returned to the person who lodges the transfer deeds.

41. If the Directors refuse to register the transfer of any shares, the company shall, within one month from the date on which the instrument of transfer was lodged with the Company or intimation given send to the transferor and the transferee or the person giving intimation of such transfer, notice of such refusal.

42. On giving seven day’s notice by advertisement in a news paper circulating in the district in which the office of the company is situated, the Register of members may be closed

during such time as the Directors think fir not exceeding in the whole forty five days in each year but not exceeding thirty days at a time.

43. The executors or administrator or the holder of a succession certificate in respect of shares of a deceased member (not being one of several joint holders) shall be the only person whom the company shall recognise as having any title to the shares registered in the name of such member and, in case of death of any one or more of the joint holders of any registered shares the survivors shall be only persons recognised by the Company as having any title to interest in such shares but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person. Before recognishing any legal representative or heir or a person otherwise claiming title to the shares the Company may require him to obtained a grant of probate or letters of administration or succession certificate, or other legal representation, as the case may be from a competent Court, provided nevertheless that in any case where the Board in its absolute discretion think fit, it shall be lawful for the Board to dispense with production of probate or letters of administration or a succession certificate or such other legal representation upon such terms as to indemnity or otherwise as the Board may consider desirable.

44. Any person becoming entitled to or to transfer shares in consequences of the death or insolvency of any member, upon producing such evidence that he sustains the character in respect of which he proposes to act under this article, or of his title as the Director think sufficient, may with the consent of the Directors (which they shall not be under any obligation to give), be registered as a member in respect of such shares or may, subject to the regulations as to transfer hereinbefore contained, transfer such shares. This Article is hereinafter referred to as “The Transmission Article”. Subject to any other provisions of these Articles if the person so becoming entitled to shares under this or the last preceding Article shall elect to be registered as a member in respect of the share himself he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to transfer to some other person he shall execute an instrument of transfer of shares. All the limitations, restrictions and provisions of these articles relating to the rights to transfer and the registration of transfers of shares shall be applicable to any such notice of transfer as aforesaid.

45. Subject to any other provisions of these Articles if the Directors in their sole discretion are satisfied in regard thereof, a person becoming entitled to share in consequences of the death or insolvency of a member may receive and give a discharge for any dividends or other money payable in respect of the share.

46. The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and the statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof. The instruments of transfer shall be in the form prescribed by the Act or the Rules made there under or where no such form is prescribed in the usual common form or any other form approved by the Stock Exchange in India or as near thereto as circumstances will admit.

46a (i) Every holder of shares or debentures or fixed deposits of the Company will have freedom to nominate at any time a person to whom his shares/ debentures/fixed deposits shall vest in the event of his/her death.

(ii) Where the shares/debentures/fixed deposits are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures or fixed deposits 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, in respect of such shares or debentures or fixed deposits of the Company, where a nomination made in the prescribed purports to confer on any person the right to vest in the shares or debentures or fixed deposits of the Company, the nominee shall on the death of the holder of securities mentioned above, 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 fixed deposits, 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 prescribed manner.

(iv) Any person who becomes nominee as aforesaid and becomes entitled to shares/ debentures/ deposits on the death of the registered holder, such nominee upon the production of such evidence as may be required by the Board of Directors of the Company, elect either to be registered as holder of the shares or debenture or Deposits or to make such transfer of the shares or debentures as the deceased shareholder or debenture holder could have made.

(v) The Board of Directors of the Company shall in either case have the same right to decline or to suspend registration, as it would have had if the deceased shareholder or debenture holder had transferred the shares or debentures before his death.

(vi) Where nominee is a minor it shall be lawful for the holder of the share or holder of debentures/fixed deposits to make the nomination to appoint in the prescribed manner any person to become entitled to shares in or debentures or deposits of the Company in the event of his death during the minority.

46b (i) Dematerialization of Securities

Notwithstanding any thing contained in these Articles, the company shall be entitled to dematerialise its existing securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996 and to offer its shares, debentures and other securities for issue in dematerialised form. The Company shall further be entitled to maintain a Register of Members with the details of members holding shares both in material and dematerialised form in any media as permitted by law including any form of electronic media.

(ii) Issue of Securities and Option for Investors

Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificate of Securities. If a person opts to hold the security with a depository, and on the receipt of the information, the depository shall enter in its record the name of the allottees as the beneficial owner of the security.

(iii) Securities in Depository mode to be in Fungible Form

All securities held by a depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

(iv) 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 of the purposes 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 security held by it.

(c) Every person holding securities of the company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a depository.

(v) Service of Documents

Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the company by means of electronic mode or by delivery of floppies or discs.

(vi) Transfer of Securities
Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities affected by a transferor and transferee both of who are entered as beneficial owners in the records of a depository.

(vii) Allotment of Securities dealt with a Depository
Notwithstanding anything in the Act or these Articles, where a depository deals with securities, the company shall intimate the details thereof to the depository immediately on allotment of such securities.

(viii) Distinctive numbers of Securities held in a Depository
Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

(ix) Register and Index of Beneficial Owners
The register and index of Beneficial Owners maintained by a Depository under the Depositories Act shall be deemed to be a Register and Index of members and other security holders.

SHARES WARRANTS

46. Subject to the provisions of Sections 114 and 115 of the Act and subject to any directions which may be given by the Company in General Meeting, the Board may issue share-warrants in such manner and on such terms and conditions as the Board may deem fit. In case of such issue Regulations 40 to 43 of Table “A” in Schedule I of the Act, shall apply.

STOCKS

47. The Company may exercise the power of conversion of its shares into stock and in the case regulations 37 to 39 of Table “A” in Schedule I to the Act shall apply.

ALTERATION OF CAPITAL

48. The Company may, by ordinary resolution from time to time, after the condition of Memorandum of Association as follow: -

a. Increase in the Share Capital by such amount to be divided in to shares of such amount as may be specified in the resolution.
b. Consolidate and divide all or any of its share capital into shares or larger amount than its existing shares.
c. Sub divide its existing shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, 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 name as it was in the share from which the reduced share is derived, and
d. 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.

49. Subject to the provisions of Sections 100 to 104 of the Act, the Board may accept from any member the surrender of all or any of his shares on such terms and conditions as shall be agreed.

MODIFICATION OF RIGHT

50. If at any time the share capital is divided into different classes of shares the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be carried with consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a Special Resolution passed at a Separate Meeting of the holders of the shares of that class. To every such separate meeting the provision of these Articles, relating to general meeting shall apply, but so that the necessary quorum shall be two persons atleast holding or representing by proxy one-tenth of the issued shares of the class but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those members who are present shall be a quorum and that any holder of shares of the class present in person or by proxy may demand a poll, and on a poll shall have one vote for each shares of the class of which he is the holder. The company shall comply with the provisions of Section 192 of the Act as to forwarding a copy of any such agreement or resolution to the Registrar of Companies.

BORROWING POWERS

51. The Board may from time to time and at its discretion, subject to the provisions of Section 58A, 292 and 293 of the Act, and Regulations made thereunder and Directions issued by RBI raise or borrow, either from the Directors or from elsewhere and secure the payment of any sums or sum of money for the purpose of the Company.

52. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.Any debentures-debenture stock bonds or other securities may be issued at a discount, premium or otherwise and with any special privileges, as to redemption, surrender, drawings, allotment of shares, appointment of Directors and otherwise. Debentures, debenture-stock, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

53. Deleted.

54. If the Board refuses to register the transfer of any debentures, the Company shall, within two months from the date on which the instrument of transfer was lodged with the Company, send to the transferee and to the transferor notice of the refusal.

RESERVES

56. Subject to the provision of the Act, the board shall in accordance with Section 205 (2A) of the act, before recommending any dividend, set aside out of the profits of the company such sums as it thinks proper as reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may at its discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company as the Board may from time to time think fit). The Board may also carry forward any profit which it may think prudent not to divide without setting them aside as a reserve.

57. Any General Meeting may resolve that the whole or any part of the undivided profits of the Company (which expression shall include any premiums received on the issue of shares and any profits or other sums which have been set aside as a reserve or reserves or have been carried forward without being divided) be capitalised and distributed amongst such of the members as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised amount be applied on behalf of such members in paying up in full any unissued shares of the

Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares, and that such distribution or payment shall be accepted by such member in full satisfaction of their interest in the said capitalised amount. Provided that any sum standing to the credit of a Share Premium Account or a Capital Redemption Reserve Account may, for the purposes of this Article only be applied in paying up of unissued shares to be issued to members of the company as fully-paid bonus shares.

58. For the purpose of giving effect to any resolution under last two preceding Articles, the Directors may settle any difficulty which may arise in regard to the distribution as they think expedient and in particular may issue fractional certificate.

GENERAL MEETING

59. The Directors may, whenever they think fit, call an Extra Ordinary General Meeting provided however it at any time there are not in India, Directors capable of acting who are sufficient in number to form a quorum any Director present in India may call an Extra ordinary General Meeting in the same manner as nearly as possible as that in which such a meeting may be called by the Board.

60. The Board of Directors of the Company shall on the requisition of such member or member of the company as is specified in subsection (4) of Section 169 of the Act forthwith proceed to call an Extra ordinary General Meeting of the Company and in respect of any such requisition and of any meeting to be called pursuant thereto, all the provisions of section 169 of the Act and of any statutory modification thereof for the time being shall apply.

61. The quorum for a general meeting shall be five members present in person.

62. At every General Meeting, the Chair shall be taken by the Chairman of the Board of Directors. If at any meeting, the Chairman of the Board of Directors be not present within fifteen minutes after the time appointed for holding the meeting or, though present be unwilling to act as chairman, the members present shall choose one of the Directors present to be Chairman or if no Director shall be present or though present shall be unwilling to take the Chair then members present shall choose one of their members, being a member entitled to vote, to be Chairman.

63. Any act or resolution which, under the provisions of this Article or of the Act, is permitted shall be sufficiently so done or passed if effected by an ordinary resolution unless either the Act or the articles specifically require such act to be done or resolution passed by a special resolution.

64. If within hall an hour from the time appointed for the meeting a quorum be not present, the meeting, if convened upon a requisition of share holders shall be dissolved but in any other case it shall stand adjourned to the same day in the next week at same time and place, unless the same shall be public holiday when the meeting shall stand adjourned to the next day not being a public holiday at the same time and place and if at such adjourned meeting a quorum be not present within half an hour from the time appointed for the meeting, those members who are present and not being less than two persons shall be a quorum and may transact the business for which the meeting was called.

65. In the case of an equality of votes the Chairman shall both on a show of hand and a poll have a casting vote in addition to the vote or votes to which he may be entitled as a member.

66. The Chairman of a General Meeting may adjourn the same, from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place, It shall not be necessary to give notice to the members of such adjournment or of the time, date and place appointed for the holding of the adjourned meeting.

67. If a poll be demanded, 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

VOTES OF MEMBERS

68. (1) On a show of hands every member present in person and being a holder of Equity shares shall have one vote and every person present either as a proxy on behalf of a holder of Equity Shares or as a duly authorised representative of a body corporate being a holder of Equity Shares, if he is not entitled to vote in his own right, shall have one vote.

(2) On a poll the voting rights of a holder of Equity Shares shall be as specified in Section 87 of the Act.

(3) The voting rights of the holders of the Preference Shares including the Redeemable Cumulative Preference Shares shall be in accordance with the provisions of section 87 of the Act.

(4) No company or body corporate shall vote by proxy so long as a resolution of its Board of Directors under Section 187 of the Act is in force and the representative named in such resolution is present at the General Meeting at which the vote by proxy is tendered.

69. A person becoming entitled to a share shall not before being registered as member in respect of the share be entitled to exercise in respect thereof any right conferred by membership in relation to the meeting of the Company.

If any member be a lunatic or idiot, he may vote whether on a show of hands or at a poll by his committee or other legal curator and such last mentioned persons may given their votes by proxy provided twenty four hours atleast before the time of holding the meeting or adjourned meeting, as the case may be, at which any such person proposes to vote he shall satisfy the Board of his rights under this Article unless the Board shall have previously admitted his right to vote at such meeting in respect thereof.

70. Where there are joint holders of any share any one of such persons may vote at any meeting either personally or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint-holders be present at any meeting either personally or by proxy then that one of the said persons so present whose name stands prior in order on the register in respect o such share shall alone be entitled to vote in respect thereof. Several executor or administrators of deceased member in whose name any share stands shall for the purpose of this Article be deemed joint-holders thereof.

71. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his Attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hands of its Attorney.

72. 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 authority shall be deposited at the office not less than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated at valid.

73. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the instrument of transfer of the share in respect of which the vote is given. Provided no intimation in writing of the death, insanity, revocation or transfer of the share shall have been received at the office or by the Chairman of the Meeting before the vote is given. Provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not bee revoked.

74. Every instrument appointing a proxy shall as nearly as circumstances will admit be in the form set out in Schedule IX to the Act.

75. No objection shall be taken to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote not disallowed at such meeting or poll and whether given personally or by proxy or otherwise shall be deemed valid for all purposes.

75A. Before or on the declaration of the result of the voting on any resolution on a show of hand, a poll may be ordered to be taken by the Chairman of the Meeting on his own motion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and fulfilling the requirements as laid down in Section 179 of the Act, for the time being in force.

76. No member shall be entitled to exercise any voting rights either personally or by proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has and exercised any right or lien.

DIRECTORS GENERAL PROVISIONS

77. The number of Directors shall not be less than three and not more than twelve.

78. The following shall be the First Directors of the Company:
   1. Mr. Siddarth Deshraj
   2. Dr. Mrs. Satyawati Deshraj
   3. Mr. Arvind Mohan Deshraj

79. The Directors shall have power, at any time and from time to time, to appoint any person as Director as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number fixed by the Articles. Any director so appointed shall hold office only until the next Annual General Meeting of the Company and shall be eligible for re-election

80. Director shall not be required to hold any share qualification.

81. Subject to provisions of the Act, the Directors shall be entitled to receive in each year a Commission @ 1% (one percent) of the net profits of the Company to be computed in accordance with the provisions of the Act, and such commission shall be divided among the Directors in such proportion and manner as may be determined by them. The Directors may allow and pay to any Directors may allow and pay to any Director who for the time being is resident out of the place at which any Meeting of the Directors may be held and who shall come to that place for the purpose of attending such meeting such sum as the Directors may consider fair and reasonable for his expenses in connection with his attending the meeting in addition to his remuneration as above specified. If any Director being willing is appointed to an executive office either whole time or part time or be called upon to perform extra services or to make any special exertions for any of the purposes of the Company then, subject to Sections 198, 309, 310 and 314 of the Act, the Board may remunerate such Director either by a fixed sum or by a percentage of profits or otherwise and such remuneration may be either in addition to or in subsitution for any other remuneration to which he may be entitled to.

81A The sitting fees payable to a Director for attending a meeting of the Board or a Committee of the Board or a general meeting shall be regulated as per the provisions of Section 310 of the Schedule XIII thereof.

82. The continuing Directors may act notwithstanding any vacancy in their body but so that if the number falls below the minimum number above fixed, the Directors shall not except for the purpose of filling vacancies or of summoning a General Meeting act so long as the number is below the minimum.

83. Subject to the provisions of Section 297, 299, 309 and 314 of the Act, the Directors (including Managing Director) shall not be disqualified by reasons of his their office as such, from holding office under the Company or from contracting with the Company either as vendor, purchaser, tender, agent, broker, lessor or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with a relative of such Directors or the Managing Director or with any firm in which any Director or a relative shall be a partner or with any other partner or with a private company in which such Director is a member or director interested be avoided nor shall any Director or otherwise so contracting or being such members or so interested be liable to account to the company for any profit realised by such contract or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established.

APPOINTMENT OF DIRECTORS

84. The Company in General Meeting may, subject to the provision of these Articles and the Act, at any time elect any person to b e Director and may, from time to time increase or reduce the number of directors.

85A. Any member of the company shall be competent to propose the name of any person who is otherwise not disqualified as being a director of a company, for the office of director in the company and shall accordingly give a notice of atleast 14 days in writing alongwith a deposit of Rs.500/- (Rupees Five Hundered) or such sum as may for the time being be prescribed by the Act, which shall be refunded only after the person proposed to be appointed as director is elected.

86. If any Director appointed by the Company in general meeting vacates office as a Director before his term of office will expire in the normal course, the resulting casual vacancy may be filled up by the Board at a meeting of the Board, but any person so appointed shall retain his office so long as the vacating Director would have retained the same if no vacancy had occurred. Provided that the Board may not fill such a vacancy by appointing thereto any person who has been removed from the office of the Director under Section 284 of the Act.

87. The Company shall, subject to the provisions of the Act, be entitled to agree with any person, firm or corporation that he or it shall have the right to appoint his or its nominee on the Board of Directors of the Company upon such terms and conditions as the Company may deem fit. The Corporation, firm or person shall be entitled, from time to time, to remove any such Director or Directors and appoint another or others in his or their places. He shall be entitled to the same rights and privileges and be subject to the same obligation as any other Director of the company.

88. (a) Notwithstanding anything the contrary contained in these Articles, so long as any moneys remain owing by the Company to the Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), The Industrial Credit and investment Corporation of India Limited (ICICI), Life Insurance Corporation on India (LID), General Insurance Corporation of India (GIC), Unit Trust of India (UTI) and other Financial Institutions of Central or State Governments or to any other Corporation or Institution or to any other Financing Company or other Body out of any loans granted by them to the Company or so long as ISBI, ICICI, LIC, GIL, UTI, or any other Financing Company or Body (each of which IDBI, IFCI, ICICI, and LIC, GIC, UTI or other Finance Corporation or Credit Corporation or any other financing Company or body is hereinafter in these Articles referred to as "the Corporation") continue to hold shares in the company as a result of underwriting or direct subscription, the Corporation shall have a right to appoint from time to time any person or persons as a director or directors whole time or non-whole time, (which director or directors is/are hereinafter referred to as nominee director/s") on the board of the Company and to remove form such office any person or persons so appointed and to appoint any person or persons in his or their place/s.

(b) The Board of directors of the company shall have no power to remove from office the nominee director/s. At the option of the Corporation, such nominee director/s shall not be liable to retirement by rotation of directors. Subject as aforesaid, the nominee director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other director of the Company.

(c) The nominee director/s so appointed shall hold the said office only so long as any moneys remain owing by the company to the Corporation or as a result of underwriting or direct subscription and the nominee director/s so appointed in exercise of the said power shall ipso-facto vacate such office immediately after the moneys owing by the company tot he Corporation are paid off or the Corporation ceasing to hold shares in the Company.

(d) The nominee director/s appointed under this Article shall be entitled to receive all notices of and attend all general meetings, board meetings and of the meetings of the committee of which the nominee director/s is/are member/s and also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes.

(e) The Company shall pay to the nominee director/s sitting fees an expenses which the other directors of the Company are entitled to, but if any other fees, commission, moneys or remuneration in any form is payable to the Directors of the company, the fees, commission, moneys and remuneration in relation of the company, the fees, commission, moneys and remuneration in relation to such nominee director/s shall accure to the Corporation and the same shall accordingly be paid by company directly to the Corporation. Any expenses that may be incurred by the Corporation or such nominee director/s in connection with their appointment or directorship shall also be paid or reimbursed by the company to the Corporation or as the case may be to such nominee director/s. Provided that if any such nominees director/s is an officer of the Corporation the sitting fees, in relation to such nominee director/s shall also accrue to Corporation and the same shall accordingly be paid by the company directly to the Corporation. Provided also tat in the event of the nominee director/s being appointed as wholetime director/s such nominee directors shall exercise such powers and duties as may be approved by the Corporation and have such rights as are usually exercised or available to a wholetime director, in the management of the affairs of the Company. Such nominee director/s shall be entitled to receive such remunreation, fees, commission and money as may be approved by the Corporation.

89. Subject to the provisions of section 313 of the Act, the Board may appoint any person to act as an alternate director for a director during the letter's absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held and such appointment shall have effect and such appointee, whilst he holds office as an alternate director; shall be entitled to notice of meetings of the Board and to attend and vote thereat accordingly, but he shall ipso facto vacate office if and/when the absent director returns to State in which meetings of the Board are ordinarily held or the absent Director vacates office as Director.

ROTATION OF DIRECTORS

90. (1). Not less than tow-thirds of the total number of Directors shall be persons whose period of office is liable to determination by retirement of Directors by rotation.

(2) At each Annual General Meeting of the Company, One-third of such of the Director for the time being as are liable to retire by rotation or if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office.

(3) The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day, those to retire shall, in default of and subject to any agreement among themselves be determined by lot.

(4) If at an Annual General Meeting all the Directors appointed under Article 87 and 110 hereby are not exempt from retirement by rotation under Section 255 of the Act, then to the extent permitted by the said Section, the exemption shall extend to the Directors or Directors or Director appointed under Article 87. Subject to the foregoing provisions as between Director or Directors who shall not be liable

to retire by rotation shall be determined by and in accordance with their respective seniorities as may be determined by the Board.

91. A retiring Director shall be eligible for re-election and shall act as a Director throughout the meeting at which he retires.

92. Subject to any resolution for reducing the number of Director, if at any meeting at which an election of Directors ougth to take place, the places of the retiring Directors are not filled up, the meeting shall stand adjourned till the next succeeding day which is not a public holiday at the same time and place and if at the adjourned meeting, the places of the retiring Directors are not filled up, the retiring Directors or such of them as have not had their places filled up shall (if willing to continue in office) be deemed to have been re-elected at the adjourned meeting.

PROCEEDINGS OF DIRECTORS

93. The Directors may meet, together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit. Notice in writing of every meeting of the Directors shall ordinarily be given by a Director or such other officer of the company duly authorised in this behalf to every Director for the time being in India, and at his usual address in India to every other Director.

94. The quorum for a meeting of the Directors shall be determined, from time to time, in accordance with the provisions of section 287 of the Act. If a quorum shall not be present within fifteen minutes from the time appointed for holding a meeting of the Directors, if shall be adjourned until such date and time as the Directors present shall appoint.

95. The Secretary may at any time, and upon request of any two Directors shall, summon a meeting of the Directors.

96. Subject to the provisions of Sections 316, 372(5) and 386 of the Act, question arising at any meeting shall be decided by a majority of votes, each director having one vote and in case of any equality of votes, the Chairman shall have a second or casting vote.

97. The Chairman of the Board of Directors shall be the Chairman of the meetings of Directors. Provided that if the Chairman of the Board of Directors is not present within five minutes after the appointed time for holding the same, the Directors present shall choose one of their members to be Chairman of such meeting.

98. A meeting of Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the Articles of the Company and the act for the time being vested in or exercisable by the Directors generally.

99. The Directors may, subject to compliance of the provisions of the Act, from time to time, delegate any of their powers to committee(s) consisting of such member or members of their body as they think fit, and may, from time to time, revoke such delegation. Any Committee so formed shall in the exercise of the powers so delegated conform to any regulations that may, from time to time be imposed on it by the Directors. The meeting and proceedings of any such Committee, if consisting of two or more members, shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto and are not superseded by any regulation made by the Directors under this Articles.

100. All acts done at any meeting of Directors or of a Committee of the Directors or by any person acting as a Director shall be valid notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Directors, Committee or person acting as aforesaid or that they or any of them were disqualified.

101. Except a resolution, which the Act, requires it specifically to be passed in a board meeting, a resolution may be passed by the Directors or Committee thereof by circulation in accordance with the provision of Section 289 of the Act.

Minutes of nay meeting of Directors or of nay Committee or of the Company if purporting to be signed by the Chairman of such meeting or by the Chairman of next succeeding meeting shall be receivable as prima facie evidence of the matters in such minutes.

POWERS OF DIRECTORS

102. Subject to the provisions of the Act, the control of the Company shall be vested in the Directors who shall be entitled to exercise all such powers and to do all such acts and things as may be exercised or done by the Company and are not hereby or by law expressly required or directed to be exercised or done by the Company in General Meeting but subject nevertheless to the provisions of any law and of these presents, from time to time, made by the Company in General Meeting, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

103. Without prejudice to the general powers conferred by the preceding article the Directors may, from time to time, subject to the restrictions contained in the Act, delegate to managers, secretaries, officers, assistants and other employees or other persons (including any firm or body corporate) any of the powers authorised and discretions for the time being vested in the Directors.

104. The Directors may authorise any such delegate or attorney as aforesaid to sub delegate all or any of the powers, authorities and discretion for the time being vested in them.

105. All deeds, agreements and documents and all cheques, promissory notes, draft, hundies, bills of exchange and other negotiable instruments, and all receipts for moneys paid to the Company, shall be signed, drawn, accepted or endorsed or otherwise executed, as the case may be by such persons (including any firm or body corporate) whether in the employment of the Company or not and in such manner as the Directors shall, from time to time, by resolution determine.

106. The Directors may make such arrangements as may be thought fit for the management of the Company's affairs abroad, and may for this purpose (without prejudice to the generality of their powers) appoint local bodies and agents and fix their remuneration and delegate to them such powers as may be deemed requisite or expedient. The foreign seal shall be affixed by the authority and in the presence of and instruments sealed therein shall be signed by such persons as the Directors shall, from time to time by writing under the common seal, appoint. The company may also exercise the powers of keeping Foreign Registers. Such regulations not being in consistent with the provisions of Sections 157 and 158 of the Act, the Board may, from time to time, make such provisions as it may think fit relating thereto and may comply with the requirement of any local law.

107. A Manager or secretary may be appointed by the Directors on such terms, at such remuneration and upon such conditions as they may think fit, and any Manager or Secretary appointed may be removed by the Directors. Directors may be appointed as Manager or Secretary, subject to Sections 314, 197A, 383A, 387, and 388 of the Act.

108. A provision of the Act or these regulations requiring or authorising a thing to be done by a director, manager or secretary shall not be satisfied by its being done by the same person same person acting both as director and as, or in place of the manager or secretary.

MANAGING DIRECTORS

109. Subject to the provisions of Sections 197A, 296, 316 and 317 Schedule XIII of the Act, the board may, from time to time, appoint one or more Directors to be Managing Director or Managing Directors of Company and may, from time to time, (subject to the provisions of any contract between him or them and the Company), remove or dismiss him or them from office and appoint another or others in his place or their places.

110. Subject to the provisions of Section 255 of the Act and Article 90(4) change hereof, a Managing Director shall not, while he continues to hold that office, be subject to retirement by rotation, but he shall be counted for as curtaining the number of Directors to retire (Subject to the provisions of any contract between him and the Company) he shall be subject to the same provisions as to resignation and removal as the other Directors, and he shall, ipso facto and immediately, cease to be a Managing Director if he ceases to hold the office of Director for any cause.

111. Subject to the provisions of Sections 198, 309, 310, 311 and Schedule XIII of the Act, a Managing Director shall, in addition to the remuneration payable to him as a Director of the Company under the Articles, receive such additional remunerations as may, from time to time, be sanctioned by the Company.

112. Subject to the provisions of the Act, in particular to the prohibitions and restrictions contained in Sections 292 and 293 thereof, the Board may, from time to time, entrust to and confer upon a Managing Director for the time being such of the powers exerciseable under these presents by the board as it may think fit, and may confer such powers for such time, and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as it think fit and the Board may confer such powers either collaterally with, or to the exclusion of, and in substitution for any of the powers of the Board in that behalf and may, from time to time, revoke, withdraw, alter or vary all or any of such powers.

COMMENCEMENT OF BUSINESS

113. The Company shall not at any time commence any business out of other objects of its Memorandum of Association unless the provisions of Section 149 of the Act have been duly complied with by it.

SEAL

114. The Directors shall provide for the safe custody of the Seal and the Seal shall never be used except by the authority of the Directors or a Committee of the Directors previously given and one Director at least shall sign every instrument to which the seal is affixed provided nevertheless that any instrument bearing the Seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority of the Directors to issue the same.

DIVIDENDS

115. Subject to Rights of members entitled to shares (if any) with preferential or special rights attached to them, the profits of the Company, from time to time determined to be distributed as dividend in respect of any year or other period shall be applied for payment of dividend on the shares in proportion to the amount of capital paid up on the Shares provided that unless the Board otherwise determines all dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid up on the shares during any portion or portions of the period in respect of which dividend is paid. Provided always that subject as aforesaid any capital paid up on a share during the period in respect of which a dividend is declared shall (unless the Board otherwise determines or the terms of issue otherwise provide, as the case may be), only entitle the holder of such share to an apportioned amount of such dividend as from the date of payment but so that where capital is paid up in advance of calls such capital shall not confer a right to participate in profits.

116. The Company in General Meeting may declare a dividend to be paid to the members according to their rights and interest in the profits and may, subject to the provisions of Section 205 of the act, fix the time for payment.

117. No larger dividend shall be declared than is recommended by the Directors, but the Company in General Meeting may declare a smaller dividend.

118. No dividend shall be payable except out of the profit of the company of the year or any other undistributed profits and no dividend shall carry interest as against the Company.

119. The declaration of the Directors as to the amount of the net profits in the audited annual accounts of the Company for any year shall be conclusive.

120. The Directors may, from time to time, pay to the members such interim dividends as in their judgment the position of the Company justifies.

121. The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists, subject to Section 205A of the Act.

122. A transfer of shares shall not pass the rights to any dividend declared thereon before the registration of the transfer.

123. Subject to Section 205A of the Act, the Directors may retain the dividends payable upon shares in respect of which any person is under the transmission Article entitled to become a member or which any person under the Article is entitled to transfer until such person shall duly become a member in respect thereof or shall transfer the same.

124. Any one of the several persons who are registered as joint holders of any share may give effectual receipts of all dividend payments on account of dividends in respect of such shares.

125. Unless otherwise directed, any dividend may be paid by cheque or warrant sent through post to the registered address of the member or person entitled thereto or in the case of joint-holders to the registered address of the one whose name stands first on the Register in respect of the joint holding to such person and such address and the member or person entitled or such joint – holders as the case may be may direct and every cheque or warrant so sent shall be made payable at par to the person or to the order of the person to whom it is sent or to the order of such other person as the member or person entitled or such joint-holders, as the case may be may direct.

126. The payment of every cheque or warrant sent under provisions of the last preceding Article shall, if such cheque or warrant purports to be duly endorsed, be a good discharge to the Company in respect thereof, provided nevertheless that the Company shall not be responsible for the loss of any cheque, warrant or postal money order which shall be sent by post to any member or by his order to any other person in respect of any dividend.

126A. Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the company in that behalf in any scheduled bank to be called "__________Unpaid Dividend Account".

Any money transferred to the unpaid dividend account of a company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Fund known as Investor Education and protection Fund established under section 205C of the Act.

No unclaimed and unpaid dividend shall be forfeited by the Board.

127. No unclaimed dividend shall be forfeited by the Board and the Company shall comply with the provisions of Section 205A of the Companies Act, 1956 and rules made there under in respect of such dividend.

BOOKS AND DOCUMENTS

128. The Books of Account shall be kept at the registered office or at such other place as the Directors think fit, and shall be open to inspection by the Directors during business hours.

129. The Directors shall, form time to time, determine whether and to what extent and at what times and places and under what conditions or regulations the accounts or books or

documents of the Company or any them shall be open for inspection to members not being Directors, and no member (not being a Director) shall have any right of inspection to any books of account or documents of the Company except as conferred by law or authorised by the Directors or by the Company in General Meeting.

130. Balance Sheet and Profit and Loss Account will be audited once in a year by a qualified auditor for correctness as per provisions of the Act.

131. The first auditors of the company shall be appointed by the Board of Directors within one month after its incorporation who shall hold office till the conclusion of first annual general meeting.

132. The Directors may fill up any casual vacancy in the office of the auditors.

133. The remuneration of the auditors shall be fixed by the company in the annual general meeting except as otherwise decided or that remuneration of the first or any auditors appointed by the directors may be fixed by the directors.

NOTICES

134. The Company shall comply with the provisions of Sections 53, 172 and 190 of the Act as to the serving of notices.

135. Every person who, by operation of law, or by transfer or by other means whatsoever, shall become entitled to any shares shall be bound by every notice in respect of such share which previously to his name and address being entered on the register shall be duly given to the person from whom he derives his title to such share.

136. Any notice or document delivered or sent by post to or left at the registered address of any member in pursuance of these presents shall notwithstanding such member be then deceased and whether or not the Company has notice of his demise, be deemed to have been duly served in respect of any registered shares whether held solely or jointly with other persons by such member, until some other person be registered in his stead as the holder or joint-holders thereof and such service shall for all purposes of these presents be deemed a sufficient service of such notice or document on his or her heirs, executors or administrators, and all persons, if any, jointly interested with him or her in any such share,

137. The signature to any notice to be given by the Company may be written or printed.

RECONSTRUCTION

138. On any sale of the undertaking of the Company, the Directors or the Liquidators on a winding up may if authorised by special resolution, accept fully paid or partly paid-up shares; debentures or securities of any other Company whether incorporated in India or not than existing to be formed for the purchase in whole or in part of the property of the company, and the Director (if the profit of the company permit), or the Liquidators (in a winding-up) may distribute such shares or securities or any other property of Company amongst the members without realisation, or vest the same in trustees for them, and any Special resolution may provide for the distribution or appropriation of the cash, shares or other securities, benefits or property, otherwise than in accordance with the strict legal rights of the members or contributories of the Company and for the valuation of any such securities or property at such price and in such manner as the meeting may approve and all holders of shares shall be bound to accept and shall be bound by any valuation or distribution so authorised, and waive all rights in relation thereto, save only in case the Company is proposed to be or is in the course of being wound up, such statutory rights, if any, under Section 494 of the Act as are incapable of being varied or excluded by these presents.

SECRECY

139. Subject to the provisions of law of land and the Act, no member or other person (not being a Director) shall be entitled to enter upon the property of the company or to inspect or examine the Company's premises or properties of the Company without the permission of the Directors, or subject to article 126 to require discovery or any information respecting any detail of the Company's trading or any matter which is or may be in nature of a trade secret, mystery of trade, or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which, in the opinion of the Directors, will be inexpedient in the interest of the members of the Company to communicate.

WINDING UP

140. If the Company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid-up capital such assets shall be distributed so that as nearly as may be the looses shall be borne by the members in proportion to the capital paid-up or which ought to have been paid-up at the commencement of the winding-up on the shares held by them respectively. And if in a winding-up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid-up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital at the commencement of the winding up paid up or which ought to have been paid-up on the shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

141. In the event of Company being wound up, whether voluntarily or otherwise the liquidators, may with the sanction of Special Resolution divide among the contributories, in specie or kind, any part of the assets of the Company and may with the like sanction vest any part of the assets of the Company in Trustees upon such trusts for the benefit of the contributories or any of them, as the Liquidators, with like sanction shall think fit.

INDEMNITY

142. Subject to the provisions of Section 201 of the Act, every Director, Manager, Secretary and other officer or employee of the Company shall be indemnified against and it shall be the duty of the Directors to pay out of the funds of the Company all bona fide costs, losses and expenses (including traveling expenses) which any such Directors, Manager or Secretary or other officer of employee may incur or become liable to by reason of any contract entered into or any way in the discharge of his or their duties and in particular, and so as not limit the generality of the foregoing provisions, against all liabilities incurred by him or by them as such Director, Manager, Secretary, Officer or employee in defending any proceeding whether civil or criminal in which judgment is given in his or their favour or he or they is or are acquitted, or in connection with any application under Section 633 of the Act in which relief is granted by the Court and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company and have priority as between the members over all other claims.

143. Subject to the provisions of the Act and so far as such provisions permit, no Director, Auditor or other Officer of the Company shall be liable for acts, receipts, neglects or defaults of any other Director or Officer or for joining in any receipt or act for conformity, or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Director for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss occasioned by any error of judgment, omission, default, or oversight on his part, or any loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own dishonesty.

SECTION X

OTHER INFORMATION

i. MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following Contracts (not being contracts entered into in the ordinary course of business carried on by Magnum Ventures Limited entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material contracts have been entered into or to be entered into by the Company. These Contracts, copies of which have been attached to the copy of this Red Herring Prospectus, shall be delivered to the Registrar of Companies, NCT of Delhi & Haryana, Delhi, for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office of Magnum Ventures Ltd. at "Magnum House", 3/4326, Ansari Road, Daryaganj, New Delhi - 110 002 between 11.00 a.m. to 5.00 p.m. on any working day from the date of the Red Herring Prospectus till the Closing Date of the Issue.

Material Contracts

i) Letter of Appointment dated December 12, 2006 from the Issuer Company appointing SREI Capital Markets Limited as Book Running Lead Manager to the Issue.
ii) Memorandum of Understanding dated February 16, 2007 entered into by the Issuer Company with SREI Capital Markets Ltd.
iii) Letter of Appointment dated January 24, 2007 from the Issuer Company appointing Bigshare Services Private Limited as Registrar to the Issue.
iv) Memorandum of Understanding dated January 24, 2007 entered into by the Issuer Company with Bigshare Services Private Limited.
v) Engagement Letter dated December 20, 2006 to M/s Vaish Associates appointing them as Legal Advisor to the Issue.
vi) Escrow Agreement dated 10^{th} August, 2007 between the Company, the BRLM, the Escrow Collection Banks, the Syndicate Member and the Registrar to the Issue.
vii) Syndicate Agreement dated 10^{th} August, 2007 between the Company, the BRLM, and the Syndicate Member(s).
viii) Underwriting Agreement dated **[●]** between the Company, the BRLM, and the Syndicate Members.
ix) Tripartite Agreement dated July 18, 2007 between the Company, NSDL and Bigshare Services Private Limited.
x) Tripartite Agreement dated June 11, 2007 between the Company, CDSL and Bigshare Services Private Limited.
xi) Copy of the Franchise Agreement/ Memorandum of Understanding (MOU) entered into by the Company with Country Development & Management Services Private Limited (CDMS) on 29.9.2006.
xii) Copy of the Management Agreement entered into by the Company with Country Development & Management Services Private Limited (CDMS) on 31.1.2007.
xiii) Copy of the Territory License Agreement entered into by the Company with Country Development & Management Services Private Limited (CDMS) on 31.1.2007.
xiv) Copy of agreement entered into by the Company with M/s A. Sharma Associates on September 23, 2006 for Architectural Consultancy for the Hotel Project.

Documents for Inspection

i) Memorandum and Articles of Association of Magnum Ventures Limited as amended from time to time.
ii) Certificate of Incorporation dated May 29, 1980.
iii) Fresh Certificate of Incorporation dated May 31, 1995 consequent upon change of name from Magnum Papers Private Limited to Magnum Papers Ltd.
iv) Fresh Certificate of Incorporation dated November 15, 2006 consequent upon change of name of the Company from Magnum Papers Limited to Magnum Ventures Limited.
v) Resolution Passed by the Board of Directors at their meeting held on January 7, 2006 for the proposed Public Issue.

vi) Special Resolution passed by the shareholders of the Company at the EGM held on February 4, 2006, and the superseding resolution dated January 24, 2007, pursuant to Section 81 (1A) of the Companies Act, 1956.

vii) Initial listing applications dated February 23, 2007 filed with both BSE and NSE.

viii) Copies of Audited Financial Results of Magnum Ventures Limited for the years ended 31st March, 2003, 2004, 2005, 2006, and 2007.

ix) Auditor's Report on the Restated financial statements of the Company dated July 31, 2007 and included in the Red Herring Prospectus.

x) Sanction letters towards Term Loan and Working Capital facilities.

xi) Consents of the Directors, Company Secretary & Compliance Officer, Auditors, Book Running Lead Manager, Syndicate Member(s), Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue, Bankers to the Company, and Legal Advisor to the Issue, as referred to, to act in their respective capacities.

xii) Tax Benefit Certificate dated August 9, 2007 from M/s Sunil K Mittal & Co., Chartered Accountants, Statutory Auditors of the Company.

xiii) Copy of the Auditors Certificate dated July 31, 2007 from M/s Sunil K Mittal & Co., Chartered Accountants regarding the Sources and Deployment of Funds as on June 30, 2007.

xiv) Copies of the Resolutions passed at the Board Meeting held on April 9, 2007 and Extra Ordinary General Meeting of the shareholders held on May 1, 2007 related to the appointment of Mr. Praveen Kumar Jain as the Managing Director.

xv) Copies of the Resolutions passed at the Extra Ordinary General Meeting of the shareholders held on February 4, 2006 confirming the appointment of Mr. Pradeep Kumar Jain as the Managing Director.

xvi) Copy of the Resolution passed at the Board Meeting held on January 27, 2007 appointing Mr. Satyendra Prasad Singh as Additional Director and Whole Time Director, and of the Annual General Meeting held on May 31, 2007 confirming his appointment.

xvii) Copies of the Resolutions passed at the Board Meeting held on January 1, 2007 appointing Mr. Parmod Kumar Jain and Mr. Vinod Kumar Jain as the Whole Time Directors, and of the Extra Ordinary General Meeting held on January 24, 2007 approving the appointment.

xviii) Copies of Orders placed

xix) In-principle listing approvals received from BSE vide letter no. DCS/IPO/51/IPO-IP/824/2006-07 dated March 20, 2007, and from NSE vide letter no. NSE/LIST/48522-2 dated June 11, 2007.

xx) General Power of Attorney (GPA) executed in favour of Mr. Pradeep Kumar Jain by the Directors (other than Mr. M. Narayanan and Mr. Romesh Koul) dated February 16, 2007 and by Mr. M. Narayanan & Mr. Romesh Koul dated August 8, 2007 for signing and making necessary changes in the Red Herring Prospectus.

xxi) Legal Advisor's Due-Diligence Certificate dated February 16, 2007.

xxii) Due Diligence Certificate dated February 16, 2007 to SEBI from SREI Capital Markets Ltd.

xxiii) SEBI Observation Letter no. CFD/DIL/NB/97843/2007 dated July 9, 2007.

xxiv) Reply to SEBI's observations vide letter dated 8th August, 2007.

xxv) Resolution of the Members of the Company passed at the AGM held on May 31, 2007 appointing M/s Sunil K Mittal & Co., Chartered Accountants, as statutory auditors.

xxvi) Copies of forms along with relevant resolutions regarding increase in the Authorised Share Capital.

xxvii) Copy of the Board Resolution approving this Red Herring Prospectus.

xxviii) Copy of agreement entered into by the Company with Leo International Design Group Co. Ltd., Bangkok on June 11, 2007 for Interior Design Service.

xxix) Copy of agreement entered into by the Company with San Engineers and Consultants, Jaipur on May 24, 2007 for Comprehensive Project Management,

xxx) Copy of agreement entered into by the Company with Design Cell, Gurgaon on June 6, 2007 for Landscape Architectural Design Services.

xxxi) Copy of agreement dated 4th June, 2007 entered into by the Company with N.S. Associates Private Limited for Main Contract Work.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

ii. **DECLARATION**

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this 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 there under or guidelines issued, as the case may be. We further certify that all the disclosures made in this Red Herring Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS

Mr. Praveen Kumar Jain, Chairman & Managing Director

Mr. Pradeep Kumar Jain, Managing Director

Mr. Parmod Kumar Jain, Whole Time Director

Mr. Vinod Kumar Jain, Whole Time Director

Mr. Satyendra Prasad Singh, Whole-time Director

Mr. Dinesh Kumar Mathur, Director

Capt. Surender Pal Chaudhary, Director

Mr. Paritosh Kumar Jain, Director

Mr. M. Narayanan, Director

Mr. Romesh Koul, Director

Signed by Mr. K. Sitaraman, Vice President (Corporate) & Company Secretary

Place: New Delhi
Date : August 10, 2007