



GENUS PAPER PRODUCTS LIMITED

Our Company was originally incorporated in the name of DSM Papers Limited on June 14, 1996 under the provision of Companies Act, 1956. In 2002, the control & management of the Company was acquired by Kailash Industries & consequently the name of the Company was changed to Kailash Paper Products Limited on May 31, 2002. On July 6, 2006, the name of the company was changed to Genus Paper Products Limited. For details in relation to change in name, registered office and management, please refer to section titled "Our History & Certain Corporate Matters" on page 90.

Registered Office: Village Aghwanpur, Kanth Road, District - Moradabad, Uttar Pradesh - 244 001; **Tel:** 91-591- 2511171, **Fax:** 91-591-2511242

Website: www.genuspaper.com; **E-mail:** ipo@genuspaper.com; **Contact Person:** Mr. Ankit Agarwal, Company Secretary & Compliance Officer

Corporate Office: D-116, Okhla Industrial Area, Phase -I, New Delhi -110020; **Tel:** +91 11 4101700, **Fax:** 91 11 26819028;

Our Promoters are Mr. Ishwar Chand Agarwal, Mr. Kailash Chandra Agarwal, Mr. Amrit Lal Todi, Mr. Banwari Lal Todi, Mr. Anand Todi, Mr. Vishnu Dutt Todi & Smt. Rakesh Agarwal

PUBLIC ISSUE OF [●] EQUITY SHARES OF FACE VALUE OF RS. 10/- EACH FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE, INCLUDING A SHARE PREMIUM OF RS. [●] PER EQUITY SHARE AGGREGATING RS. 600 MILLION ("THE ISSUE") BY GENUS PAPER PRODUCTS LIMITED ("THE COMPANY" OR "THE ISSUER"). THE NET ISSUE TO THE PUBLIC WOULD CONSTITUTE [●]% OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF OUR COMPANY.

OUR COMPANY IS CONSIDERING A PRE-IPO PLACEMENT OF EQUITY SHARES WITH CERTAIN INVESTORS, ("PRE-IPO PLACEMENT"). THE PRE-IPO PLACEMENT WILL BE AT THE DISCRETION OF OUR COMPANY. THE PRE-IPO PLACEMENT, IF ANY WILL BE COMPLETED PRIOR TO FILING THE RED HERRING PROSPECTUS WITH THE ROC. IF THE PRE-IPO PLACEMENT IS COMPLETED THE ISSUE SIZE OFFERED TO THE PUBLIC WILL BE REDUCED BY SUCH AMOUNT SUBJECT TO THE CONDITION THAT THE NET ISSUE TO THE PUBLIC WILL BE MINIMUM 25% OF POST ISSUE PAID UP CAPITAL.

The Price Band and the minimum bid lot size will be decided by our Company, in consultation with the Book Running Lead Managers and advertised at least two working days prior to the bid/issue opening date.

In case of revision in the Price Band, the Bidding Period shall be extended for three additional Working Days after such revision of the Price band, subject to the Bidding Period not exceeding 10 working days. Any revision in the Price Band, and the revised Bidding Period, if applicable, shall be widely disseminated by notification to the Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Limited (NSE), by issue of press release and by indicating the changes on the websites of the Book Running Lead Managers ("BRLMs") and the terminals of the members of the Syndicate.

This Issue is being made through a 100% Book Building Process wherein up to 50% of the Net Issue to the Public will be allocated to Qualified Institutional Buyers (QIBs) on a proportionate basis, subject to valid bids being received at or above the Issue Price. Out of the portion available for allocation to the QIBs, 5% will be available for allocation to Mutual Funds. Mutual Fund applicants shall also be eligible for proportionate allocation under the balance available for the QIBs. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

RISKS IN RELATION TO THE FIRST ISSUE

This being the first public issue of the Equity Shares of Genus Paper Products Limited (the "Company"), there has been no formal market for the Equity Shares of the Company. **The face value of shares is Rs.10/- per share and the Issue Price of Rs. [●]/- per share is [●] times of the face value.** The Issue Price (as has been determined and justified by the Book Running Lead Managers and Genus Paper Products Limited as stated under the paragraph titled "Basis for Issue Price" beginning on page 58 of this Draft Red Herring Prospectus should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risk involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does the SEBI guarantee the accuracy or adequacy of this document. Specific attention of the investors is invited to the statement of Risk Factors beginning on page 11 of this Draft Red Herring Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

Genus Paper Products Limited, having made all reasonable enquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this document 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 this Draft Red Herring Prospectus are proposed to be listed on Bombay Stock Exchange Limited (BSE) and on the National Stock Exchange of India Limited (NSE). The in-principle approval has been received from BSE and NSE for the listing of the Equity Shares vide their letter dated [●] and [●] respectively. For the purpose of this Issue, BSE shall be the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGERS

REGISTRAR TO THE ISSUE



MEFCOM CAPITAL MARKETS LTD.
5th Floor, Sanchi Building,
77, Nehru Place, New Delhi - 110 019
Tel: +91 11 46500500
Fax: +91 11 46500550
Email: anand@mefcom.in
Investor Grievance E-mail:
grievance.ibd@mefcom.in
Website: www.mefcom.in
SEBI Regn. No.: INM000000016
Contact Person: Mr. Anand Srivastava

EMKAY GLOBAL FINANCIAL SERVICES LTD.
Paragon Centre, B - 03, Ground Floor, Pandurang Budhkar
Marg, Opp. Century Mills, Worli, Mumbai - 400 013
Tel: +91 22 6612 1212
Fax: +91 22 6612 1355
Email: gppl.ipo@emkayglobal.com
Investor Grievance E-mail:
gppl.ipo@emkayglobal.com
Website: www.emkayglobal.com
SEBI Regn. No.: INM000011229
Contact Person: Mr. Rajesh Ranjan/Deepak Yadav

LINK INTIME INDIA PVT. LTD.
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West)
Mumbai - 400 078.
Tel: +91 22 2596 0320
Fax: +91 22 2596 0329
Email: gppl.ipo@linkintime.co.in
Website: www.linkintime.co.in
SEBI Reg. No.: INR000004058
Contact Person: Mr. Chetan Shinde

ISSUE PROGRAMME

BID/ISSUE OPENS ON : [●], 2010

BID/ISSUE CLOSSES ON : [●], 2010

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SECTION I - DEFINITIONS AND ABBREVIATIONS

DEFINITIONS

Term	Description
“The Issuer” or “The Company” “Our Company” or “Genus Paper” or “Genus Paper Products Limited”.	Genus Paper Products Limited (formerly known as Kailash Paper Products Limited), a public limited company incorporated under the Companies Act, 1956.
“We” or “us” or “our”	Our Company together with Group Companies

CONVENTIONAL/GENERAL TERMS

Term	Description
Act or Companies Act	The Companies Act, 1956, as amended from time to time
Articles/Articles of Association/AoA	Articles of Association of Genus Paper Products Limited.
Board or Board of Directors or our Board	The board of directors of our Company, as duly constituted from time to time, or committees thereof.
Director(s)	Director(s) on the Board of our Company
DP/Depository Participant	A depository participant as defined under the Depositories Act, 1996
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time being NSDL and CDSL
Depositories Act	Depositories Act, 1996 as amended from time to time
Eligible NRI	NRIs from such jurisdiction outside India where it is not unlawful to make a bid in the Issue or an invitation under this Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares offered herein.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the rules and regulations framed there under
FIIs	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI and as required under FEMA (Transfer or Issue of Security by a person resident outside India) Regulations, 2000 and under other applicable laws in India.
F.Y./FY/Fiscal/Financial Year	Period of twelve months ended March 31 of that particular year unless stated otherwise
FIPB	Foreign Investment Promotion Board
Government/Gol	Government of India
Indian GAAP	Generally Accepted Accounting Principles in India
IT Act/Income Tax Act	The Income Tax Act, 1961, as amended from time to time
Memorandum/Memorandum of Association/MOA	The Memorandum of Association of Genus Paper Products Limited as amended from time to time.
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trusts in which, not less than 60% of the beneficial interests is irrevocably held by NRIs,

	directly or indirectly as defined under Foreign Exchange Management (Deposit) Regulations, 2000. OCBs are not allowed to invest in this Issue.
Person/Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organisation, body corporate, corporation, company, partnership, limited liability company, or trust or any other entity or organisation validly constituted and/or incorporated in the jurisdiction in which it exists and operates/as the context requires.
PIO/Person of Indian Origin	Shall have the same meaning as is ascribed to it in the Foreign Exchange Management (Investment in firm or Proprietary Concern in India) Regulations, 2000.
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended from time to time.
SEBI (ICDR) Regulations, 2009	Means the regulations for Issue of Capital and Disclosure Requirements issued by Securities and Exchange Board of India, constituted in exercise of powers conferred by Section 30 of the Securities and Exchange Board of India Act, 1992 (as amended), called Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
SEBI Insider Trading Regulations	The SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, including instructions and clarifications issued by SEBI from time to time.
SEBI Takeover Regulations	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997 as amended from time to time
Stock Exchanges	BSE and NSE, referred to as collectively

ISSUE RELATED TERMS

Term	Description
Allotment	Issue of Equity Shares pursuant to the Issue to the successful bidders as the context requires
Allottee	The successful bidder to whom the Equity Shares are being/have been issued
Applications Supported by Blocked Amount (ASBA)	Application Supported by Blocked Amount means an application (whether physical or electronic) subscribing to an Issue containing an authorization to block the Bid Amount in their specified bank account with Self Certified Syndicate Bank
ASBA Bidders/ Investor	A Bidder/an Investor other than QIB Bidder, who intends to apply through ASBA process
ASBA Form/ASBA BCAF	The Bid-cum-Application Form, whether physical or electronic, used by an ASBA Bidder to make a Bid, which will be considered as the application for Allotment for the purpose of Red Herring Prospectus and Prospectus
ASBA Bid Revision Form	The form used by ASBA 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)
Banker(s) to this Issue/Escrow Collection Bank	[●]
Bid	An indication to make an offer made during the Bidding Period by a prospective investor to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount/Bid Price	The amount equal to highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid for this Issue
Bid/ Issue Opening Date	The date on which the members of the Syndicate shall start accepting Bids for this Issue, which shall be notified in widely circulated English national newspaper, a Hindi national newspaper (which is also the regional newspaper) in the same place

Term	Description
	where the registered office of our Company is situated
Bid/Issue Closing Date	The date after which the members of the Syndicate will not accept any Bids for this Issue, which shall be notified in widely circulated English national newspaper, a Hindi national newspaper (which is also the regional newspaper) in the same place where the registered office of our Company is situated
Bid-cum-Application Form	The form in terms of which the Bidder shall make an offer to purchase the Equity Shares of our Company and which will be considered as the application for allotment of the Equity Shares in terms of this Draft Red Herring Prospectus
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Draft Red Herring Prospectus
Bidding/Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
Book Building Process	Book building mechanism as provided under Schedule XI of the SEBI (ICDR) Regulations, 2009, in terms of which this Issue is made.
BRLMs	Book Running Lead Managers to this Issue, in this case being Mefcom Capital Market Limited and Emkay Global Financial Services Limited
CAN/Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares in the Book Building Process
Cap Price	The highest end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted
Cut-off/Cut-off price	This refers to any price within the price band. A bid submitted at cut-off is a valid bid at all price levels within the price band
Designated Stock Exchange	Bombay Stock Exchange Limited
Designated Date	The date on which the funds are transferred from the Escrow Account of our Company to the Public Issue Account after the Prospectus is filed with the ROC, following which the Board of Directors shall allot Equity Shares to successful bidders
Draft Red Herring Prospectus/Draft Offer Document/DRHP	This Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are being issued and number of Equity shares which was filed with the SEBI and Stock Exchanges. It will become a Red Herring Prospectus issued in accordance with the provisions of Section 60B of the Companies Act after filing with the RoC at least three days before the opening of the Issue. It will become a Prospectus after filing with the ROC after the pricing and allocation
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favor the Bidder will issue cheques or drafts in respect of the Bid Amount
Escrow Agreement	Agreement entered into amongst our Company, the Registrar to this Issue, the Escrow Collection Bank(s), and the BRLMs for collection of the Bid amounts and refunds (if any) of the amounts collected, to the Bidders
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Floor Price	The lowest end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted
IPO Grading	IPO Grading is a service aimed at facilitating the assessment of equity issues offered to public. The grade assigned to any individual issue represents a relative assessment of the fundamentals of the issue in relation to the universe of other listed equity securities in India. Such grading is assigned on a five-point point scale with a higher score indicating stronger fundamentals.
Issue/Public Issue/IPO/Offer	Issue of [●] Equity shares of Rs. 10/- each for cash at a price of Rs. [●] per Equity Share, including a share premium of Rs. [●] per Equity Share aggregating Rs. 600

Term	Description
	Mn. by Genus Paper Products Limited (“Genus Paper” or “our Company” or “the issuer”). The Issue would constitute [●] % of the fully diluted Post Issue Paid up capital of our Company.
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of this Draft Red Herring Prospectus, as determined by our Company in consultation with the BRLMs, on the Pricing Date
Margin Amount	The amount paid by the Bidder at the time of submission of Bid, being 10% or 100% of the Bid Amount
Minimum Bid/allotment lot	[●] Equity Shares and in multiples of [●] Equity Shares thereof
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations 1996, as amended from time to time.
Mutual Fund Portion	5% of QIB Portion
Net Issue to public	[●] Equity Shares of Rs. 10/- each, aggregating Rs. 600 Mn.
Non Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or 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 being not less than 15% of this Net Issue i.e. [●] Equity Shares of Rs.10/- each aggregating Rs. 90 Mn. available for allocation to Non Institutional Bidders on a proportionate basis, subject to receipt of valid Bids at or above the Issue Price.
Pay-in Date	Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders receiving allocation who pay less than 100% Margin Amount at the time of bidding, as applicable
Pay-in-Period	This term means (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 Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date
Price Band	Being the price band of a minimum price (Floor Price) of Rs. [●] and the maximum price (Cap Price) of Rs. [●] and includes revisions thereof
Pricing Date	The date on which our Company in consultation with the BRLMs finalizes the Issue Price
Promoters	Following are the Promoters of our Company 1. Mr. Ishwar Chand Agarwal 2. Mr. Kailash Chandra Agarwal 3. Mr. Amrit Lal Todi 4. Mr. Banwari Lal Todi 5. Mr. Anand Todi 6. Mr. Vishnu Dutt Todi 7. Smt. Rakesh Agarwal
Prospectus	The Prospectus, filed with the ROC containing, <i>inter alia</i> , the Issue Price that is determined at the end of the Book Building Process, the number of Equity shares being issued through this Issue and certain other information.
Public Issue Account	In accordance with section 73 of the Companies Act, 1956, an account opened with the Banker(s) to this Issue to receive monies from the Escrow account and accounts of ASBA Investors for this Issue on the Designated Date
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs and sub-account(other than a sub-account which is a foreign corporate or foreign individual) registered with SEBI, Scheduled Commercial banks, Mutual Funds,

Term	Description
	Indian Venture Capital Funds , Foreign Venture Capital Investors , registered with SEBI, Multilateral and Bilateral Development Financial Institutions, State Industrial Development Corporations, Insurance Companies registered with Insurance Regulatory and Development Authority (IRDA), Provident Funds with minimum corpus of Rs. 250 Mn. and Pension Funds with minimum corpus of Rs. 250 Mn., National Investment Fund set up by resolution no.F.no.2/3/2005-DDII dated 23 rd Nov'05 of the GoI published in the Gazette of India and Insurance funds set up and managed by Army, Navy or Air Force of the Union of India
QIB Portion	The portion of this Issue being up to 50% of the Net Issue, i.e. [●] Equity Shares of Rs. 10 each available aggregating Rs. 300 Mn. for allocation on proportionate basis to QIB's out of which 5% shall be proportionately allocated to Mutual Funds registered with SEBI, subject to valid bids being received at or above the Issue Price.
Registrar/Registrar to the issue	Link Intime India Private Limited
Resident Retail Individual Investor/ Resident Retail Individual Bidder	A Retail Individual Bidder who is a "person resident in India" (as defined in Foreign Exchange Management Act, 1999)
Retail Individual Bidders	Individual Bidders (including HUFs) who have not Bid for an amount in excess of Rs. 1,00,000/- in any of the bidding options in this Issue
Retail Portion	The portion of this Issue being not less than 35% of this Net Issue i.e. [●] Equity Shares of Rs. 10 each aggregating Rs. 210 Mn. 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)
Syndicate/Members of the Syndicate	BRLMs and the Syndicate Members collectively
Syndicate Agreement	The agreement to be entered into among our Company and the members of the Syndicate, in relation to the collection of Bids in this Issue
Syndicate Member	Intermediaries registered with SEBI and Stock Exchanges and eligible to act as Underwriters. Syndicate Member is appointed by the BRLMs
Self Certified Syndicate Bank (SCSB)	Self Certified Syndicate Bank (SCSB) is a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994 and which offers the service of ASBA, including blocking of bank account and a list of which is available on http://www.sebi.gov.in
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate Members to the Bidder as a proof of registration of the Bid on the online system of BSE/NSE
Underwriters	Members of the Syndicate who are signatories to the Underwriting agreement
Underwriting Agreement	The Agreement among the Underwriters and our Company to be entered into on or after the Pricing Date

ISSUER / INDUSTRY RELATED TERMS

Term	Description
Auditors	The Statutory Auditors of our Company namely, Pradeep Hari & Co., Chartered Accountants, Moradabad
Articles/Articles of Association/AOA	The Articles of Association of Genus Paper Products Limited
Project	The purpose of present issue of Equity Share by our Company. The details of the project are provided in the section 'Objects of the issue' on page 49 of this Draft

Term	Description
	Red Herring Prospectus.
Registrar of Companies/ROC	Registrar of Companies, Uttar Pradesh & Uttranchal, Kanpur
Registered Office	Means Registered office of our company situated at Village Aghwanpur, Kanth Road, District Moradabad, Uttar Pradesh – 244 001
Corporate Office	D-116, Okhla Industrial Area, Phase –I, New Delhi -110 020
Group Company/Group Companies	<ol style="list-style-type: none"> 1. Genus Power Infrastructures Ltd 2. Genus Electrotech Ltd. 3. Genus Apparels Ltd. 4. Genus International Commodities Ltd. 5. Genus Innovation Ltd. 6. Hi-Print Electromack Pvt. Ltd. 7. Kailash Industries Ltd. 8. Kailash Coal & Coke Company Ltd. 9. Kailash Vidyut & Ispat Ltd. 10. Vivekshil Dealers Pvt. Ltd. 11. J C Textiles Pvt. Ltd. 12. Virtuous Infra Ltd. 13. Virtuous Urja Ltd. 14. I.C.Finance Pvt. Ltd.

ABBREVIATIONS

Term	Description
AGM	Annual General Meeting of the company
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
Bn.	Billion/Billions
BRLMs	Book Running Lead Managers
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CAN	Confirmation of Allocation Note
CDSL	Central Depository Services (India) Limited
CENVAT	Central Value Added Tax
CIN	Corporate Identification Number
CIT	Commissioner of Income Tax
CIT(A)	Commissioner of Income Tax (Appeals)
DIN	Directors Identification Number
DP	Depository Participant
DRHP	Draft Red Herring Prospectus
EBDITA	Earnings Before Depreciation, Interest, Tax and Amortization
EGM	Extraordinary General Meeting
EPS	Earning Per Equity Share
ESI	Employee State Insurance Act
FCNR	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FI/FI(s)	Financial Institution(s)
FICCI	Federation of Indian Chambers of Commerce and Industry
FIFO	First In First Out
GIR Number	General Index Registration Number

Term	Description
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
IEC	Importer Exporter Code
IFSC	Indian Financial System Code
INR/Rs.	Indian National Rupee
ISO	International Standard Organization
JV	Joint Venture
KMPs	Key Managerial Personnels
LC	Letter of Credit
Mn.	Million/Millions
MT./MT	Metric Tonne(s)
MAT	Minimum Alternate Tax
MBA	Master of Business Administration
MICR	Magnetic Ink Character Recognition
MoU/MOU	Memorandum of Understanding
NA	Not Applicable
NAV	Net Asset Value
NCAER	National Council for Applied Economics and Research
NEFT	National Electronic Fund Transfer
NRI	Non Resident Indian
NRE Account	Non Resident External Account
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depositories Limited
NSE	National Stock Exchange of India Limited
OCB	Overseas Corporate Body
OEM	Original Equipment Manufacturer
OTCEI	Over The Counter Exchange of India
P.A	Per Annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PBIT	Profit Before Interest and Tax
PBT	Profit Before Tax
QIB/QIBs	Qualified Institutional Buyers
Qtry	Quarterly
R & D	Research and Development
RHP	Red Herring Prospectus
RBI	Reserve Bank of India
RoNW	Return on Net Worth
Rs.	Rupees
RTGS	Real Time Gross Settlement
SEBI	Securities and Exchange Board of India
SIA	Secretariat for Industrial Assistance
SME	Small and Medium Enterprises
SSI	Small Scale Industry
STT	Securities Transaction Tax
TDS	Tax Deducted At Source

Term	Description
U.S./U.S.A.	United State of America
UIN	Unique Identification Number
USD or \$ or US \$	United States Dollar
VAT	Value Added Tax
WIP	Work-in-progress

SECTION II - GENERAL

CERTAIN CONVENTIONS; USE OF FINANCIAL AND MARKET DATA

Unless stated otherwise, the financial information used in this Draft Red Herring Prospectus is derived from the Company's restated financial statements as of and for the years ended March 31, 2005, 2006, 2007, 2008 and 2009 and for the eight months ended November 30, 2009, prepared in accordance with Indian GAAP and the Companies Act, 1956 and restated in accordance with SEBI (ICDR) Regulations, 2009 as stated in the report of our statutory Auditors, M/s Pradeep Hari & Co., Chartered Accountants, Moradabad included in this Draft Red Herring Prospectus. Financial information relating to the eight months ended November 30, 2009 included in this Draft Red Herring Prospectus have been derived from the audited financial statements for such period, prepared in accordance with Indian GAAP and the Companies Act, 1956 as set forth in a report of our statutory Auditors which has not been included herein.

Our fiscal year commences on April 1 and ends on March 31 of a particular year. Unless stated otherwise, references herein to a fiscal year (e.g., fiscal 2009), are to the fiscal year ended March 31st of a particular year.

In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sum of the amounts are due to rounding-off.

There are significant differences between Indian GAAP and U.S. GAAP; accordingly, the degree to which the Indian GAAP financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices, Indian GAAP, Companies Act and SEBI (ICDR) Regulations, 2009. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. The Company has not attempted to explain these differences or quantify their impact on the financial data included herein, and the Company urges you to consult your own advisors regarding such differences and their impact on financial data.

Market data used in this Draft Red Herring Prospectus has been obtained from industry publications and internal Company reports. 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 we believe market data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent source.

FORWARD LOOKING STATEMENTS

We have included statements in this Draft Red Herring Prospectus which contain words or phrases such as “will”, “aim”, “is likely to result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions, that are “forward-looking statements”.

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include but are not limited to:

- i. General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
- ii. Changes in laws and regulations relating to the industries in which we operate;
- iii. Increased competition in these industries;
- iv. Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various projects and business plans for which funds are being raised through this Issue;
- v. Our ability to meet our capital expenditure requirements;
- vi. Fluctuations in operating costs;
- vii. Our ability to attract and retain qualified personnel;
- viii. Changes in technology;
- ix. Changes in political and social conditions in India or in countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- x. The performance of the financial markets in India and globally; and
- xi. Any adverse outcome in the legal proceedings in which we are involved.

For a further discussion of factors that could cause our actual results to differ, please refer to the sections titled “Risk Factors” “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of the Operations as Reflected in the Financial Statements” beginning on pages 11, 75 and 149 of this Draft Red Herring Prospectus respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

Neither our Company nor the 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, our Company and the BRLMs will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

SECTION III – RISK FACTORS

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

Materiality

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

- i. Some events may not be material individually but may be found material collectively.
- ii. Some events may have material impact qualitatively instead of quantitatively.
- iii. Some events may not be material at present but may be having immaterial impact in future.

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

RISKS RELATED TO THE PROJECT

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

Our funding requirements and the deployment of the proceeds of the Issue are based on management estimates and have not been appraised by any bank or financial institution. We may have to revise our management estimates from time to time and consequently our funding requirements may also change. Any revision in the estimates may require us to reschedule our Project expenditure and may have a bearing on our expected revenues and earnings.

2. *The company has not yet placed any orders for any of the plant and machineries. Any delay in placing orders for plant and machinery could result in time and cost overruns which may adversely affect our profitability.*

We propose to acquire plant and machinery aggregating Rs.369.3 Mn for our proposed project. The expenditure on the plant and machinery is approximately 61.5% of the Issue Proceeds. We have not yet placed any orders.

3. *Our management will have flexibility in utilizing the Issue Proceeds.*

We intend to use the Issue Proceeds for the purposes described in section titled “Objects of the Issue” on page 49 of this Draft Red Herring Prospectus. Our management may determine that it is appropriate to revise our estimated costs, fund requirements and deployment schedule owing to certain factors. Pending utilization of the Issue Proceeds for the objects of the issue we intend to invest such Issue Proceeds in interest-bearing liquid instruments including money market mutual funds, bank deposits as approved by our Board of Directors, which may not result in adequate return to us.

4. *We have not made firm arrangements for funding of balance working capital requirement from Banks. The failure to obtain additional financing may adversely affect our ability to grow and our future profitability.*

Working capital requirement has been estimated at Rs. 559.5 Mn. for FY 2012, of which margin amount of Rs.60.4 Mn. would be funded out of the Issue Proceeds, whereas the an amount of i.e. Rs. 382.0 Mn. would be arranged by way of borrowings from Banks. As on date our sanctioned working limit is Rs. 232.0 Mn. and as on date no arrangement for the balance working capital requirement of Rs. 150.0 Mn. has been finalized by our Company. We cannot assure you that we will be able to raise additional financing on acceptable terms in a timely manner or at all. Our failure to renew existing funding or to obtain additional financing on acceptable terms and in a timely manner could materially and adversely impact our planned capital expenditure, which, in turn, could materially and adversely affect our business, financial condition and results of operations.

RISKS RELATED TO OUR BUSINESS OPERATIONS/ OUR COMPANY

5. *There is a non bailable warrant issued against our Director which, if not withdrawn, may have an adverse effect on our operations.*

Pursuant to a FIR lodged against our Director Mr. Himanshu Agarwal by a temporary worker Mr. Munish Kumar alleging use of abusive language and beating resulting in serious injury to his body, a charge sheet was entered before the Judicial Magistrate Moradabad. There can be no assurance that the outcome of these proceedings would be in favour of the individual. In the event the non bailable warrant is not withdrawn and/or the outcome / orders passed by the court are against the individual, his involvement in the operations of our Company may be limited, which may have an adverse effect on our operations. For more details of these litigations / proceedings, please refer to the section titled “*Outstanding Litigation and Other Material Developments -*” beginning on page 163 of this DRHP.

6. *There are certain criminal and civil proceedings pending against us, our Promoters and Directors, which if decided against us, could have an adverse effect on our reputation, business prospects and results of operations.*

There are criminal and civil litigation against us. As of the date of this Draft Red Herring Prospectus, we have one criminal case pending against our director. In case any of the charges pending against us is decided against us, we may face penal consequences including a fine on the Company and / or imprisonment of our promoters or directors. This may affect our business, reputation and disrupt the operations and results of operations.

The following table sets out the summary details of pending litigation against us, our Promoters, our directors and our Group Companies as of date of this Draft Red Herring Prospectus:

Category	No. of Cases			
	Our Company	Our Promoters	Our Directors	Our Group Companies
Civil proceedings	3	Nil	Nil	16
Criminal proceedings#	Nil	Nil	1	Nil
Negotiable Instruments Act, 1881 proceedings	Nil	Nil	Nil	1
Tax proceedings	Nil	Nil	Nil	5

The following table sets out the summary details of pending litigation filed by us, our Promoters, our directors and our Group Companies as of date of this Draft Red Herring Prospectus:

Category	No. of Cases			
	Our Company	Our Promoters	Our Directors	Our Group Companies
Civil proceedings	Nil	Nil	Nil	4
Criminal proceedings#	Nil	Nil	Nil	Nil
Negotiable Instruments Act, 1881 proceedings	Nil	Nil	Nil	3
Tax proceedings	5	Nil	Nil	6

The following table sets out the summary of the aggregate quantum of funds involved in the civil proceedings, criminal proceedings, proceedings under Negotiable Instruments Act, 1881 and Tax proceedings as of date of this Draft Red Herring Prospectus:

(Rs. in mn)

Category	Aggregate quantum of funds involved
Civil proceedings	64.28
Criminal proceedings#	Nil
Negotiable Instruments Act, 1881 proceedings	10.13
Tax proceedings	83.01

This criminal case is against our director and hence there is no financial impact on our company. For further details regarding these legal proceedings, please refer to section titled “Outstanding Litigations, Material Developments and Other Disclosures” beginning on page 163 of this Draft Red Herring Prospectus.

7. *We face competition from other established companies and future entrants into the industry.*

We operate in the domestic market where we face competition from various players. Growing competition may force us to reduce the prices of our products, which may reduce revenues and margins and/or decrease market share, either of which could impact our results of operations.

8. *The Company is partially dependent on third party transportation providers for the supply of raw materials and delivery of finished products. Any failure by such providers to deliver the raw materials on time or any strike by such transporters or any hike in cost of transportation by such operators could have an impact on our production schedules and this could in turn have an adverse impact on our operations and profitability of our company.*

The Company uses third-party transportation providers for partial supply of raw material and for delivery of its products to its customers. Transportation strikes by members of various Indian Transport Union has occurred in the past, and could occur in the future also. This could have an adverse impact on the timely receipt of supplies by the Company and in turn our ability to deliver our finished products to our customers. In addition, increase in transportation costs may have an adverse effect on its business and results of operations.

9. *Our Company operates under several statutory and regulatory permits, licenses and approvals. Our failure to obtain and/or renew any approvals or licenses in future may have an adverse impact on our business operations.*

Our Company has obtained approvals, registrations and clearances for operating its business as per details set out under the section titled “Government and Other Approvals” at page 173 of this Draft Red Herring Prospectus. Certain approvals have expired and applications for the renewal of some of the approvals have been made, while others are in the process of being made. There is no assurance that the relevant authorities will issue/renew any of such permits or approvals in time or at all. Further, these permits, licenses and approvals are subject to several conditions, and our Company cannot assure that it shall be able to continuously meet such conditions or be able to prove compliance with such conditions to statutory authorities, and this may lead to cancellation, revocation or suspension of relevant permits/licenses/approvals. If the Company fails to obtain any of these approvals or licenses thereof, in a timely manner, or at all, our business may be adversely affected. For more information, please see page 173 under section titled “Government and Other Approvals” in this Draft Red Herring Prospectus.

10. *Failure to comply with the Environmental laws could adversely affect our operations.*

Our operations are subject to various environmental laws and regulations relating to environmental protection. The discharge of pollutants exceeding the permitted levels may cause damage which give rise to liabilities causing the state pollution control boards and third parties to initiate action. Stricter laws and regulations, or stricter interpretation of existing laws and regulations may impose new liabilities or require additional investment in environmental protection equipment, either of which could adversely affect our business, financial condition or results of operation. Our failure to obtain required licenses or renew expired licenses or to otherwise comply with various regulatory requirements may have a material adverse effect on our financial conditions and results of operations.

11. *The name, business and logo of our Company are not registered as Trademarks under the Indian Trade Marks Act and any unauthorized use of our name or logo by our competitors could lead to loss of our business and thereby our income..*

Our brand name/ logo are not specifically protected in the relevant class for paper products, and may therefore not be protected for intellectual property rights. Further, we have not applied for registration of any of our trademark(s), which may lead to unauthorized use of our trademark(s), by persons including our competitors. Any misuse on account of these may result in dilution of brand value and loss of business to our Company.

12. *The success of our Company depends upon the Senior Management Personnel and Key Personnel and our ability to attract and retain them. Our inability to attract and retain key managerial personnel may adversely affect our business operations.*

We believe that there is significant demand for personnel who possess the skills needed to perform the services it offers. Our future performance depends on our ability in continuing to identify, hire and retain key technical, support, engineers, and other qualified personnel. Failure to attract and retain such personnel could have a material adverse impact on our business, financial condition and results of operations.

13. *We depend on a few customers for a majority of our revenues and the loss of any one of our major customers may adversely impact our revenue and profitability.*

We depend and will continue to depend on a few customers for the sale of our products. We have derived and believe that we will continue to derive a significant portion of our revenue from a few major customers. For fiscal 2009, our ten largest customers accounted for approximately 65% of our revenue. Our ten largest customers accounted for 66% of our net revenue for the eight months ended November 30, 2009. The revenue from these customers may vary from year to year, particularly since we are not the exclusive vendors for our

customers. Any loss of our major customers on whom we continue to depend for a significant portion of our revenue, any decrease in the off take from these customers or a decrease in the price at which we sell our products to them may adversely affect our revenue, profitability and results of operations

14. *Our customers may have weak credit histories which may affect their ability to pay us. Any delay or default in payment by our customers could adversely affect our financial position and results of operations.*

Our customers may have had weak credit histories and we cannot assure you that these entities will always be able to pay to us in a timely manner, if at all. Any change in the financial position of our customers that adversely affects their ability to pay us may adversely affect our own financial position and results of our operations.

15. *Mishaps or accidents at the manufacturing facilities could result in a loss or shutdown of operations and could also cause damage to life and property.*

Our manufacturing facilities are subject to the risks of mishaps or accidents which could lead to property damage, property loss and accident claims. Any such incident could have an impact on our business operation and profitability.

16. *Our Promoters will continue to hold a substantial interest after the Issue and will continue to have the ability to exercise a controlling influence over our business.*

Our Promoters will collectively own approximately [●]% of our post Issue paid up Equity Capital and will continue to have the ability to exercise a controlling influence over our business, and may cause us to take actions in matters relating to our management and policies and the election of our directors and senior management, the approval of lending and investment policies, revenue budgets, capital expenditure, dividend policy and strategic acquisitions. Our Promoters will be able to influence our major policy decisions, including our overall strategic and investment decisions, by controlling the election of our Directors and, in turn, indirectly controlling the selection of our senior management, determining the timing and amount of any dividend payments, approving our annual budgets, deciding on increases or decreases in our share capital, determining our issuance of new securities, approving mergers, acquisitions and disposals of our assets or businesses, and amending our articles of association.

17. *We have entered into related party transactions.*

We have entered into certain related party transactions with our Promoters, directors and promoter group aggregating to Rs. 382.8 Mn. for the period of 8 month ended November 30, 2009. The details are as follows:

(Rs. in Mn.)

Particulars	8 month period ended November 30, 2009
Remunerations paid	Rs. 1.5
Sales & Services	Rs. 13.1
Dividend received	Rs. 0.8
Amount payable	Rs. 331.4
Amount recoverable	Rs. 36.0
Total	Rs. 382.8

For further information please refer “Annexure XIV” under section titled “Auditor’s Report” beginning on page 119 of this Draft Red Herring Prospectus.

Such transactions or any future transactions with related parties may involve conflicts of interest and impose

certain liabilities on the company.

18. *We may not have adequate insurance covers.*

Our manufacturing & operational activities carry many risks, not all of which may be insurable or possible to insure on commercially reasonable terms. For details of our insurances please refer to heading Insurances on page 83 of this DRHP. Although we believe that our Company has insurance that is customary for operating paper manufacturing plants, particle board plants & MS Ingots plants in India, this insurance may not provide adequate coverage in certain circumstances and is subject to certain deductibles, exclusions and limits on coverage. We cannot assure you that the projects which our Company is involved in will not be affected by any of the incidents and hazards, or that the terms of our insurance policies, will adequately, if at all, cover all damage or losses caused by any such incidents and hazards as they contain exclusions and limitations on coverage.

19. *Our inability to manage growth effectively could disrupt our business and reduce our profitability.*

We expect our growth strategy will place significant challenges and demands on our management, financial and other resources and we may not be successful in expanding our business in accordance with our business plan. Our ability to successfully implement our business plan requires adequate information systems and resources and oversight from senior management. We will need to continuously develop and improve our financial, internal accounting and management controls, reporting systems and procedures as we continue to grow and expand our business.

20. *Our ability to pay dividends in the future will depend upon our future earnings, cash flows, working capital requirements, lender's approvals and other factors.*

Our future ability to pay dividends will depend on our earnings, financial condition and capital requirements. Our business is capital intensive and we may plan to make additional expenditures to complete the projects that we are developing, or to develop new projects. Our ability to pay dividends is also restricted under certain financing arrangements that we have entered into and expect to enter into. We may be unable to pay dividends in the near or medium term, and our future dividend policy will depend on our future earnings and financing arrangements for the projects, financial condition and results of operations.

21. *Our manufacturing activities are dependent on the availability of skilled and unskilled labour. Our inability to attract labour or maintain harmonious relationship with them could affect the operations of the company.*

The company currently has harmonious industrial relations with its workers. Although, the Company has not had any significant problems right from its inception, any strikes, lockouts etc. can significantly reduce our productivity and affect our business operations.

22. *Our financing arrangements contain certain restrictive covenants which could adversely impact our ability to conduct our business operations and adversely affect our results of operations.*

The indebtedness incurred and the restrictions imposed on us by our current or future loan arrangements could adversely impact our ability to conduct our business operations and result in other significant adverse consequences, including, but not limited to, the following:

➤ we may be required to obtain approval from our lenders regarding, among other things, any

amalgamation or merger, incurrence of additional indebtedness, disposition of assets and expansion of our business, change in capital structure, change in management, payment of dividends, modification in any project documents. We cannot assure investors that we will receive such approvals in a timely manner or at all;

- we may be required to maintain certain financial ratios. If we breach any financial or other covenants contained in any of our financing arrangements, we may be required to immediately repay our borrowings either in whole or in part, together with any related costs. Furthermore, certain of our financing arrangements may contain cross default provisions which could automatically trigger defaults under other financing arrangements. Additionally, because some of our borrowings are secured against our assets, our lenders may be able to sell those assets to enforce their claims for repayment;
- our ability to obtain additional financing through debt or equity instruments in the future and to acquire assets (including any shares, debentures or partnership interest), or make certain investments may be impaired which may increase our vulnerability to general adverse economic, industry and competitive conditions and limit our flexibility in planning for, or reacting to, changes in our business and the industry;
- our ability to enter into any partnership, profit-sharing, royalty agreement or other similar agreements; or enter into management contracts or other similar arrangements may be impaired.

For details see section titled “Financial Indebtedness” on page 83 of this DRHP.

23. *The company has availed unsecured loans from related parties which may be recalled by the lenders at any time.*

Our company has availed certain unsecured loans, which is repayable on demand:

(Rs.in Mn.)

Particulars	Amount
from Bodies Corporate	362.4

For further details about the financial indebtedness, Please see section titled “Financial Indebtedness” on page 83 of the Draft Red Herring Prospectus..

24. *Utilization of our installed capacities for manufacturing Kraft paper and M.S. ingots has been low during certain financial years in past. If we are not able to improve utilization of our existing and proposed capacities in future, it may adversely impact our revenue, profitability and results of operations.*

Details of capacity utilization of our plants for manufacturing Kraft paper, Bagasse board and Steel ingots are set forth in table below:-

S. No.	Particulars	Capacity utilization (%)			
		November 30, 2009*	FY 2009	FY 2008	FY 2007
1.	Layer Kraft paper	83.79	65.06	54.81	47.66
2.	Kraft paper	77.62	57.28	40.55	12.96
3.	Bagasse board	16.00	13.70	43.23	19.52
4.	M.S. Ingots	11.92	10.80	23.59	20.87

* calculated on the basis of proportionate capacity for eight months period

We are proposing to use Issue proceeds for increasing our installed capacity for manufacturing Layer Kraft

paper from existing 46,200 tonnes to 107,250 tonnes. For further details of expansion of our capacity, please refer details under section titled “Objects of the Issue” beginning on page 49 of this DRHP. If we are not able to improve utilization of our existing and proposed capacities in future, it may adversely impact our revenue, profitability and results of operations.

25. *We have certain contingent liabilities, which have not been provided for crystallization of any of these contingent liabilities may adversely affect our financial condition.*

The Contingent liabilities of our Company not provided for, as certified by our statutory auditors are as under:

<i>(Rs. in Mn.)</i>	
Particular	As at November 30, 2009
Guarantees given by the Banker of behalf of the Company	Rs. 7.0
Letter of Credit for imports	Rs. 44.8
Liabilities disputed - Appeals filed with respect to:	
– Sales Tax	Rs. 1.3
– Factory Act	Rs. 0.1
– Central Excise	Rs. 0.4
Total	Rs. 53.6

In the event any of these contingent liabilities materialize, our financial condition may be adversely affected to that extent.

26. *Some of our group companies have incurred losses in the last three financial years.*

Some of our group companies have incurred losses during their last three financial years (as per their audited financial statements), as set forth in table below:

Loss-making Group Companies:

		<i>(Rs. in Mn.)</i>		
S. No.	Name of Group Company	Profit / (Loss) after tax		
		FY 2009	FY 2008	FY 2007
1.	J.C. Textile Pvt. Ltd.	(0.7)	(2.5)	(5.8)
2.	Kailash Industries Ltd.	(2.5)	1.3	1.2
3.	Vivekshil Dealers Pvt. Ltd.	(18.2)	4.1	1.6
4.	I.C. Finance Pvt. Ltd.	(0.008)	(0.029)	(0.12)

27. *We had negative cash flows for certain periods in past. Any negative cash flow in future could affect our operations and financial conditions.*

We had negative cash flow from various activities, as per audited financial statements, details of which are as under:

		<i>(Rs. in Mn.)</i>			
Particulars	Eight months ended Nov. 30,	Years ended March 31 st ,			
	2009	2009	2008	2007	2006
Net cash from/ (used in) operating activities (A)	42.42	162.67	26.34	(48.73)	(70.56)

Net cash from/(used in) investing activities (B)	23.20	(25.07)	(120.43)	(375.77)	(306.64)
Net cash from/(used in) Financing activities (C)	(54.85)	(138.34)	100.78	426.30	383.77
Net increase/ (decrease) in cash & cash equivalents (A + B + C)	10.77	(0.75)	6.70	1.81	6.57

The net cash flow of a company is a key indicator to show the extent of cash generated from operations of the company to meet capital expenditure, working capital needs, repay loans and make new investments without raising finance from external resources. If we are not able to generate sufficient cash flows, it may adversely affect our business and financial operations.

RISKS RELATING TO THE ISSUE AND INVESTMENT IN OUR EQUITY SHARES

- 28. *After this Issue, our Equity Shares may experience price and volume fluctuations or an active trading market for our Equity Shares may not develop.***

The price of the Equity Shares may fluctuate after this Issue as a result of several factors, including volatility in the Indian and global securities markets, the results of our operations, the performance of our competitors, developments in the Indian paper sector and changing perceptions in the market about investments in the Indian paper sector, adverse media reports on us or the Indian paper sector, changes in the estimates of our performance or recommendations by financial analysts, significant developments in India's economic liberalization and deregulation policies, and significant developments in India's fiscal regulations. There has been no recent public market for the Equity Shares prior to this Issue and an active trading market for the Equity Shares may not develop or be sustained after this Issue. Further, the price at which the Equity Shares are initially traded may not correspond to the prices at which the Equity Shares will trade in the market subsequent to this Issue.

- 29. *There is no assurance that the Equity Shares will be listed on the BSE and the NSE in a timely manner or at all, and any trading closures at the BSE and the NSE may adversely affect the trading price of our Equity Shares.***

In accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted until after those Equity Shares have been issued and allotted. Approval requires all other relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the BSE and the NSE. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

- 30. *You will not be able to sell immediately on an Indian stock exchange any of the Equity Shares you purchase in the Issue until the Issue receives the appropriate trading approvals.***

Our Equity Shares will be listed on the NSE and the BSE. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investors' book entry, or "demat", accounts with depository participants in India are expected to be credited within two days of the date on which the basis of allotment is approved by NSE and the BSE. Thereafter, upon receipt of final approval from the NSE and the BSE, trading in the Equity Shares is expected to commence within seven working days of the date on which the basis of allotment is approved by the Designated Stock Exchange. While the corporate action for crediting the Equity Shares will be done within two days of approving the basis of allotment, we cannot assure you that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified above. Any delay in

obtaining the approvals would restrict your ability to dispose of your Equity Shares.

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

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

32. *Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.*

The Indian securities markets are smaller than securities markets in more developed economies. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. The Indian stock exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges, and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of the Equity Shares could be adversely affected.

33. *Political, economic and social developments in India could adversely affect our business.*

The Central and State Governments serve multiple roles in the Indian economy, including as producers, consumers and regulators, which have significant influence on the power industry and us. Economic liberalization policies have encouraged private investment in the power sector, and changes in these governmental policies could have a significant impact on the business and economic conditions in India in general and the power sector in particular, which in turn could adversely affect our business, future financial condition and results of operations.

Any political instability in India may adversely affect the Indian securities markets in general, which could also adversely affect the trading price of our Equity Shares.

34. *Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.*

Terrorist attacks and other acts of violence or war may negatively affect the Indian markets on which our Equity Shares trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, make travel and other services more difficult and ultimately adversely affect our business.

India has also witnessed civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have a negative impact on us. Such

incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and the price of our Equity Shares.

35. *Depreciation of the Rupee against foreign currencies may have an adverse effect on our results of operations.*

While a substantial portion of our revenues is and will be denominated in Rupees, part of our working capital is denominated in foreign currencies. We are also exposed to foreign exchange rate risk on the scrap papers imported used as raw materials for manufacturing Kraft papers at our plant. While entire working capital loan denominated in foreign currency is hedged, import LCs are not hedged. To this extent we are exposed to currency risk and accordingly, any depreciation of the Rupee against these currencies will significantly increase the Rupee cost to us which will impact our profitability.

36. *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 our Company.*

Customs 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 our company. These taxes and levies affect the cost of production and sales price of our products and hence the demand for our 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 our Company's business and financial condition.

37. *Difficult conditions in the global capital markets and a slowdown in economic growth in India or financial instability in Indian financial markets have affected and may continue to our business and results of operations.*

The performance, quality and growth of our business are dependent on the health of the overall Indian economy. The rate of growth of India's economy and of the demand for power and infrastructure services in India may not be as high, or may not be sustained for as long, as we have anticipated. During periods of robust economic growth, demand for such services may grow at rates as great as, or even greater than, that of the gross domestic product. On the other hand, during periods of slow growth, such demand may exhibit low or even negative growth. There can be no assurance that future fluctuations of the economic or business cycle, or other events that could influence the gross domestic product, will not have an adverse effect on our financial results and business prospects, as well as the price of our Equity Shares. Uncertainty and adverse changes in the economy could also increase costs associated with our projects. Additionally, the price of our Equity Shares could decrease if investors have concerns that our business, financial condition and results of operations will be negatively impacted by a worldwide macro economic down turn.

38. *Our business and activities will be regulated by the Competition Act, 2002.*

The Indian Parliament has enacted the Competition Act, 2002 (the "Competition Act") for the purpose of preventing business practices that have an appreciable adverse effect on competition in India under the auspices of the Competition Commission of India, which (other than for certain provisions relating to the regulation of combinations) has recently become effective. Under the Competition Act, any arrangement, understanding or action in concert between enterprises, whether or not formal or informal, which causes or is likely to cause an appreciable adverse effect on competition in India is void and attracts substantial monetary penalties. Any agreement which directly or indirectly determines purchase or sale prices, limits or controls production, shares the market by way of geographical area or market or number of customers in the market is presumed to have an appreciable adverse effect on competition. The effect of the Competition Act and the

Competition Commission of India on the business environment in India is as yet unclear. Any application of the Competition Act to us may be unfavorable and may have a material adverse effect on our business, financial condition and results of operations.

39. *Natural calamities could have a negative effect on the Indian economy, adversely affecting our business and the price of our Equity Shares.*

India has experienced natural calamities such as earthquakes, a tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determines their effect on the Indian economy. For example, as a result of drought conditions in the country during FY 2003, the agricultural sector recorded negative growth for that period. The erratic progress of the monsoon in 2004 and 2009 affected sowing operations for certain crops. Further prolonged spells of below normal rainfall or other natural calamities could have a negative effect on the Indian economy, adversely affecting our business and the price of our Equity Shares.

Pandemic disease, caused by a virus such as H5N1 the (“avian flu” virus) or H1N1 (the “swine flu” virus), could have a severe adverse effect on our business. The potential impact of such a pandemic on our results of operations and financial position is highly speculative, and would depend on numerous factors, including: the probability of the virus mutating to a form that can be passed from human to human; the rate of contagion if and when that occurs; the regions of the world most affected; the effectiveness of treatment of the infected population; the rates of mortality among various segments of the insured versus the uninsured population; our insurance coverage and related exclusions; the possible macroeconomic effects of a pandemic on our asset portfolio; the effect on lapses and surrenders of existing policies, as well as sales of new policies; and many other variables.

Prominent Notes:

1. Investors may contact the BRLMs or the Compliance officer for any compliant/clarification/information pertaining to the issue. For contact details of the BRLMs please refer to the front cover page.
2. The pre issue net worth of our Company, as per our restated financial statements as at March 31, 2009, is Rs. 398.8 Mn. and as at November 30, 2009 is Rs. 581.2 Mn. Book value of the Equity Shares of our Company, as per our restated financial statements as at 31st March, 2009 is Rs. 21.2 per Equity Share and as on November 30, 2009 is Rs.22.2 per Equity Share.
3. The average cost of acquisition of Equity Shares by our Promoters is given below:

Sr. no.	Name of the Promoter	Average Cost of Acquisition per Equity Share (Rs.)
1.	Mr. Ishwar Chand Agarwal	9.18
2.	Mr. Kailash Chandra Agarwal	3.51
3.	Mr. Amrit Lal Todi	0.99
4.	Mr. Banwari Lal Todi	1.06
5.	Mr. Anand Todi	0.66
6.	Mr. Vishnu Dutt Todi	0.98
7.	Smt. Rakesh Agarwal	1.10

4. For details of related party transactions, please refer to the Annexure XIV of the Auditor's Report on page 119 of this Draft Red Herring Prospectus.
5. There has been no change in the name of our Company in last three years.
6. There are no financing arrangements whereby persons forming part of the Promoter Group, the Directors of our Company and their relatives have financed the purchase by any other person of securities of our Company during the period of six months immediately preceding the date of filing Draft Red Herring Prospectus with SEBI.

SECTION IV - INTRODUCTION

SUMMARY

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

Note: Unless otherwise indicated, all financial and statistical data relating to the industry in the following discussion is derived from internal Company reports & data, industry publication and estimates. This data has been reclassified in certain respects for purposes of presentation. For more information, see section titled "Forward Looking Statements" on page 10 in this DRHP.

Summary of Industry and Business of our Company

Paper Industry - Global Scenario

The global pulp and paper industry consists of about 5000 industrial pulp and paper mills, and an equal number of very small companies. The annual global paper and paperboard production was approximately 382.0 million tonnes in 2006. It is expected to increase to 402.0 million tonnes by 2010 and 490.0 million tonnes by 2020. USA is the largest market for paper products and commands high per capita consumption of 260 kgs. Asia's main markets are China, Japan, India, Malaysia, Singapore and Thailand. (Source: Websites of global consulting group 'Pyory' and International Council of Forest and Paper Association)

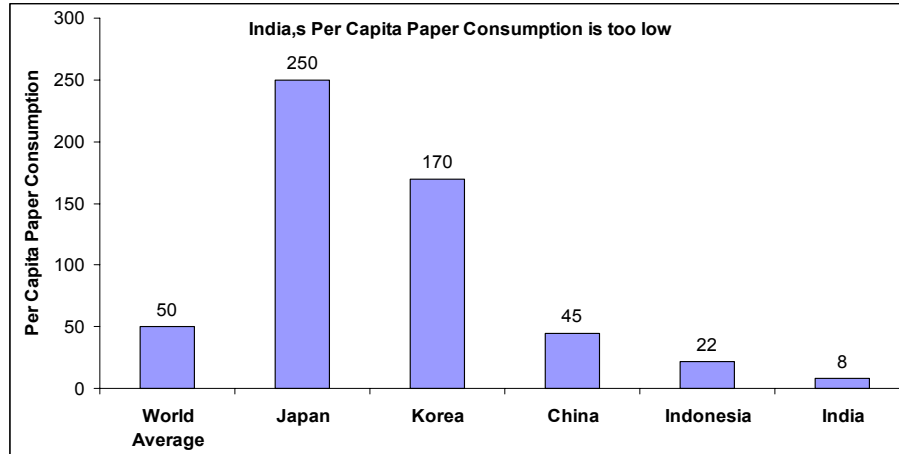
The paper and paperboard industry has witnessed a radical shift in the last decade. Due to the strong economic growth in both China and India, the demand for paper and paperboard is increasing rapidly and they are expected to emerge as an important market for pulp & paper. The share of fast developing Asian markets, excluding Japan, in global consumption has increased to 34% by 2010 from 32% in 2006. The share of mature markets like North America and Europe would fall to 50% by 2010 from 52% in 2006. It is expected that Asian market would account for 60% of global incremental production during the period 2004-2020.

Indian Paper Industry

In India, the first paper mill was established in 1867. Raw materials used for the production of paper were rags and waste paper. Commercial production of paper started in 1882 and the raw materials used were again non-wood fibres, i.e., Eulaliopsis Binata and Sachaurn Bengalense. The development of the fractional process of pulping bamboo at the Forest Research Institute, Dehradun during 1922 – 24 provided an impetus to the pulp and paper industry in the country making bamboo the main raw material for making various grades of paper.

The Indian paper industry has made steady progress and presently has an installed capacity of 9.3 million tonnes during FY 2007-08. Total production of paper and paperboard is estimated to be 7.6 million tonnes and overall paper consumption (including newsprint) has touched 8.7 million tonnes in FY 2008-09. The estimated turnover of the paper industry is Rs 25,000 crores. The paper industry employs more than 0.12 million people directly and 0.34 million people indirectly. The sector has not emerged as hi-tech industry as in developed countries. But in terms of growth, Indian paper industry is one of the fastest growing markets. (Source: Website of Indian Paper Manufacturers Association)

Today, the Indian Paper Industry accounts for about 1.6% of the world's production of paper and paperboard. In terms of size, India is the 15th largest paper consumer in the world. However, it accounts for only 1% of the consumption of paper in the world though it has about 15% of the world population. (Source: Websites of Indian Paper Manufacturers Association & Central Pulp & Paper Research Institute). Following graph compares India's per capita consumption of paper with other economies.



The demand is expected to grow to 11.1 million tones by 2015 and increase to 14.9 million tones by 2020. This demand growth in India is quite natural. India has one of the lowest per capita paper consumption, of around 8 kg compared to the world average of 50 kg. However India is fast catching up with the other economies, and has emerged as the fastest growing paper market in the world, and as per industry estimates, paper production is likely to grow at a CAGR of 8.4% while paper consumption is expected to grow at a CAGR of 9% till the year 2012-13. As per Indian Paper Manufacturers Association, the paper industry will grow at about 7% -8% over the next decade. (Source: Websites of Indian Paper Manufacturers Association & Central Pulp & Paper Research Institute)

Business Overview

We are an Industrial Paper manufacturer of various grades of Kraft paper and Particle board. We also manufacture steel ingot from scrap. We have current capacity of 66660 TPA of Kraft paper, 5000 TPA of particle board, 23760 TPA steel ingot. We have a capacity to generate 6MW of power through co-generation plant for captive use. All our manufacturing units have been established on 14.86 hectares of land in Village Aghwanpur, Kanth Road, which is about 3 kms from the main city of Moradabad, Uttar Pradesh.

Our range of Kraft paper includes 70 GSM to 400 GSM. We are one of the few Kraft paper manufacturers having capacity of more than 50000 TPA. Our particle board range includes Bagasse based MDI Bonded Plain Particle Board. The particle board plant is modern fully automatic plant imported from M/s Compak System, U.K. Our 6MW Co-Generation Power plant uses coal and husk as fuel feed.

Kraft Paper is a type of industrial paper and used by packaging industry for manufacturing corrugated boxes and liners, corrugated sacks and composite containers. Particle board is mainly used for room partition, false ceiling, photo lamination, wall clock cases, base of sceneries and making of furnitures by pasting / lamination of sun mica.

Steel ingot is manufactured by using the excess power generated in our cogeneration plant after meeting our requirement for captive consumption for the manufacture of kraft paper and particle board. Steel ingots are used for manufacturing various types of steel bars by rolling mills.

We require low pressure steam for manufacturing kraft paper. Boilers installed at our manufacturing unit produce high pressure steam which we first use to generate power through back pressure turbine, which also gives us low pressure steam required for manufacturing kraft paper.

Income for the FY 2007, 2008, 2009 and eight month ended November 30, 2009 was Rs. 614.31 million, Rs. 856.08 million Rs. 990.10 million and Rs. 833.56 million respectively. We made a profit after tax of Rs. 17.41 million, Rs. 20.03 million Rs. 20.48 million and Rs. 73.73 million respectively for the FY 2007, 2008, 2009 and eight month ended November 30, 2009. For the FY 2007, 2008, 2009 and eight month ended November 30, 2009 we sold 24290 tonnes , 33617 tonnes 41805 tonnes and 36393 tonnes respectively of kraft paper, 1433 tonnes , 2015 tonnes 856

tonnes and 482 tonnes respectively of particle board and 5061 tonnes, 5532 tonnes 2061 tonnes and 1804 tonnes respectively of steel ingot.

Our strength

Manufacturing facility: We are one of the few Kraft paper manufacturers having two lines of which one line is having three wires machines for manufacture of high quality multi layer kraft paper. The decal size of our machines is 4200 mm, which is very well suited for the use in modern automatic multi layer corrugation units, thus reducing the wastage for the end users and giving them the flexibility in their different size requirements. We believe our quality and size helps us in getting orders from our customers.

Operational efficiency: Machines are installed on the first floor level, which contributes to the efficiency at the operational levels and also reduce our cost.

Large capacity: We are one of the few kraft paper manufacturers having capacity of more than 50000 TPA. Our Current capacity of manufacturing kraft paper is 66660 TPA. We manufacture both multi layer kraft paper and normal kraft paper, our capacity of multi layer kraft paper is 46200 TPA and normal kraft paper is 20460 TPA. Our large capacity helps us to meet peak season demand for kraft paper. We believe our large capacity helps us in getting repeat orders from our customers.

Product range: we offer our customer wide range of kraft paper from 70 GSM to 400 GSM. We believe we are among few manufacturers, which manufacture such a large range of kraft paper. Our product range helps in meeting our customer's requirement. Our wide range of products not only helps us to improve our relationship with our customer but also adds new customer.

Approved vendors with MNCs and large corporates: Most of the large users of corrugated boxes require their corrugators to procure the kraft paper from approved list of vendors only. We are registered with Moser Baer India, Hindustan Uniliver, LG, Videocon, Onida, Century, etc. for supplying kraft paper to the manufacturers of corrugated boxes. This helps us in meeting the demand of various requirements of these MNCs and large corporates.

Diverse revenue streams: We also manufacture particle board and steel ingots. Particle boards are manufactured out of the waste generated while manufacturing kraft paper. The excess power remaining after captive consumption for manufacture of kraft paper and particle board is used for manufacturing of steel ingots.

Business Strategy

Increasing capacity: The company capacity was 16600 TPA of kraft paper in 2001-2002, which was increased to 20460 TPA of kraft paper in 2002-03. In 2006 the company has further increased its production capacity by installing a waste paper based 140 TPD multi layer kraft paper making the total production capacity to 66,660 TPA. We intend to keep on increasing capacity in our endeavour to increase our market share.

Inorganic growth: We have acquired this unit in 2002 from DSM, when its capacity was 16600 TPA. We have then grown organically by adding capacity at various stages. For details of our expansion please refer "Objects of Issue" on page 49 of this DRHP. We may in future look at acquiring manufacturing units if available and which in our management view is beneficial to the company subject to shareholders approval if any required.

Shifting to waste paper based capacity: The Company currently running a 62 TPD agro based single layer Kraft capacity. Looking at the shortage of agro waste, the company has intends to shift completely to waste paper based capacity. Company intends to upgrade this machine and increase its capacity to 150 TPD. The total cost of this expansion is estimated to be Rs. 300 Mn. After modernization and upgrading the capacity the company will only manufacture multi layered Kraftpaper and our total capacity will be 475 TPD.

Diversifying income stream: In order to diversify our income we have installed steel ingot manufacturing capacity which is unrelated field. However this has helped us in growing our Company and utilizing our resources in effective manner. We may look at other opportunities to diversify our income stream.

Forward integration: We are currently supplying kraft paper to various paper packaging manufacturers. We may look at forward integration and foray into manufacturing of various paper packaging products catering to the need of MNCs and large corporates directly.

THE ISSUE

Equity Shares offered: Fresh Issue by our Company	[●] Equity Shares of Rs.10 each aggregating Rs. 600 Mn.,
Issue Price	Rs. [●] per Equity Share
Net Issue to the Public	[●] Equity Shares of Rs.10 each aggregating Rs. 600 Mn.
<i>Of which</i>	
A) QIB Portion	At least [●] Equity Shares of Rs.10 each aggregating Rs. 300 Mn. constituting not more than 50% of the Net Issue to the Public (Allocation on a proportionate basis)
<i>Of which</i>	
5% available for allocation to Mutual Funds only ⁽¹⁾	[●] Equity Shares of Rs. 10 each aggregating Rs. 15 Mn. (Allocation on a proportionate basis)
Balance for all QIBs including Mutual Funds	[●] Equity Shares of Rs. 10 each aggregating Rs. 285 Mn. (Allocation on a proportionate basis)
B) Non-Institutional Portion	Not less than [●] Equity Shares of Rs.10 each aggregating Rs. 90 Mn., constituting not less than 15% of the Net Issue to the Public (Allocation on a proportionate basis)
C) Retail Portion	Not less than [●] Equity Shares of Rs.10 each aggregating Rs. 210 Mn., constituting not less than 35% of the Net Issue to the Public (Allocation on a proportionate basis)
Equity Shares outstanding prior to the Issue	26,153,800 Equity Shares
Equity Shares outstanding after the Issue	[●] Equity Shares
Use of Issue Proceeds	See section titled “ <i>Objects of the Issue</i> ” on page 49 of the Draft Red Herring Prospectus.

⁽¹⁾ The unabsorbed portion, if any, in the Mutual Fund reservation will be available to QIBs.

Our Company is exploring the possibility of issuing Equity Shares to certain investors including domestic venture capital funds. Our Company would be completing the issuance of such Equity Shares (“**Pre-IPO Placement**”), if any, prior to filing the Red Herring Prospectus with the ROC. If the Pre-IPO Placement is successfully completed, the Issue Size will be reduced by such amount subject to the condition that the Net Issue to the Public will be minimum 25% of post issue paid up capital.

The Equity Shares allotted under the Pre- IPO Placement, if completed, shall be subject to a lock - in period of 1 year from the date of the allotment pursuant to the Issue

Under subscription, if any, in any category would be met with spill-over from other categories or a combination of categories. Investors may note that in case of over subscription allotment to bidders in all categories shall be on a proportionate basis.

For details of the terms of the Issue, see section titled “**Terms of the Issue**” on page 185 of this DRHP.

SUMMARY OF FINANCIAL INFORMATION

The following summary financial data has been prepared in accordance with Indian GAAP, the Companies Act and the SEBI (ICDR) Regulations, 2009 and restated as described in the Auditor's Report of our statutory auditor's, Pradeep Hari & Co. Associates, Chartered Accountants dated February 26, 2010 in the section titled "Financial Information" of this DRHP. You should read this financial data in conjunction with our financial statements for eight month period ended November 30, 2009 and for each of FY 2005, 2006, 2007, 2008, and 2009 including the Notes thereto and the Reports thereon, which appears under the section titled "Financial Information" on page 119 in this Draft Red Herring Prospectus, and section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 149. of this DRHP

SUMMARY OF ASSETS AND LIABILITIES AS RESTATED

(Rs. in Mn.)

Particulars		As at Nov. 30, 2009	As at March 31,				
			2009	2008	2007	2006	2005
Fixed Assets:							
Gross Block		1,056.51	1,085.13	918.97	626.72	235.00	236.75
Less: Depreciation		140.70	116.49	79.26	47.18	27.64	17.32
Net Block		915.81	968.64	839.71	579.54	207.36	219.43
Capital Work-in-progress		0.00	0.00	125.65	275.44	399.40	95.10
Total Fixed Assets	A	915.81	968.64	965.36	854.98	606.76	314.52
Investments	B	103.28	103.28	104.61	114.83	5.64	2.94
Current Assets, Loans and Advances							
Inventories		197.30	230.68	238.79	225.77	148.74	84.97
Sundry Debtors		221.00	202.10	175.27	124.18	91.33	51.12
Cash and Bank balances		26.95	16.18	16.92	10.23	8.42	1.85
Loans and Advances		225.35	108.19	88.19	116.38	48.38	17.74
Total	C	670.61	557.15	519.17	476.57	296.87	155.68
Liabilities and Provisions:							
Secured Loans		582.58	680.56	929.27	914.31	540.43	201.03
Unsecured Loans		362.40	370.98	178.00	67.90	30.64	52.06
Deferred Tax Liability/(Asset) (net)		73.67	64.44	44.68	31.82	23.63	22.48
Current liabilities and Provisions		89.84	114.32	69.22	110.03	60.49	44.10
Total	D	1108.50	1230.29	1221.18	1124.07	655.19	319.66
Networth (A+B+C-D)		581.20	398.77	367.97	322.32	254.09	153.48
Net worth Represented by							
Share Capital I		261.54	237.74	228.99	228.99	178.99	158.99
Share Application Money II		0.00	0.00	25.00	0.00	0.00	0.00
Reserve & Surplus III		320.30	161.78	114.88	94.39	76.31	(4.65)
Miscellaneous Expenditure IV		0.65	0.75	0.90	1.06	1.21	0.86
TOTAL NET WORTH I + II + III - IV		581.20	398.77	367.97	322.32	254.09	153.48

STATEMENT OF PROFIT AND LOSSES ACCOUNT AS RESTATED

(Rs. in Mn.)

Particulars	As at Nov. 30, 2009	As at March 31,				
		2009	2008	2007	2006	2005
Income:						
Gross Sales	833.56	990.13	856.08	614.31	384.01	343.02
Less: Excise Duty	34.18	61.63	87.81	66.65	41.57	32.78
Net Sales	799.38	928.50	768.27	547.66	342.44	310.24
Other Income	5.31	19.41	13.55	1.25	1.84	3.26
Increase/(Decrease) in Inventories	(4.89)	5.83	0.38	1.19	(0.72)	12.18
Total Income (A)	799.80	953.74	782.19	550.11	343.56	325.68
Expenditure:						
Raw material consumed	474.79	582.89	557.85	377.43	225.57	222.89
Manufacturing Expenses	123.44	157.50	79.67	70.05	50.09	56.16
Personnel Expenses	13.89	19.08	12.54	10.54	9.63	5.59
Other Overheads	13.33	18.71	15.96	11.93	9.99	8.17
Total Expenditure (B)	625.46	778.18	666.01	469.94	295.28	292.81
Profit/(loss) before interest, depreciation & tax	174.34	175.56	116.18	80.17	48.28	32.87
Depreciation	34.90	42.45	33.76	19.54	10.90	10.13
Profit/(loss) before interest & tax	139.44	133.10	82.42	60.63	37.38	22.74
Financial Charges	54.79	92.61	49.28	34.85	14.21	10.33
Profit/(loss) before tax & Extraordinary Items	84.65	40.49	33.14	25.78	23.17	12.41
Provision for taxes on income:						
Provision for current taxation	14.26	3.84	3.58	2.81	1.89	0.93
MAT credit entitlement (current year)	(14.26)	(3.84)	(3.58)	(2.81)	(1.89)	0.00
Provision for Wealth taxation	-	-	-	-	-	-
Provision for Deferred taxation	9.24	19.76	12.86	8.19	2.27	8.74
Provision for Fringe Benefit Tax	-	0.18	0.18	0.12	0.11	0.00
Net Profit /(Loss) after tax but before Extraordinary Items	75.41	20.56	20.10	17.47	20.79	2.74
Extraordinary Items	-	-	-	-	-	-
Net Profit after Extraordinary Items	75.41	20.56	20.10	17.47	20.79	2.74

GENERAL INFORMATION



GENUS PAPER PRODUCTS LIMITED

Registered Office: Village Aghwanpur, Kanth Road, District - Moradabad, Uttar Pradesh – 244 001
Tel: 91-591-2511171, **Fax:** 91-591-2511242

Corporate Office: D-116, Okhla Industrial Area, Phase –I, New Delhi -110020.
Tel: +91 11 26371882 / 83, **Fax:** 91 11 26371884

Plant: Village Aghwanpur, Kanth Road, District - Moradabad, Uttar Pradesh – 244 001.
Tel: 91-591-2511171, **Fax:** 91-591-2511242
Website: www.genuspaper.com, **E-mail:** ipo@genuspaper.com

Contact Person: Mr.Ankit Agarwal, Company Secretary & Compliance Officer

CIN: U20211UP1996PLC020150

For details of change in name and registered office of our company, *please refer to the section titled “History & Certain Corporate Matters” beginning on page 90 of the Draft Red Herring Prospectus*

Address of the RoC

Registrar of Companies, Uttar Pradesh and Uttrakhand situated at 10/449B Allenganj, Khalasi Line, Kanpur 208 002, Uttar Pradesh, India; Tel: (0512) 352 304; Fax: (0512) 291 769

Our Board of Directors

Sr.no	Name of Director	Designation	Category
1.	Ishwar Chand Agarwal	Chairman (Non-Executive)	Non Executive and Non Independent
2.	Kailash Chandra Agarwal	Managing Director	Executive and Non Independent
3.	Himanshu Agarwal	Whole Time Director	Executive and Non Independent
4.	Bhairon Singh Solanki	Director	Independent
5.	Surendra Agarwal	Director	Independent
6.	Rameshwar Pareek	Director	Independent

For detailed profile of our Directors, please refer to the section titled ‘Our Management’ on page 93 of this Draft Red Herring Prospectus.

Company Secretary and Compliance Officer:

Mr.Ankit Agarwal

Village Aghwanpur, Kanth Road, District - Moradabad,
Uttar Pradesh – 244 001

Tel: 91-591-2511171

Fax: 91-591-2511242

Email: ipo@genuspaper.com

Registrar to the Issue:

Link Intime India Pvt.Ltd.

C-13, Pannalal Silk Mills Compound,

L.B.S. Marg, Bhandup (West),
Mumbai – 400 078.
Tel: (022) 2596 0320
Fax: (022) 2596 0329
Website: www.linkintime.co.in
Email: gppl.ipo@linkintime.co.in
SEBI Regn. No.: INR000004058
Contact person: Mr. Chetan Shinde

Investors are advised to contact the Compliance Officer Mr. Ankit Agarwal and/or the Registrar to the Issue in case of any pre-Issue or post-Issue problems such as non-receipt of letters of allocation, credit of allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders, non receipt of funds by electronic mode etc.

**Book Running Lead Managers:
Mefcom Capital Markets Limited**

5th Floor, Sanchi Building,
77, Nehru Place,
New Delhi – 110 019
Tel: + 91 11 46500500
Fax: + 91 11 46500550
Email: anand@mefcom.in
Investor Grievance E-mail: grievance.ibd@mefcom.in
SEBI Regn. No.: INM000000016
Contact Person : Mr. Anand Srivastava
Website: www.mefcom.in

Emkay Global Financial Services Limited

Paragon Centre, B – 03, Ground Floor
Pandurang Budhkar Marg,
Opp. Century Mills, Worli,
Mumbai – 400 013
Tel: +91 22 6612 1212
Fax: +91 22 6612 1355
Email: gppl.ipo@emkayglobal.com
Investor Grievance E-mail: gppl.ipo@emkayglobal.com
Website: www.emkayglobal.com
SEBI Regn. No.: INM000011229
Contact Persons: Mr. Rajesh Ranjan / Deepak Yadav

Statutory Auditors to our Company:

Pradeep Hari & Co., Chartered Accountants

Miglani Cinema Complex,
Rampur Road,
Moradabad
Uttar Pradesh -244001
Email: pradeepfca@gmail.com
Tel: + 91 591 3295849
Fax No.: + 91 591 2490306

Legal Advisor to the Issue:

New Delhi Law Offices

Rajendra Bhawan,
5th Floor, 210, DDU Marg,

New Delhi-110 002
Tel: 91-11-2322 1416, 23239857
Fax: 91-11-2323 7101
Email: ndlo@del3.vsnl.net.in
Contact Person: Ms. Sunitha Narahari

Bankers to our Company

IDBI Bank Limited
IDBI Towers, WTC Complex,
Cuffe Parade, Colaba,
Mumbai – 400 005
Tel: +91 22 22189111
Fax: +91 22 22181294
Email: sme@idbi.co.in

State Bank of India
Specialized Commercial Branch
Civil lines,
Moradabad - 244 001
Tel: 91 591 2425112
Fax: 91 591 2425115
Email: sbi.04113@sbi.co.in

The Bank of Rajasthan Limited
E-17, 1st Floor,
South Extension II,
New Delhi – 110 049
Tel: 91 11 32442779
Fax: 91 11 26259561
Email: sedelhi@rajbank.com

Punjab National Bank Limited
International Banking Branch,
Moradabad - 244 001
Tel no: 91 591 2310568
Fax no: 91 591 2313118
Email: bo3942@pnb.co.in

Bankers to the Issue and Escrow Collection Banks

[●] The Bankers to the Issue and Escrow Collection Banks shall be finalized before filing the RHP with RoC.

Syndicate Member(s)

[●] The Syndicate member(s) shall be finalized before filing the RHP with ROC.

Refund Banker To The Issue

[●] The Refund Banker(s) shall be appointed prior to filing of the Red Herring Prospectus with RoC.

Self Certified Syndicate Banks

[●] The SCSBs as per updated list available on SEBI's website (www.sebi.gov.in). Investors are requested to refer the SEBI website for updated list of SCSBs and their designated branches.

Brokers to the Issue

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

STATEMENT OF INTER SE ALLOCATION OF RESPONSIBILITIES AMONG THE BRLMs FOR THE ISSUE

The following table sets forth the inter se allocation of responsibilities for various activities between Mefcom Capital Market Limited and Emkay Global Financial Services Limited, as Book Running Lead Managers for the Issue:

Sr. No	Activities	Responsibility	Coordinator
1.	Capital Structuring with the relative components and formalities such as composition of debt and equity, type of instruments.	MEFCOM, EMKAY	MEFCOM
2.	Drafting and design of Offer Document.	MEFCOM, EMKAY	MEFCOM
3.	The Lead Managers shall conduct of due diligence and ensure compliance with the SEBI Regulation and other stipulated requirements and completion of prescribed formalities with Stock Exchange, Registrar of Companies and SEBI.	MEFCOM, EMKAY	MEFCOM
4.	Primary co-ordination with SEBI, Stock Exchanges and RoC and co-ordination interface with lawyers for agreements	MEFCOM, EMKAY	MEFCOM
5.	Drafting & approval of Statutory advertisements. The designated Lead Managers shall ensure compliance with the applicable regulatory provisions in respect of such Statutory Advertisements.	MEFCOM, EMKAY	MEFCOM
6.	Drafting & approval of other non-statutory Advertisements / publicity material including brochures and newspaper materials, corporate campaigns, product advertisement. The designated Lead Manager shall ensure compliance with stipulated code of advertisements as per SEBI (ICDR) Regulations, 2009 and other stipulated requirements and completion of prescribed formalities with Stock Exchange and SEBI.	MEFCOM, EMKAY	MEFCOM
7.	Selection of various agencies connected with the issue, namely: (i) Registrars to issue (ii) Printers (iii) Advertising agencies (iv) Bankers to the Issue (v) Brokers (vi) Underwriters and underwriting arrangements,	MEFCOM, EMKAY	EMKAY
8.	Institutional Marketing Strategies <ul style="list-style-type: none"> ▪ Finalising the list and division of investors for one to one meetings, and institutional allocation in consultation with the Company ▪ Finalising investor meeting schedules ▪ Preparation of Road show Presentation 	MEFCOM, EMKAY	EMKAY
9.	Non-institutional & Retail Marketing Strategies <ul style="list-style-type: none"> ▪ Preparation of Road show Presentation ▪ Finalising centers for holding conference for brokers etc. ▪ Finalising media, marketing and PR strategy ▪ Follow up on distribution of publicity and issue material including application form, offer document, brochures and deciding on the quantum of the issue material ▪ Finalising Collection orders 	MEFCOM, EMKAY	MEFCOM
10.	Managing the Book and Co-ordination with Stock Exchange	MEFCOM, EMKAY	EMKAY

11.	Pricing and QIB allocation	MEFCOM, EMKAY	EMKAY
12.	Follow-up with Bankers to the issue to get quick estimates of collection and advising the issuer about closure of the issue, based on the correct figures.	MEFCOM, EMKAY	EMKAY
13.	The post bidding activities including management of escrow accounts, co-ordination of non-institutional allocation, intimation of allocation and dispatch of refunds to bidders	MEFCOM, EMKAY	EMKAY
14.	The post-issue activities of the Issue will involve essential follow up steps, which will include finalization of basis of allotment/ weeding out of multiple applications, listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as Registrars to the Issue, Bankers to the Issue and the bank handling refunds business. Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable him to discharge this responsibility through suitable arrangements with the Issuer Company.	MEFCOM, EMKAY	EMKAY

Credit Rating

This being an issue of Equity Shares, credit rating is not required.

Trustees

This being an issue of Equity Shares, appointment of trustees is not required.

Project Appraisal

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

Monitoring Agency

The issue size being less than Rs. 5000 Mn., there is no requirement to appoint any monitoring agency to monitor use of proceeds of the Issue under the SEBI (ICDR) Regulations, 2009.

However, as per the Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges upon listing of the Equity Shares and in accordance with the Corporate Governance requirements, the Audit Committee of our Company would be monitoring the utilization of the Issue Proceeds.

IPO Grading

Name : [●]
Address: [●]
Tel: [●]
Fax: [●]
Email: [●]

IPO Grading

The Issue has been graded [●] and has been assigned the “IPO Grade [●]” indicating [●] through its letter dated [●], which is valid for a period of [●] month. The IPO grading is assigned on a five point scale from 1 to 5 wherein an “IPO Grade 5” indicates strong fundamentals and “IPO Grade 1” indicates poor fundamentals.

A copy of the report provided by [●], furnishing the rationale for its grading will be annexed to the RHP and will be made available for inspection at our Registered and our corporate offices from 10:00 A.M. to 4:00 P.M. on working days from the date of the RHP until the Bid/ Issue closing date. For details of summary of rationale for the grading assigned by the IPO Grading Agency, please see Annexure A on page [●]

Withdrawal of the Issue

Our Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue anytime after the

Bid/Issue Opening Date without assigning any reason thereof.

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

Book Building Process

Book building refers to the collection of Bids from investors, on the basis of the Red Herring Prospectus and the Bid-cum-Application forms. The principal parties involved in the Book Building Process are:

1. Our Company;
2. The Selling Shareholder;
3. The Book Running Lead Managers;
4. Syndicate Members who are intermediaries registered with SEBI or registered as brokers with any of the Stock Exchanges and eligible to act as underwriters. Syndicate Members are appointed by the Book Running Lead Managers;
5. Registrar to the Issue; and
6. Escrow Collection Banks;

While the Book Building Process under the SEBI (ICDR) Regulations, 2009 is not new, investors are advised to make their own judgment about investment through this process prior to making a Bid or Application in the Issue. Under the SEBI (ICDR) Regulations, 2009, QIBs are not allowed to withdraw their Bid after the Bid/Issue Closing Date. Please refer to the section titled “Terms of the Issue” beginning on page 185 of this DRHP for more details. In addition, QIBs are required to pay at least 10% of the Bid Amount upon submission of the Bid cum Application Form during the Bid/Issue Period and allocation to QIBs will be on a proportionate basis. For further details, please refer to the section titled “Terms of the Issue” beginning on page 185 of this DRHP

We will comply with the SEBI (ICDR) Regulations, 2009 for this Issue. In this regard, we have appointed the BRLMs to procure subscriptions to the Issue. The Book Building Process is subject to change. Investors are advised to make their own judgment about an investment through this process prior to submitting a Bid.

Steps to be taken by the Bidders for making a Bid or application in this Issue:

1. Check eligibility for bidding (see the section titled “Issue Procedure - Who Can Bid” on page 192 of this Draft Red Herring Prospectus);
2. Ensure that the Bidder has a demat account and the demat account details are correctly mentioned in the Bid-cum-Application Form;
3. Ensure that the Bid-cum-Application Form is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid-cum-Application Form.

Bid/Issue Program

Bid/Issue opens on: _____	Bid/Issue closes on: _____
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Bids and any revision in Bids shall be accepted **only between 1000 hrs and 1500 hrs** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted **only between 1000 hrs and 1300 hrs** (Indian Standard Time) and uploaded till such time as permitted by the BSE and the NSE on the Bid/Issue Closing Date.

Investors please note that as per letter no. List/smd/sm/2006 dated July 3, 2006 and letter no.

NSE/IPO/25101-6 dated July 6, 2006 issued by BSE and NSE respectively, bids and any revision in Bids shall not be accepted on Saturdays and holidays as declared by the Exchanges. .

The Price Band will be decided by us in consultation with the BRLMs and advertised at least two working days prior to the Bid/Issue Opening Date. The announcement on the Price Band shall also be made available on the websites of the BRLMs and at the terminals of the Syndicate.

We reserve the right to revise the Price Band during the Bidding Period in accordance with SEBI (ICDR) Regulations, 2009. 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 can move up or down to the extent of 20%.

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

Underwriting Agreement

After the determination of the Issue Price and prior to filing of the Prospectus with ROC, we will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement dated [●], the obligations of the Underwriters are several and are subject to certain conditions to closing, as specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:
(This portion has been intentionally left blank and will be completed prior to filing of the Prospectus with ROC)

Name and Address of the Underwriters	Indicative Number of Equity shares to be Underwritten	Amount Underwritten (Rs. in Mn.)
Mefcom Capital Markets Limited	[●]	[●]
Emkay Global Financial Services Ltd.	[●]	[●]
Total	[●]	[●]

The above-mentioned amount is indicative underwriting and would be finalized after pricing and actual allocation. The above Underwriting Agreement is dated [●].

In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the stock exchange(s).

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLMs and the Syndicate Member(s) shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure/subscribe to the extent of the defaulted amount as specified in the Underwriting Agreement.

CAPITAL STRUCTURE

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

No. of Shares	Nominal Value (Rs. in Mn.)	Aggregate Value (Rs. in Mn.)
A. AUTHORISED CAPITAL		
60,000,000 Equity Shares of Rs. 10/- each	600.0	
B. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
26,153,800 Equity Shares of Rs. 10/- each	261.5	
C. PRESENT ISSUE#		
[●] Equity Shares of Rs. 10/- each at a premium of Rs. [●]/- per share	[●]	600.0
D. NET ISSUE TO THE PUBLIC		
[●] Equity Shares of Rs. 10/- each at a premium of Rs. [●]/- per share	[●]	[●]
E. PAID UP CAPITAL AFTER THE PRESENT ISSUE		
[●] Equity Shares of Rs. 10/- each	[●]	[●]
F. SHARE PREMIUM ACCOUNT		
Before the issue	169.0	
After the issue**	[●]	

#: Our Company is exploring the possibility of issuing Equity Shares to certain investors including domestic venture capital funds. Our Company would be completing the issuance of such Equity Shares (“**Pre-IPO Placement**”), if any, prior to filing the Red Herring Prospectus with the ROC. If the Pre-IPO Placement is successfully completed, the Issue Size will be reduced by such amount subject to the condition that the Net Issue to the Public will be minimum 25% of post issue paid up capital.

The Equity Shares allotted under the Pre – IPO Placement, if completed, shall be subject to a lock – in period of 1 year from the date of the Allotment pursuant to the Issue.

**The Share Premium Account after the Issue will be determined after Book Building Process

Notes to Capital Structure

1. Details of Increase in Authorized Capital

Particulars of Increase	Date of meeting	AGM/EGM
Increase in authorized share capital from Rs. 25.0 Mn. to Rs. 50.0 Mn.	June 20, 2002	EGM

(5 Mn. Equity Shares of Rs. 10 each)		
Increase in authorized share capital from Rs. 50.0 Mn. to Rs. 80.0 Mn. (8 Mn. Equity Shares of Rs. 10 each)	August 22, 2002	EGM
Increase in authorized share capital from Rs. 80.0 Mn. to Rs. 100.0 Mn. (10 Mn. Equity Shares of Rs. 10 each)	February 11, 2003	EGM
Increase in authorized share capital from Rs. 100 Mn. to Rs. 135.0 Mn. (13.5 Mn. Equity Shares of Rs. 10 each)	December 12, 2003	EGM
Increase in authorized share capital from Rs. 135.0 Mn. to Rs. 200.0 Mn. (20 Mn. Equity Shares of Rs. 10 each)	November 18, 2004	EGM
Increase in authorized share capital from Rs.200.0 Mn. to Rs.300.0 Mn. (30 Mn. Equity Shares of Rs. 10 each)	December 19, 2005	EGM
Increase in authorized share capital from Rs.300.0 Mn. to Rs.350.0 Mn. (30 Mn. Equity Shares of Rs. 10 each and 5 Mn. preference shares of Rs. 100 each)	March 22, 2007	EGM
Reclassification of authorized capital (35 Mn. Equity Shares of Rs. 10 each)	September 26, 2009	EGM
Increase in authorized share capital from Rs. 350.0 Mn. to Rs.600.0 Mn. (60 Mn. Equity Shares of Rs. 10 each)	January 07, 2010	EGM

2. Capital Build-up: Our existing Equity Share capital has been subscribed and allotted as under:

Equity Share capital history

Date of Allotment/ Transfer	Number of Equity Shares	Face Value (Rs.)	Issue/ Transfer Price (Rs.)	Nature of Consideration (Cash, other than cash)	Nature of Allotment/ Transaction	Cumulative Equity Share Capital (Rs. Mn.)	Share premium (Rs. Mn.)	Cumulative Share Premium (Rs. Mn.)
March, 03, 1996	700	10	10	Cash	Subscription to MOA	0.007	Nil	Nil
September 03, 1998	1,000	10	10	Cash	Fresh Allotment	0.017	Nil	Nil
September 05, 2002	7,995,000	10	10	Cash	Fresh Allotment	79.967	Nil	Nil
June 16, 2003	2,003,300	10	10	Cash	Fresh Allotment	100.0	Nil	Nil
January 15, 2004	1,800,000	10	10	Cash	Fresh Allotment	118.0	Nil	Nil
October 15, 2004	1,400,000	10	10	Cash	Fresh Allotment	132.0	Nil	Nil
November 18, 2004	2,698,800	10	10	Cash	Fresh Allotment	158.988	Nil	Nil
March 18, 2006	2,000,000	10	40	Cash	Fresh Allotment	178.988	60.0	60.0
December 26, 2008	875,000	10	40	Cash	Fresh Allotment	187.738	26.25	86.25
June 29, 2009	3,500,000	10	17	Cash	Fresh Allotment	222.738	24.5	110.75
September 27, 2009	2,000,000	10	25	Cash	Conversion of Pref. Shares	242.738	30.0	140.75
September 28, 2009	1,880,000	10	25	Cash	Fresh Allotment	261.538	28.2	168.95

Preference Share capital history

Date of Allotment	Number of Preference Shares	Face Value	Issue Price (Rs.)	Nature of Consideration (Cash, other than cash)	Nature of Allotment	Paid-up Preference share Capital (Rs. Mn.)	Share premium (Rs. Mn.)	Cumulative Share Premium (Rs. Mn.)
March 29, 2007	500,000*	100	100	Cash	Fresh Allotment	50.0	-	-

* Converted into 20 lacs Equity Shares on September 27, 2009 at a price of Rs. 25 per share. i.e Face Value Rs.10 and Share Premium Rs.15 per Equity Share

3. Shares issued for consideration other than cash

We have not issued any shares for consideration, other than cash. Further, our company has not issued any shares out of revaluation reserve.

4. Till date, we have not allotted any shares pursuant to any scheme approved by the Court under Section 391–394 of the Companies Act, 1956.

5. Our Company does not have any Employee Stock Option Scheme/Employee Stock Purchase Plan for our employees and we do not intend to allot any shares to our employees under Employee Stock Option Scheme/Employee Stock Purchase Plan from the proposed issue. As and when, options are granted to our employees under the Employee Stock Option Scheme, our Company shall comply with the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Plan) Guidelines 1999.

6. Issue of Equity Shares in the last one year

Except as mentioned below, our company has not issued any shares in preceding one year:

Date of Issue	Name of the Persons	No. of Shares	Issue Price	Whether part of Promoter Group
September 28, 2009	Hi-Print Electromack Pvt. Ltd.	2,80,000	Rs. 25.0	Yes
September 28, 2009	Genus Power Infrastructures Ltd.	16,00,000	Rs. 25.0	Yes
September 27, 2009	Vivekshil Dealers Pvt. Ltd.	20,00,000	Rs. 25.0	Yes
June 29, 2009	Genus Power Infrastructures Ltd.	35,00,000	Rs. 17.0	Yes

7. Our Company presently does not have any proposal or intention to alter our capital structure by way of split or consolidation of the denomination of Equity Shares or issue of specified securities on a preferential basis or issue of bonus or rights or further public issue of Equity Shares or Qualified Institutions Placement within a period of six months from the date of opening of this Issue, However, if we go in for acquisitions or joint ventures, we may consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.

8. Promoters' Contribution and Lock-in details in respect of Promoters, whose names figure in the Draft Red Herring Prospectus as Promoters in the paragraph under section titled "our Promoters and their Background" on page 105 of this DRHP is as under:

a. Capital built up of the promoters is detailed below:

Sr. No	Name of Promoter / Person	Date of allotment/ Transfer	Nature of Allotment/ Transaction	Nature of Consideration (Cash, other than cash)	No. of Shares	Face Value (Rs.)	Issue / Transfer Price (Rs.)
1.	Mr. Ishwar Chand Agarwal	November 18, 2004	Fresh Allotment	Cash	38,000	10	10.00
		January 07, 2005	Transfer	Cash	30,000	10	0.50
		February 14, 2005	Transfer	Cash	381,000	10	0.50
		March 25, 2005	Transfer	Cash	100,000	10	0.55
		March 25, 2005	Transfer	Cash	5,000	10	0.55
		March 25, 2005	Transfer	Cash	50,000	10	0.80
		March 18, 2006	Fresh Allotment	Cash	157,750	10	40.00
		Total			761,750		
2.	Mr. Kailash Chandra Agarwal	August 14, 2002	Transfer	Cash	100	10	10.00
		September 05, 2002	Fresh Allotment	Cash	50,000	10	10.00
		November 18, 2004	Fresh Allotment	Cash	76,800	10	10.00
		January 07, 2005	Transfer	Cash	550,500	10	0.50
		January 15, 2005	Transfer	Cash	607,000	10	0.50
		January 25, 2005	Transfer	Cash	752,000	10	0.55
		February 05, 2005	Transfer	Cash	516,000	10	0.55
		February 14, 2005	Transfer	Cash	641,000	10	0.60
		March 05, 2005	Transfer	Cash	475,000	10	0.60
		March 15, 2005	Transfer	Cash	530,000	10	0.60
		March 25, 2005	Transfer	Cash	380,000	10	0.69
September 07, 2009	Transfer	Cash	572,650	10	25.00		
		Total			5,151,050		
3.	Mr. Amrit Lal Todi	November 18, 2004	Fresh Allotment	Cash	57,500	10	10.00
		January 07, 2005	Transfer	Cash	400,000	10	0.50

Sr. No	Name of Promoter / Person	Date of allotment/ Transfer	Nature of Allotment/ Transaction	Nature of Consideration (Cash, other than cash)	No. of Shares	Face Value (Rs.)	Issue / Transfer Price (Rs.)
		February 14, 2005	Transfer	Cash	350,000	10	0.50
		March 05, 2005	Transfer	Cash	230,000	10	0.54
		March 25, 2005	Transfer	Cash	155,000	10	0.65
		Total			1,192,500		
4.	Mr. Banwari Lal Todi	November 18, 2004	Fresh Allotment	Cash	62,900	10	10.00
		January 07, 2005	Transfer	Cash	450,000	10	0.50
		February 14, 2005	Transfer	Cash	285,500	10	0.55
		March 05, 2005	Transfer	Cash	282,500	10	0.60
		March 25, 2005	Transfer	Cash	90,000	10	0.65
		Total			1,170,900		
5.	Mr. Anand Todi	November 18, 2005	Fresh Allotment	Cash	11,700	10	10.00
		January 07, 2005	Transfer	Cash	120,000	10	0.50
		February 14, 2005	Transfer	Cash	350,000	10	0.50
		March 05, 2005	Transfer	Cash	435,000	10	0.58
		March 25, 2005	Transfer	Cash	191,500	10	0.64
		Total:			1,108,200		
6.	Mr. Vishnu Dutt Todi	November 18, 2004	Fresh Allotment	Cash	22,000	10	10
		January 07, 2005	Transfer	Cash	100,000	10	0.50
		January 07, 2005	Transfer	Cash	50,000	10	0.54
		February 14, 2005	Transfer	Cash	200,000	10	0.55
		March 05, 2005	Transfer	Cash	192,500	10	0.55
		March 10, 2005	Transfer	Cash	270,000	10	0.60
		March 25, 2005	Transfer	Cash	70,000	10	0.70
		March 18, 2006	Fresh Allotment	Cash	4,250	10	40.00
		Total:			908,750		
7.	Smt. Rakesh Agarwal	November 18, 2004	Fresh Allotment	Cash	55,000	10	10.00
		January 07, 2005	Transfer	Cash	300,000	10	0.50

Sr. No	Name of Promoter / Person	Date of allotment/ Transfer	Nature of Allotment/ Transaction	Nature of Consideration (Cash, other than cash)	No. of Shares	Face Value (Rs.)	Issue / Transfer Price (Rs.)
		December 14, 2005	Transfer	Cash	480,000	10	0.55
		March 05, 2005	Transfer	Cash	300,000	10	0.60
		March 25, 2005	Transfer	Cash	139,000	10	0.80
		March 18, 2006	Fresh Allotment	Cash	3,625	10	40.00
		Total			1,277,625		

The above table should also indicate the pre-issue holding %age and Post Issue Holding Percentage.

- b. The shares held by our promoters are pledged with the financial institution/banks as per details given below:-

Sr. No	Name of Promoter / Person	No. of equity shares held (A)	No. of equity shares Pledged (B)	% to their holdings (C)= (B/A*100)	Pledged with
1.	Mr. Ishwar Chand Agarwal	761,750	38,000	5.0%	SBI, Moradabad
2.	Mr. Kailash Chandra Agarwal	5,151,050	456,800	8.9%	SBI, Moradabad & PNB, Moradabad
3.	Mr. Amrit Lal Todi	1,192,500	Nil	Nil	Nil
4.	Mr. Banwari Lal Todi	1,170,900	Nil	Nil	Nil
5.	Mr. Anand Todi	1,108,200	Nil	Nil	Nil
6.	Mr. Vishnu Dutt Todi	908,750	Nil	Nil	Nil
7.	Smt. Rakesh Agarwal	1,277,625	Nil	Nil	Nil
	Total	11,570,775	494,800	4.3%	

- c. The following shares of the promoters (eligible for lock-in) shall be locked-in for a period of 3 years from the date of allotment in the public issue: @

Sr. No	Name of Promoter / Person	No. of equity shares locked-in pursuant to this issue	% of pre-Issue capital	% of post-Issue capital@
1.	Mr. Ishwar Chand Agarwal	[•]	[•]	[•]
2.	Mr. Kailash Chandra Agarwal	[•]	[•]	[•]
3.	Mr. Amrit Lal Todi	[•]	[•]	[•]
4.	Mr. Banwari Lal Todi	[•]	[•]	[•]
5.	Mr. Anand Todi	[•]	[•]	[•]
6.	Mr. Vishnu Dutt Todi	[•]	[•]	[•]
7.	Smt. Rakesh Agarwal	[•]	[•]	[•]
	Total	[•]	[•]	

@ will be updated after determination of Issue Price

In terms of Regulation 33(1) of the SEBI (ICDR) Regulations, 2009 other than the above equity shares that are locked-in for three years, under Regulation 36 of the SEBI (ICDR) Regulations, 2009 the entire pre-issue

capital of our Company, comprising of [●] Equity Shares, constituting [●]% of the post Issue paid up capital shall be locked in for a period of 1 year from the date of allotment of Equity Shares in the public issue

The lock-in period shall commence from the date of allotment of Equity Shares in the public issue.

All the equity shares, which are being locked in for three years, are not ineligible for computation of promoters' contribution and lock in as per SEBI (ICDR) Regulations, 2009.

9. During the past six months, there are no transactions in our Equity Shares, which have been purchased/(sold) by our Promoters, their relatives and associates, persons in promoter group (as defined under sub-clause (zb) sub-regulation (1) Regulation 2 of the SEBI (ICDR) Regulations, 2009) or the Directors of the Company.
10. None of our Promoters, persons forming part of Promoter Group, Directors or the relatives thereof have financed the purchase of the Equity Shares of our Company by any other person or entity during the period of six months immediately preceding the date of filing the Draft Red Herring Prospectus with SEBI.
11. We confirm that the minimum Promoters' contribution of 20% of the post-Issue Capital, which is subject to lock-in for three years does not consist of :
 - a. Equity Shares acquired within three years before the filing of the Draft Red Herring Prospectus with SEBI for consideration other than cash and revaluation of assets or capitalisation of intangible assets or resulting from a bonus issued by utilization of revaluation reserves or unrealized profits of our Company or from bonus issue against Equity Shares which are ineligible for minimum Promoter's contribution.
 - b. Securities acquired by our Promoters, during the preceding one year, at a price lower than the price at which Equity Shares are being offered to the public in the Issue.
 - c. Private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.
 - d. Equity Shares issued to our Promoters on conversion of partnership firms into limited company.
 - e. Promoters' contribution has been brought in to the extent of not less than the specified minimum lot and from persons defined as promoters under SEBI (ICDR) Regulations, 2009.
 - f. Equity Shares for which specific written consent has not been obtained from the respective shareholders for inclusion of their subscription in the minimum Promoter's contribution subject to lock-in.
 - g. Pledged Equity Shares held by our Promoters.
12. Specific written consent has been obtained from the promoters for inclusion of such number of their existing shares to ensure minimum Promoters' contribution is subject to lock-in to the extent of 20% of Post-Issue Paid-up Capital.
13. The Equity Shares held by persons other than Promoters may be transferred to any other person holding shares prior to the Issue, subject to continuation of lock-in in the hands of the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.
14. The Equity Shares to be held by the Promoters under lock-in period shall not be sold/hypothecated/transferred during the lock-in period. However, the Equity Shares held by Promoters, which are locked in, may be transferred to and among Promoter/Promoter Group or to a new promoter or persons in control of our Company, subject to the continuation of lock-in with the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable.

15. Equity Shares held by promoters and locked-in may be pledged with any scheduled commercial bank or public financial institution as collateral security for loan granted by such bank or institution, subject to the following:
- if the specified securities are locked-in for 3 years in terms of clause (a) of regulation 36 of SEBI (ICDR) Regulations, 2009, the loan has been granted by such bank or institution for the purpose of financing one or more of the objects of the issue and pledge of specified securities is one of the terms of sanction of the loan;
 - if the specified securities are locked-in for one year in terms of clause (b) of regulation 36 of SEBI (ICDR) Regulations, 2009 and the pledge of specified securities is one of the terms of sanction of the loan.
16. The securities which are subject to lock-in shall carry the inscription “non-transferable” and the non-transferability details shall be informed to the depositories. The details of lock-in shall also be provided to BSE and NSE, where the shares are to be listed, before the listing of the securities.
17. Our Company, our Promoters, Directors and the Book Running Lead Manager to this Issue have not entered into any buy-back, standby or similar arrangements for purchase of Equity Shares from any person.
18. An over-subscription to the extent of 10% of the Net Issue to public can be retained for the purpose of rounding off to the nearest integer during finalizing the allotment, subject to minimum allotment being equal to [●] Equity Shares, which is the minimum application size in this issue. Consequently, the actual allotment may go up by a maximum of 10% of the Net Issue to Public, as a result of which, the post-issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoter and subject to lock- in shall be suitably increased; so as to ensure that 20% of the Post Issue paid-up capital is locked in.
19. Since the entire money of Rs. [●]/- per share (Rs. 10/- face value + Rs. [●]/- premium) is being called on application, all the successful applicants will be issued fully paid-up shares.
20. In case of over-subscription in all categories, up to 50% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Qualified Institutional Buyers (including specific allocation of 5% within the category of QIBs for Indian Mutual Funds). Further a minimum of 15% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and a minimum of 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Under subscription, if any, in any portion would be met with spill over from other categories at the sole discretion of our Company in consultation with the BRLMs.
21. **Particulars of top 10 shareholders:**
- As on the date of filing this Draft Red Herring Prospectus with SEBI:

Name of Shareholders	No. of Equity Shares	% of Total Issued Share Capital
Kailash Chandra Agarwal	5,151,050	19.70
Genus Power Infrastructure Ltd.	5,100,000	19.50
Vivekshil Dealers Pvt. Ltd.	2,398,175	9.17
Kailash Coke & Coal Co. Ltd.	1,332,500	5.09
Smt. Rakesh Agarwal	1,277,625	4.89
Mr. Amrit Lal Todi	1,192,500	4.56
Mr. Banwari Lal Todi	1,170,900	4.48
Hi-Print Electromack pvt.Ltd.	1,155,000	4.42

Anand Todi	1,108,200	4.24
Vishnu Dutt Todi	908,750	3.47

b. 10 days prior and as on the date of filing this Draft Red Herring Prospectus with SEBI:

Name of Shareholders	No. of Equity Shares	% of Total Issued Share Capital
Kailash Chandra Agarwal	5,151,050	19.70
Genus Power Infrastructure Ltd.	5,100,000	19.50
Vivekshil Dealers Pvt. Ltd.	2,398,175	9.17
Kailash Coke & Coal Co. Ltd.	1,332,500	5.09
Smt. Rakesh Agarwal	1,277,625	4.89
Mr. Amrit Lal Todi	1,192,500	4.56
Mr. Banwari Lal Todi	1,170,900	4.48
Hi-Print Elecrtomack pvt.Ltd.	1,155,000	4.42
Anand Todi	1,108,200	4.24
Vishnu Dutt Todi	908,750	3.47

c. 2 years prior to the date of filing this Draft Red Herring Prospectus with SEBI:

Name of Shareholders	No. of Equity Shares	% of Total Share Capital
Kailash Chandra Agarwal	4,578,400	25.6
Kailash Coal & Coke Co. Ltd.	1,332,500	7.4
Smt. Rakesh Agarwal	1,277,625	7.1
Amrit Lal Todi	1,192,500	6.7
Banwari Lal Todi	1,170,900	6.5
Anand Todi	1,108,200	6.2
Baldev Kumar Agarwal	901,400	5.0
Mr. Vishnu Dutt Todi	908,750	5.1
Ishwar Chand Agarwal	761,750	4.3
Kailash Industries Limited	686,900	3.8

22. Shareholding Pattern of our Company before and after the Issue is as under:

Category	Pre-Issue		Post-Issue*	
	No. of Shares	% holding and corresponding voting rights	No. of Shares	% holding and corresponding voting rights
Promoters	11,570,775	44.24	11,570,775	[●]
Promoter Group	14,583,025	55.76	14,583,025	[●]
Public	Nil	Nil	[●]	[●]
Total	26,153,800	100.00	[●]	100.00

*The above shareholding pattern is indicative, and is based on the fact that all shareholders in their respective categories will subscribe to 100% of the shares offered in their respective categories. The final Post Issue Shareholding pattern will be determined after the Book-Building Process.

23. **Shareholding Pattern of Promoter and Promoter Group:**

Sr.	Particular	Before the Issue		After the Issue	
		No. of Equity Shares	% Holding	No. of Equity Shares	% Holding
	Promoter				
1.	Ishwar Chand Agarwal	761,750	2.91	761,750	[●]
2.	Kailash Chandra Agarwal	5,151,050	19.70	5,151,050	[●]
3.	Amrit Lal Todi	1,192,500	4.56	1,192,500	[●]
4.	Banwari Lal Todi	1,170,900	4.48	1,170,900	[●]
5.	Anand Todi	1,108,200	4.24	1,108,200	[●]
6.	Vishnu Dutt Todi	908,750	3.47	908,750	[●]
7.	Smt. Rakesh Agarwal	1,277,625	4.89	1,277,625	[●]
	Sub Total (A)	11,570,775	44.24	11,570,775	[●]
	Promoter Group				
8.	Genus Power Infrastructure Ltd.	5,100,000	19.50	5,100,000	[●]
9.	Vivekshil Dealers Pvt. Ltd.	2,398,175	9.17	2,398,175	[●]
10.	Kailash Coke & Coal Co. Ltd.	1,332,500	5.09	1,332,500	[●]
11.	Hi-Print Electromack pvt.Ltd.	1,155,000	4.42	1,155,000	[●]
12.	Mr. Baldev Kr. Agarwal	901,400	3.45	901,400	[●]
13.	Kailash Industries Ltd.	686,900	2.63	686,900	[●]
14.	Mr. K.C. Agarwal (HUF)	519,000	1.98	519,000	[●]
15.	Mr. Rajendra Agarwal	429,500	1.64	429,500	[●]
16.	Mr. Amrit Lal Todi (HUF)	235,000	0.90	235,000	[●]
17.	Smt. Shanti Devi Agarwal	232,500	0.89	232,500	[●]
18.	Mr. R.K. Agarwal (HUF)	180,000	0.69	180,000	[●]
19.	Mr. N.P.Todi (HUF)	175,000	0.67	175,000	[●]
20.	Mr. Amit Kumar Agarwal	160,875	0.62	160,875	[●]
21.	Smt. Parul Agarwal	150,000	0.57	150,000	[●]
22.	Mr. Baldev Kr. Agarwal (HUF)	150,000	0.57	150,000	[●]
23.	Mr. Bajrang Lal Todi(HUF)	120,700	0.46	120,700	[●]
24.	Mr. Narayan Prasad Todi	112,750	0.43	112,750	[●]
25.	Smt. Simple Agarwal	125,675	0.48	125,675	[●]
26.	Smt. Rubal Todi	76,000	0.29	76,000	[●]
27.	Mr. Himanshu Agarwal	56,000	0.21	56,000	[●]
28.	Mr. J.K. Agarwal	55,000	0.21	55,000	[●]
29.	Mr. Ishwar Chand Agarwal (HUF)	53,300	0.20	53,300	[●]
30.	Mr. Banwari Lal Todi(HUF)	52,200	0.20	52,200	[●]
31.	I.C.Finance Pvt. Ltd.	47,000	0.18	47,000	[●]
32.	Kailash Vidyut & Ispat Ltd.	31,250	0.12	31,250	[●]
33.	Smt. Seema Todi	9,000	0.03	9,000	[●]
34.	Mr. Phooshraj Todi (HUF)	8,500	0.03	8,500	[●]
35.	Mr. Phooshraj Todi	8,000	0.03	8,000	[●]
36.	Mr. Anand Todi (HUF)	7,500	0.03	7,500	[●]
37.	Agarwal Children Welfare Trust	6,200	0.02	6,200	[●]
38.	Smt. Manju Todi	4,100	0.02	4,100	[●]
39.	Smt. Monisha Agarwal	4,000	0.02	4,000	[●]
	Sub Total (B)	4,583,025	55.76	4,583,025	[●]
	Total of Promoters and Promoter Group [(A) + (B)]	26,153,800	100.00	26,153,800	[●]

24. Our Company has not raised any bridge loan against the proceeds of this Issue.
25. As on the date of filing of this Draft Red Herring Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares.
26. The Equity Shares of our Company are fully paid up and there are no partly paid up shares as on date.
27. Other than Pre-IPO placement, there would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Draft Red Herring Prospectus with SEBI until the Equity Shares issued through the Prospectus are listed or application moneys refunded on account of failure of Issue.
28. No payment, direct or indirect in the nature of discount, commission, allowance or otherwise shall be made either by us or our promoters to the persons who receive allotments, if any, in this Issue.
29. A bidder cannot make a bid for more than the number of Equity Shares offered through this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor. However, in case of reserved category, a single applicant in the reserved category can make application for a number of securities, which exceeds the reservation but not more than the total issue size.
30. At any given time, there shall be only one denomination for the Equity shares of our Company and our Company shall comply with such disclosure norms as specified by SEBI from time to time.
31. As on date of filing this Draft Red Herring Prospectus, our BRLMs do not hold any shares in the company.
32. Our Company has 39 members as on the date of filing this Draft Red Herring Prospectus.

SECTION V – OBJECTS OF THE ISSUE

OBJECTS OF THE ISSUE

The Objects of the Issue are to achieve the benefits of listing and to fund expenditure requirements towards:

- a. Expansion in capacity of Plant II of multi layer kraft paper manufacturing facilities from 140 TPD to 325 TPD of multi layer kraft papers
- b. Increasing the capacity of effluent treatment plant for increased paper manufacturing capacity
- c. Increasing the current co-generation capacity from 6 MW to 9 MW
- d. Additional power load of 3050 KVA from Uttar Pradesh Power Corporation Limited
- e. Additional Margin money for the working capital
- f. General corporate purpose
- g. IPO expenses

The main object clause of our Memorandum of Association and objects incidental to the main objects enable us to undertake our existing activities and the activities for which funds are being raised by us through this Issue.

The fund requirements and the intended use of the IPO Proceeds as described herein are based on estimates prepared by the management of the Company. The fund requirements and intended use of IPO Proceeds have not been appraised by any bank or financial institution. In view of the competitive and dynamic nature of the paper industry, we may have to revise our expenditure and fund requirements as a result of variations in the cost structure, changes in estimates, exchange rate fluctuations and external factors, which may not be within the control of our management. This may entail rescheduling and revising the planned expenditure and fund requirement and increasing or decreasing the expenditure for a particular purpose from its planned expenditure at the discretion of our management. In addition, the estimated dates of completion of various activities as described herein are based on management's current expectations and are subject to change due to various factors, some of which may not be in our control.

Funds Requirement

The table below sets forth total fund requirement for the Objects,

		<i>(Rs. in Mn.)</i>
S. No.	Objects of the Issue	Total Estimated Cost
1	Expansion in capacity of Plant II of multi layer kraft paper manufacturing facilities from 140 TPD to 325 TPD of multi layer kraft papers	412.60
2	Increasing the capacity of effluent treatment plant for increased paper manufacturing capacity	20.91
3	Increasing the current co-generation capacity from 6 MW to 9 MW	54.50
4	Additional power load of 3050 KVA from Uttar Pradesh Power Corporation Limited	13.54
5	Additional Margin money for the working capital	60.39
6	General corporate purpose	30.00
	Sub-Total	591.94
7	IPO expenses	[•]
	Total	[•]

Means of Finance

Our Company proposes to fund the Objects of the Issue as follows:

		<i>(Rs.in Mn.)</i>
S. No.	Particulars	Amount
1.	IPO	600.0
2.	Internal Accurals	[•]
	Total	[•]

We confirm that firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through proposed issue and existing identifiable internal accruals, shall be ensured.

Internal Accruals

Our Company intends to deploy Rs. [●] Mn on the Project through internal accruals. The exact amount that will be spent out of internal accruals will be the balancing figure and will be finalized only after the issue proceeds are received by our Company. The Company has sufficient internal accruals as on November 30, 2009.

Appraisal

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

Project Details

1. *Expansion in capacity of unit II of multi layer kraft paper manufacturing facilities from 140 TPD to 325 TPD*

We currently have two paper plants with capacity of 62 TPD in Plant I and 140 TPD in Plant II at Village Aghwanpur, Kanth Road, District - Moradabad. With a view to expand our operations we intend to increase the Capacity our paper plant II to 325 TPD from current 140 TPD of multi layer kraft papers. These units will help us meet the peak season demand through the additional production capacity. The expansion is proposed at the current location and no additional land is envisaged.

The total cost of this project has been estimated at Rs. 412.60 Mn. in following manner:

(Rs. in Mn.)

Sr. no.	Description	Amount
1	Building & Civil Work	43.30
2	Plant & Machinery	369.30
	Total	412.60

Building

We intend to construct factory shed and wastepaper storage shed at the estimated cost of Rs. 43.30 mn as per the quotation dated January 25, 2010 of Chandra Consultant, Moradabad:

(Rs. in Mn.)

Sr. no.	Description	Area	Amount
1	Factory Shed	1220 sq. mt.	13.64
2	Wastepaper Storage	4102 sq. mt.	29.66
	Total		43.30

Plant & Machinery

We intend to add additional presses, rollers, dryers etc. to increase the capacity of plant to 325 TPD. Our Company does intend to purchase any second hand machinery. All the plant and machinery would be procured indigenously. Our Company has not placed any orders for any of the plant and Machinery. The Total Cost of plant and machinery includes impact of taxes and duties, the details for which is given below:

Particulars	Qty	Amount Rs.in Mn.	Supplier Name	Quotation Date
Press Section (Jumbo Press 1500 mm dia) with 1 spare Press Roll	1	30.7	Ruby Macons Ltd-Vapi	November 17, 2009
Unirun dryer framings (13,19,000 each)	5	7.8		
MG After Dryer Framing (11,35,000 each)	18	24.0		
Size Press (With 2 nos Spare Roll)	1	13.5		
Size Press After dryer framing (Without dryer) (10,00,000 each)	16	18.8		
FDR Roll (750mm dia)+support frame	1	1.1		
8-DR Pulper with gear box	1	6.5		
HDC with quote purge (4000 lpm) (5,00,000 each)	3	1.8		
Coarse screen (UPS-800) with 2.5mm hole	1	1.8		
Slotted Screen (UPS-800) with 2.35 mm slot	1	1.8		
Slotted Screen (UPS-600) with 0.30 mm slot	1	1.4		
Hot dispersion system	1	11.8		
Top layer screen basket (CFS-800)	1	0.4		
Bottom layer approach Flow slotted screen (CFS-1000)	1	2.1		
Middle layer approach flow	1	2.1		
Reject Sorter (CFS-500)	1	1.3	Ruby Macons Ltd-Vapi	December 17, 2009
Excluded Dryer	34	39.0	Best Heavy Eng Ind.Batala(Punjab)	January 14, 2010
Gear s Pinion (Gear box+pin) (98,000 each)	34	3.9	Best Heavy Eng Ind.Batala(Punjab)	January 14, 2010
Gear Box (Gear)		6.1	Premium Energy Transmission Ltd. -Pune (Mah.)	December 17, 2009
Steam System & Accessories		11.8	Forbes Marshal-Pune (Mah.)	January 15, 2010
Fan Pumps		3.2	Sam Turbo Ind Ltd.- (Tamilnadu)	November 06, 2009
CC System Top	1	2.0	Hindon Eng Pvt Ltd.- (Saharanpur)	December 23, 2009
Crain 20 ton with double trolley with Mech. System		4.7	Liftboy Ltd. (Gaziabad)	March 3, 2010

Kuster Callander		17.1	Confetti I Pvt Ltd. (Gaziabad)	December 04, 2009
Hood Complete Dryer	3	17.1	Sonar Airotech Pvt Ltd.- (Kolkatta)	September 05, 2009
Felt & Wire		7.3	Dinesh Mills Ltd.-Barodara -(Guj.)	December 18, 2009
Fork lift 2.5 ton	3	8.0	Godrej Mat Handling- (Lucknow)	December 31 , 2009
Pulper Conveyor	1	1.9	Surya Chain Pvt Ltd.- (Saharanpur)	December 22, 2009
CC System for disperser system		2.4	Ambika Paper Mc- (Ahamdabad)	December 22, 2009
Rotary Joint (37,500 each)	34	1.6	Aditron Ind Pvt Ltd.- (Noida)	January 15, 2010
ReWinder (325 tonn)		11.8	Sud & Waren	March 3, 2010
Spare Part Mech		54.0	Estimated	
Hood for Machine		13.7	Chandra Consultants	January 25, 2010
Electrical		28.8	Venture Control System(ABB)	January 25, 2010
Commissioning & erection work , contractor work		8.3	Estimated	
Total		369.3		

2. Increasing the capacity of effluent treatment plant for increased paper manufacturing capacity

To meet the increased capacities, we are proposing the additional effluent treatment plant at an estimated cost of Rs. 20.91 Mn as per estimate from ABM Environment Consultants (Ghaziabad) vide their quotation or letter dated January 25, 2010 as per details below:

(Rs. in Mn)

Sr.No.	Particulars	Amount
1	Primary clarifier	4.00
2	Aeration tank	6.00
3	Secondary clarifier	4.00
4	Aerators	1.00
5	Influent transfer tank	0.25
6	Sludge removal pumps	0.15
7	Clarifier Scrapper	2.50
8	Energy Metger	0.01
9	V-Notch	0.01
10	Piping & Fitting Etc	1.50
11	Rainguns & Pumps	0.50
12	Misc.	1.00
	Total	20.91

Our Company has not placed any orders for any of the plant and machinery.

3. Increasing the current co-generation capacity from 6 MW to 9 MW

We intend to increase our co generation capacity by installing the balancing equipment and additional Turbine of 3 MW. The total cost of this is estimated to Rs. 54.50 Mn as per details below:

(Rs. in Mn)

S.No.	Particulars	Qty	Amount.	Supplier Name	Quotation Date
1	3 MW Steam Turbine Generater Set		33.23	Triveni Engg & Inds Ltd.Banglore	December 21, 2009
2	Modification of existing boiler		8.17	Thermodyne Technologies Pvt Ltd.Chennai	November,2009
3	Economizer Coil	22 nos	4.42	Sri Devi Boiler equipement-Tamilnadu	Septemer 08 2009
4	Super Heater Coil	36 nos	4.31	Sri Devi Boiler equipement-Tamilnadu	October 08, 2009
5	Miscellenous and Others		3.25	Estimated	
6	Fabrication		1.13	Estimated	
	Total		54.50		

Our Company has not placed any orders for any of the plant and Machinery

4. Additional power load of 3050 KVA from Uttar Pradesh Power Corporation Limited (UPPCL)

The company intends to take additional 3050 KVA load from UPPCL to meet the peak period electricity demand. The total cost is estimated at Rs. 13.5 Mn. as per the letter dated February 12, 2010 of Executive Engineer of UPPCL. Details of cost is given herein below:

(Rs. in Mn)

Particulars	Amount
Transmission 33 KV Line	7.80
Transmission 3 MVA Sub Station	5.74
Total	13.54

5. Working capital requirement of our Company

We intend to fund additional margin money of Rs.60.39 Mn from the proceeds of the Issue. The additional margin money requirement has been computed as follows:

(Rs.in Mn.)

Particulars	Holding period (in Months)	FY 2009	FY 2010	FY 2011	FY 2012
		Actual	(Estimate)	(Estimate)	(Estimate)
Current assets					
-Inventory					
Raw materials	2.00	126.90	159.90	163.00	318.00
WIP		1.20	1.10	1.10	2.00
Finished Goods	0.50	27.70	33.30	39.60	65.10
Receivables	1.25	202.10	203.81	241.74	394.63
Stores		78.10	78.10	78.10	78.10
Sub Total		436.00	476.21	523.54	857.83
Less: Sundry Creditors	0.50	114.20	142.50	174.00	297.90

Working capital Gap		321.80	333.71	349.54	559.93
Margin Money required		61.50	101.71	117.54	177.93
Sanctioned working capital		232.00	232.00	232.00	382.00*
Additional Margin Money Required					60.39

*As on date our sanctioned working limit is Rs. 232.0 Mn. and as on date no arrangement for the balance working capital requirement of Rs. 150.0 Mn. has been finalized by our Company.

6. General Corporate Purpose

Our Company intends to deploy Rs. 30 Mn. towards the general corporate purposes including meeting exigencies & contingencies for the project, Our management in accordance with the policies set up by the Board will have flexibility in utilizing the proceeds earmarked for general corporate purposes.

7. Issue Related Expenses

The Issue related expenses include, among others, lead management, underwriting and selling commissions, IPO Grading fees, printing, distribution and stationery expenses, advertising and marketing expenses, and other expenses including Registrar, Depository, listing and legal fees. All expenses with respect to the Issue will be borne by the Company. The estimated Issue expenses are as follows:

(Rs in Mn.)

Sr. No.	Particulars	Amount	%age of the Issue Size	% age of Issue Expenses
1	Book Running Lead Manager's fees including Underwriting commission @ [●]% & Selling commission*	[●]	[●]	[●]
2	Registrar's fees*	[●]	[●]	[●]
3	Advertisement and Marketing expenses*	[●]	[●]	[●]
4	Stock Exchange fees for providing bidding terminals*	[●]	[●]	[●]
5	SEBI fees on filing of Offer Document*	[●]	[●]	[●]
6.	Other Miscellaneous expenses (listing fees, Legal Advisor's fees etc)*	[●]	[●]	[●]
	Total	[●]	[●]	[●]

* To be incorporated at the time of filing the Prospectus.

Schedule of Implementation

Sr. No.	Activities	Increasing capacity		ETP		Power Plant	
		Month of Commencement	Month of Completion	Month of Commencement	Month of Completion	Month of Commencement	Month of Completion
1	Acquisition of Land	Already available					
2	Building and civil work	June 2010	August 2010	July 2010	November 2010	March 2010	November 2010
3	Placement of	by July 2010					

	order for machineries						
4	Arrival, erection and commissioning of machineries	September 2010	February 2011	September 2010	January 2011	September 2010	February 2011
5	Commencement of Trial production	March 2011					
6	Commencement of Actual production	April 2011					

Deployment of Funds in the Project

We have incurred the following expenditure on the Object of Issue till February 20, 2010. The same has been certified by Pardeep Hari & Co., Chartered Accountants vide their certificate dated February 26, 2010.

(Rs. in Mn)

Deployment of Funds	Amount
Public issue Expenses	1.20
Total	1.20

(Rs. in Mn)

Sources of Funds	Amount
Internal Accruals	1.20
Total	1.20

Details of Balance Fund Deployment

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

(Rs. in Mn.)

	Project Details	Already incurred	FY 2011	Total
1.	Expansion in capacity of Plant II of multi layer kraft paper manufacturing facilities from 140 TPD to 325 TPD of multi layer kraft papers	-	412.60	412.60
2.	Increasing the capacity of effluent treatment plant for increased paper manufacturing capacity	-	20.91	20.91
3.	Increasing the current co-generation capacity from 6 MW to 9 MW	-	54.50	54.50
4.	Additional power load of 3050 KVA from Uttar Pradesh Power Corporation Limited	-	13.54	13.54
5.	Additional Margin money for the working capital	-	60.39	60.39
6.	General corporate purpose	-	30.00	30.00
7.	IPO expenses	1.20	[•]	[•]
	Total	1.20	[•]	[•]

Interim Use of Proceeds

Pending utilization for the purposes described above, we intend to temporarily invest the funds in high quality interest/dividend bearing liquid instruments including money market mutual funds, deposit with banks for

necessary duration as may be approved by the Board of Directors or a Committee thereof from time to time. We also intend to apply part of the IPO Proceeds, pending utilization for the purposes described above, to temporarily reduce our working capital borrowings from banks and financial institutions. Should we utilize the funds towards temporary reduction in utilization of short-term working capital facilities, we undertake that we would ensure consistent and timely availability of the issue proceeds so temporarily deposited in the working capital facilities to timely meet the fund requirement of the Project. The Company confirms that pending utilisation of the IPO Proceeds for the object of the Issue, it shall not be deployed for any investments in the equity markets.

Monitoring of Utilisation of Funds

The aforementioned funding plan is based on our current business plan and has not been appraised by any bank or financial institution or independent third party entity. In view of the dynamic environment of the industries in which we operate, we may have to revise our business plan from time to time. This may include, at the discretion of the Board of Directors, the rescheduling of our capital expenditure programmes and the increase or decrease of the capital expenditure required for particular purposes from our current plans.

The Board will monitor the utilisation of the proceeds of the Issue. Our Company will disclose the utilisation of the proceeds of the Issue under a separate heading in our Directors' Reports for FY 2011 and 2012 clearly specifying the purpose for which such proceeds have been utilised. Pursuant to clause 49 of the Listing Agreement, the Company shall on a quarterly basis disclose to the Audit Committee the uses and applications of the proceeds of the Issue. On an annual basis, the Company shall prepare a statement of funds utilised for purposes other than those stated in this Draft Red Herring Prospectus and place it before the Audit Committee. Such disclosure shall be made only until such time that all the proceeds of the Issue have been utilised in full. The statement shall be certified by the statutory auditors of the Company.

Our Company will not pay any part of the Issue proceeds as consideration to our Directors or key management personnel group companies or concerns promoted by our promoters..

BASIC TERMS OF THE ISSUE

Terms of the Issue

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

Terms of Payment

Applications should be for a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter. The entire price of the Equity Shares of Rs. [•] per share (Rs. 10 face value + Rs. [•] premium) is payable on application. In case of allotment of lesser number of Equity Shares than the number applied, the excess amount paid on application shall be refunded by us to the applicants.

Ranking of Equity Shares

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

Face Value and Issue Price per Share

The Equity Shares having a face value of Rs. 10 each are being offered in terms of the Draft Red Herring Prospectus at a price of Rs. [•] per Equity Share. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

The Price Band and the minimum Bid lot size for the Issue will be decided by our Company, in consultation with the BRLM, and advertised at least two working days prior to the Bid/Issue Opening Date.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. In terms of existing SEBI (ICDR) Regulations, 2009, the trading in the Equity Shares shall only be in dematerialized form for all investors.

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

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue to the Public including devolvement of the Underwriters within 60 days from the Bid Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after our Company become liable to pay the amount, we shall pay interest prescribed under Section 73 of the Companies Act 1956.

BASIS FOR ISSUE PRICE

The Issue Price will be determined in consultation with the BRLMs on the basis of assessment of market demand for the Equity Shares by the book building process. The face value of the Equity Shares is Rs.10 and the Issue Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band. Investors should also refer to the sections “Risk Factors” and “Financial Information” beginning on pages 11 and 119, respectively, of this Draft Red Herring Prospectus to get a more informed view before making the investment decision.

Quantitative Factors

1. Restated Earning Per Share of the face value of Rs.10 each (EPS)

Year Ended	EPS (Rs.)	Weight
Fiscal 2007	0.98	1
Fiscal 2008	1.12	2
Fiscal 2009	1.13	3
Weighted Average	1.10	

Based on earnings in for eight month ended on November 30, 2009, EPS of the Company was Rs. 5.13

2. Price/Earning Ratio (P/E) in relation to Issue Price of Rs. [●]

1. Based on Fiscal Year ended March 31, 2009 Restated EPS of Rs.1.13, the P/E ratio is [●]
2. Based on Weighted average Restated EPS of Rs.1.10, the P/E ratio is [●]
3. Industry P/E

Highest	14.4
Lowest	3.4
Industry Composite*	7.9

Source: Capital Market magazine Vol. no. XXV/01 dated Mar 08 – 21 2010.

*Industry composite has been computed as the average of the P/E ratios for the companies enlisted under the industry segment “Paper” covered in the Capital Market magazine Vol. no. XXV/01 dated Mar 08 – 21 2010.

3. Return on Net Worth

Year	RONW (%)	Weight
Fiscal 2007	5.42	1
Fiscal 2008	5.46	2
Fiscal 2009	5.15	3
Weighted Average Return on Net Worth	5.30	

4. Minimum Return on Increased Net Worth Required to Maintain Pre-Issue EPS

The minimum return on increased net worth required to maintain pre-Issue EPS is [●] %.

5. Net Asset Value (NAV) per Equity Share of the face value of Rs.10 each

Issue Price per share	[●]
Net Asset Value per share as at November 30, 2009	22.22

Net Asset Value per share as at March 31, 2009	21.24
Net Asset Value per share after the Issue	[●]

6. Comparison with Listed Industry Peers:

There are no comparable listed companies manufacturing only Kraft paper which are also into manufacturing of M.S. Ingots. However the following are some of the comparable listed companies in paper industry

Name of Companies	EPS (Rs.)	P/E (times)	RONW (%)	NAV per Equity Share (Rs.)
Genus Paper Products Limited ⁽¹⁾	1.13	[●]	5.15	21.24
Peer Group⁽²⁾				
Malu Papers	-	-	-	22.3
N R Agarwal Industries	8.8	3.6	19.0	25.9
Rainbow Paper	15.8	8.3	32.7	118.6
S I Paper Mills	15.1	4.2	15.6	74.3

⁽¹⁾ Earnings Per Share, Return on Net Worth and Net Asset Value of the Company are based on the last audited restated financial statements for the year ended March 31, 2009.

⁽²⁾ All figures of the peer group are from "Capital Market" magazine Vol. no. . XXV/01 dated Mar 08 – 21 2010.

The face value of our Equity Shares is Rs.10 per share and the Issue Price of Rs. [●] is [●] times of the face value of our Equity Shares. The final price would be determined on the basis of the demand from the investors.

The BRLMs believes that the Issue Price of Rs. [●] per Equity Shares is justified in view of the above qualitative and quantitative parameters. The investors may also want to peruse the risk factors and our financials as set out in the Auditors Report in the Draft Red Herring Prospectus to have a more informed view about the investment proposition.

STATEMENT OF TAX BENEFITS

The Board of Directors
Genus Paper Products Ltd.
Village Aghwanpur,
Kanth Road,
District - Moradabad,
Uttar Pradesh – 244 001

Dear Sirs,

Sub: Statement of Possible Tax Benefits

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

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

The benefits discussed in the enclosed statement are not exhaustive nor are they conclusive. This statement is only intended to provide general information and to guide the investors and is neither designed nor intended to be a substitute for professional tax advice. A shareholder is advised to consult his/ her/ their own tax consultant with respect to the tax implications of an investment in the equity shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

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

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

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

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

for **Pradeep Hari & Co.**
Chartered Accountants
Firm Registration No. 006542C

Pradeep Kapoor
Proprietor
Membership No. 74491

Moradabad, February 26, 2010

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

A. SPECIAL TAX BENEFITS TO THE COMPANY:

No special tax benefits are available to the Company.

B. SPECIAL TAX BENEFITS TO THE SHAREHOLDERS OF OUR COMPANY:

No special tax benefits are available to the Shareholders of the Company.

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

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

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

The investment made in the long term assets as specified above by the assessee during any financial year is subject to maximum of Fifty lacs rupees. If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the IT Act.

6. Deduction under Section 32: As per provisions of Section 32(1)(iia) of the Act, the company is entitled to claim additional depreciation of 20% of the actual cost of any new machinery or plant which has been acquired and installed after 31st March, 2005 subject to fulfillment of conditions prescribed therein.
7. Under section 115JAA (2A) of the Act tax credit shall be allowed in respect of any taxpaid (MAT) under section 115JB of the Act for any Assessment Year commencing on or after 1st April 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for set-off beyond 7 years immediately succeeding the year in which the MAT credit initially arose.

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

1. Under section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders.
2. Under section 48 of the IT Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, as per second proviso to section 48 of the IT Act, in respect of long term capital gains (i.e. shares held for a period exceeding 12 months) from transfer of shares of Indian Company, it permits substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index, as prescribed from time to time.
3. Under section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.
4. Under section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains, (other than those exempt under section 10(38) of the IT Act) arising on transfer of shares in the Company, would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess) after indexation. The amount of such tax should however be limited to 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.
5. Under section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the IT Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:
 - (a) National Highway Authority of India constituted under section 3 of The National highway Authority of India Act;
 - (b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

The investment made in the long term assets as specified above by the assessee during any financial year is subject to maximum of Fifty lacs rupees. If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the IT Act.

6. Under section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house

property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.

7. Under section 111A of the IT Act and other relevant provisions of the IT Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 15 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short-term capital gains arising from transfer of shares in a Company, other than those covered by section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.
8. In terms of section 36(xv) of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for deduction from the amount of income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.

BENEFITS AVAILABLE TO MUTUAL FUNDS

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

BENEFITS AVAILABLE TO FOREIGN INSTITUTIONAL INVESTORS ('FIIS')

1. Under section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders.
2. Under section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.
3. Under section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the IT Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:
 - (a) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act;
 - (b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

The investment made in the long term assets as specified above by the assessee during any financial year is subject to maximum of Fifty lacs rupees. If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the IT Act.

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

Under section 115AD(1)(iii) of the Act income by way of long term capital gain arising from the transfer of

shares (in cases not covered under section 10(38) of the Act) held in the company will be taxable @10% (plus applicable surcharge and education cess). It is to be noted that the benefits of indexation and foreign currency fluctuations are not available to FIIs.

5. As per section 90(2) of the IT Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the FII would prevail over the provisions of the IT Act to the extent they are more beneficial to the FII.
6. In terms of section 36(xv) of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for deduction from the amount of income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.

BENEFITS AVAILABLE TO VENTURE CAPITAL COMPANIES/ FUNDS

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

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

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

(a) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act;

(b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

The investment made in the long term assets as specified above by the assessee during any financial year is subject to maximum of Fifty lacs rupees. If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the IT Act.

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

9. In terms of section 36(xv) of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for deduction e from the amount of income chargeable under the head “Profit and gains of business or profession” arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.
10. As per Section 90(2) of the IT Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the Non-Resident/ Non-Resident India would prevail over the provisions of the IT Act to the extent they are more beneficial to the Non-Resident/ Non-Resident India.

BENEFITS AVAILABLE UNDER THE WEALTH TAX ACT, 1957

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

Notes:

1. The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of Equity Shares;
2. The above Statement of Possible Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws, including as laid down by the circular 4/2007 dated 15th June 2007 issued by CBDT concerning capital gain, for availing concessions in relation to capital gains tax;
3. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue;
4. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile; and
5. The stated benefits will be available only to the sole/first named holder in case the shares are held by joint share holders.

SECTION VI - ABOUT US

INDUSTRY OVERVIEW

Disclaimer: Pursuant to the requirements of the SEBI (ICDR) Regulations, 2009, the discussion on the business of Our Company in the Draft Red Herring Prospectus consists of disclosures pertaining to industry grouping and classification. The industry grouping and classification is based on our Company's own understanding and perception and such understanding and perception could be substantially different or at variance from the views and understanding of third parties. Our Company acknowledges that certain products described in the Draft Red Herring Prospectus could be trademarks, brand names and/ or generic names of products owned by third parties and the reference to such trademarks, brand names and/or generic names in the Draft Red Herring Prospectus is only for the purpose of describing the products. The industry data has been collated from various industry and/or research publications and from information available from the World Wide Web.

The information in this section is derived from various government/Industry Association publications and other sources. Neither we, nor any other person connected with the issue has verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information.

Paper Industry Overview

Paper as a commodity has a long history. For thousands of years, paper production was done mostly through hand-made methods and then, during the 19th century, paper production was industrialized. Originally intended purely for writing and printing purposes, a wide variety of paper grades and uses including industrial use are now available to the consumer.

The paper industry has a vital role to play in socio-economic development of a country. The per capita consumption is generally considered as a benchmark of modernization of a country.

Paper Industry - Global Scenario

The global pulp and paper industry consists of about 5000 industrial pulp and paper mills, and an equal number of very small companies. The annual global paper and paperboard production was approximately 382.0 million tonnes in 2006. It is expected to increase to 402.0 million tonnes by 2010 and 490.0 million tonnes by 2020. USA is the largest market for paper product and commands high per capita consumption of 260 kgs. Asia's main markets are China, Japan, India, Malaysia, Singapore and Thailand. (Source: Websites of global consulting group 'Pyory' and International Council of Forest and Paper Association)

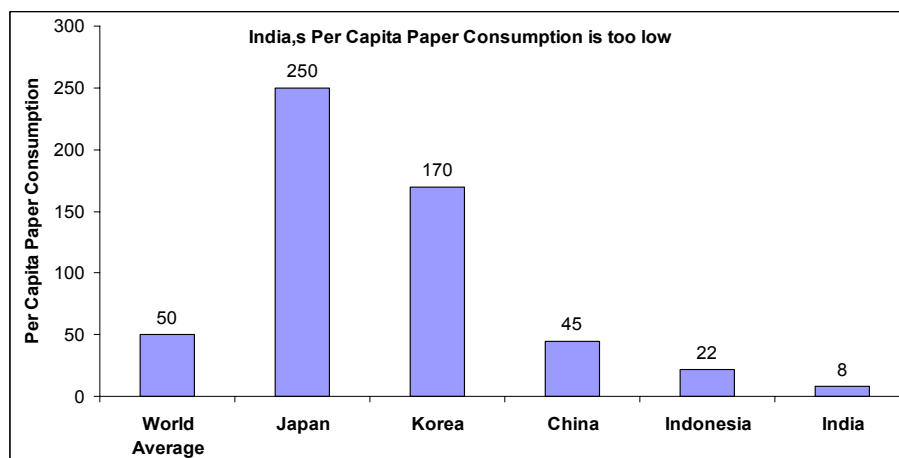
The paper and paperboard industry has witnessed a radical shift in the last decade. Due to the strong economic growth in both China and India, the demand for paper and paperboard is increasing rapidly and they are expected to emerge as an important market for pulp & paper. The share of fast developing Asian markets, excluding Japan, in global consumption has increased to 34% by 2010 from 32% in 2006. The share of mature markets like North America and Europe would fall to 50% by 2010 from 52% in 2006. It is expected that Asian market would account for 60% of global incremental production during the period 2004-2020.

Indian Paper Industry

In India, the first paper mill was established in 1867. Raw materials used for the production of paper were rags and waste paper. Commercial production of paper started in 1882 and the raw materials used were again non-wood fibres, i.e., Eulaliopsis Binata and Sachaurn Bengalense. The development of the fractional process of pulping bamboo at the Forest Research Institute, Dehradun during 1922 – 24 provided an impetus to the pulp and paper industry in the country making bamboo the main raw material for making various grades of paper.

The Indian paper industry has made steady progress and presently has an installed capacity of 9.3 million tonnes during FY 2007-08. Total production of paper and paperboard is estimated to be 7.6 million tonnes and overall paper consumption (including newsprint) has touched 8.7 million tonnes in FY 2008-09. The estimated turnover of the paper industry is Rs 25,000 crores. The paper industry employs more than 0.12 million people directly and 0.34 million people indirectly. The sector has not emerged as hi-tech industry as in developed countries. But in terms of growth, Indian paper industry is one of the fastest growing markets. (Source: Website of Indian Paper Manufacturers Association)

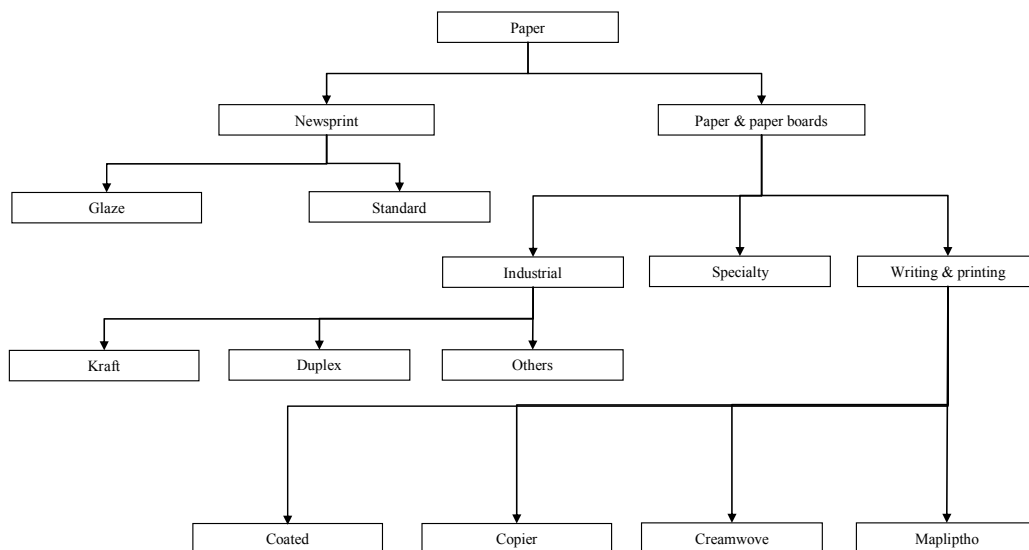
Today, the Indian Paper Industry accounts for about 1.6% of the world's production of paper and paperboard. In terms of size, India is the 15th largest paper consumer in the world. However, it accounts for only 1% of the consumption of paper in the world though it has about 15% of the world population. (Source: Websites of Indian Paper Manufacturers Association & Central Pulp & Paper Research Institute). Following graph compares India's per capita consumption of paper with other economies.



The demand is expected to grow to 11.1 million tones by 2015 and increase to 14.9 million tones by 2020. This demand growth in India is quite natural. India has one of the lowest per capita paper consumption, of around 8 kg compared to the world average of 50 kg. However India is fast catching up with the other economies, and has emerged as the fastest growing paper market in the world, and as per industry estimates, paper production is likely to grow at a CAGR of 8.4% while paper consumption is expected to grow at a CAGR of 9% till the year 2012-13. As per Indian Paper Manufacturers Association, the paper industry will grow at about 7% -8% over the next decade. (Source: Websites of Indian Paper Manufacturers Association & Central Pulp & Paper Research Institute)

Structure of Indian Paper Industry

Broadly, the paper industry based on output can be classified into two segments: (1) Paper and paperboard (writing & printing, industrial and speciality). The industrial paper can be further divided into kraft paper, duplex and grey and white boards and MG posters segments. (2) Newsprint mainly used for newspapers, flyers, and other printed material intended for mass distribution



Our company is in the business of production of Kraft paper which is a type of Industrial Paper

Domestic Paper Capacity & Production

Indian Paper industry was deregulated in July 1997 under economic liberalisation policy of the government. Industrial licensing was done away with for most types of paper, except for SSI reserved items. Paper industry is one of the high priority industries where FDI up to 100% is allowed under automatic route for most types of paper except those requiring industrial license.

The Indian Paper Industry has a fragmented structure, consisting of small, medium and large paper mills, having capacities ranging from 5 to 800 tonnes per day. There are about 708 units which manufacture pulp, paper, paper board and newsprint. The total installed capacity is nearly 11.5 million tonnes. Following table provides break-up of number of paper mills based on their size:-

Particulars	Scale of operation, tonnes per day	No. of mills	Production share %
Large integrated (wood based)	100-700	85	36
Medium (Agro Based)	50 – 100	109	29
Small (Waste Paper)	5 – 50	514	35
Total		708	100

Source: Website of Department of Industrial Policy & Promotion (www.dipp.nic.in)

The high level of fragmentation in Indian paper industry is largely due to the policies adopted by the government. In the 1970's, the government granted excise concessions to small agro based mills that resulted in rapid growth of small mills. The top five producers account for about 15 per cent of the total paper capacity in the country. Following table gives ten major players in Indian paper industry and their installed capacities:-

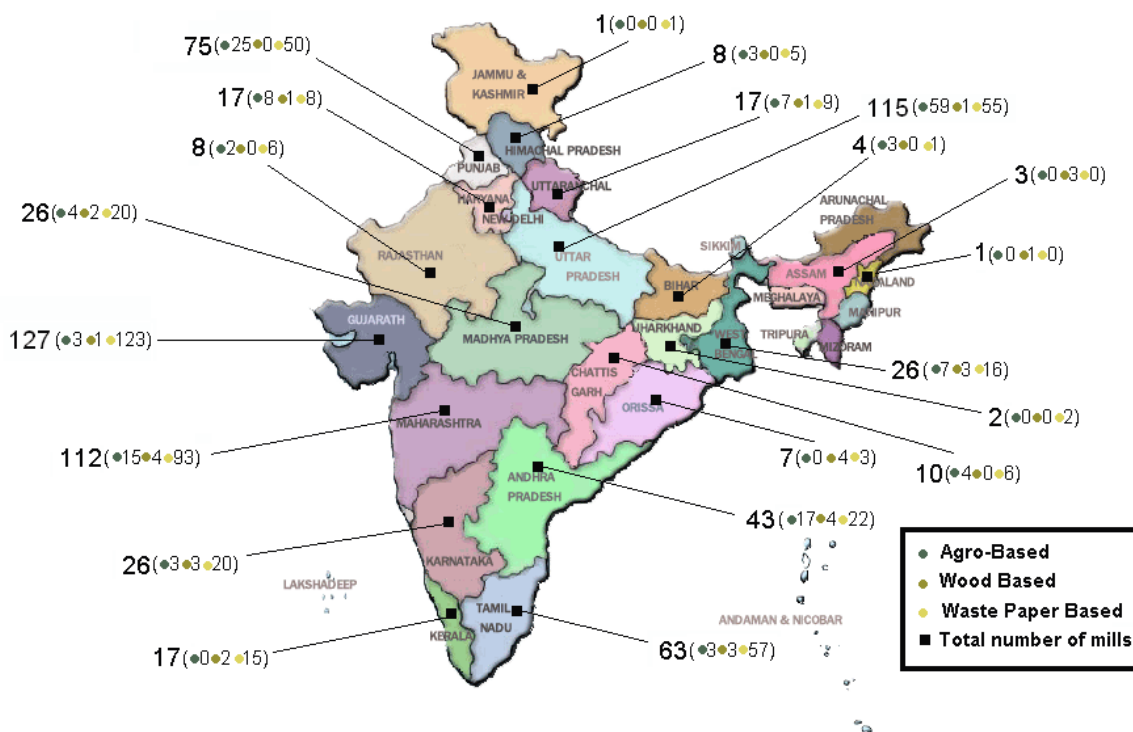
Name of the company	Installed Capacity (MT.)
Ballarpur Industries Limited	381,418
ITC Bhadrachalam Paperboards Ltd	315,000
Hindustan Paper Corporation Limited	300,000
Tamil Nadu Newsprint & Papers Limited	230,000
Orient Paper Mills	171,000
The West Coast Paper Mills Ltd	163,750

The Andhra Pradesh Paper Mills Ltd	153,500
Century Pulp & Paper	153,170
J K Paper Mills	147,000

Source: Website of Department of Industrial Policy & Promotion (www.dipp.nic.in)

Source of raw material is a major determinant of plant location as it ensures cost competitiveness. In India, most of the paper mills are located close to the source of raw materials (forests, coal pitheads and skilled labour). Companies that use imported raw materials are located close to the ports. The centres of production are situated in the western (Maharashtra and Gujarat), northern (Delhi, Uttar Pradesh, Punjab and Haryana) and southern regions (Tamil Nadu) of India.

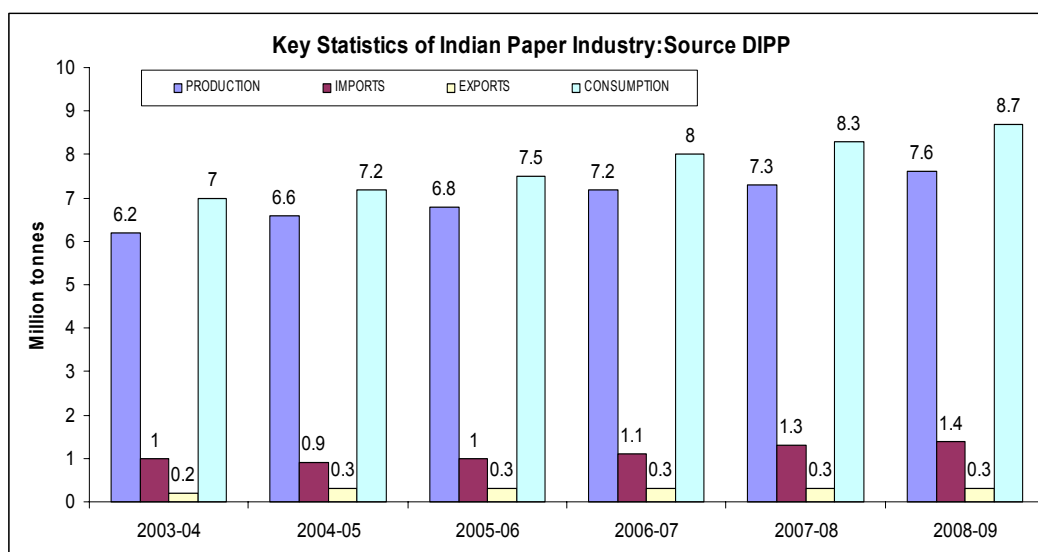
Regional distribution of paper mills in the country



Paper Mills in India - Regional Distribution

Gujarat leads the tally with maximum number of 127 mills. Most of these mills are based on waste paper. This is followed by Uttar Pradesh which has got 115 mills. However, the major players are located in southern and central part of the country.

Following graph depicts key statistics of production, consumption, imports and exports of Indian paper industry:-



(Source: Website of Department of Industrial Policy & Promotion)

The following table puts forth the production data for the various types of industrial paper:-
(^{'000} MT.)

Particulars	FY 2005	FY 2006	FY 2007	FY 2008
Industrial Paper	3376	3604	3850	4130
- Kraft	1836	1970	2111	2270
- Duplex*	966	1046	1133	1239
- Others	574	589	606	622

* includes coated and uncoated

Raw Material and Other Inputs

Raw materials and energy form a paper manufacturer's main costs. They account for 70-75 per cent of total costs. In India, three main sources of raw materials are used to manufacture paper: wood/bamboo, agri-residues such as bagasse, and wastepaper. Wood accounts for 36 per cent of production, while wastepaper and agri-residues account for 32 per cent each. The primary raw material used by the paper industry is wood. Softwoods are not used in India, as they are not easily available. (Softwoods cover 6-7 per cent of the total forest area in India.). Players manufacturing high-quality paper use imported pulp. Due to the limited availability of wood, agro-based raw materials and waste paper are used as substitutes for manufacturing paper. However, paper so produced is of lower quality as compared with paper manufactured using wood.

The ability to manage raw material costs determines a manufacturer's profitability, as they form the largest cost component. The product mix of a company affects its choice of raw material, while the raw material mix determines its cost. Newsprint and industrial grades of paper can be made from wastepaper and agri-residues. But premium varieties of paper require superior quality inputs such as imported pulp and wood.

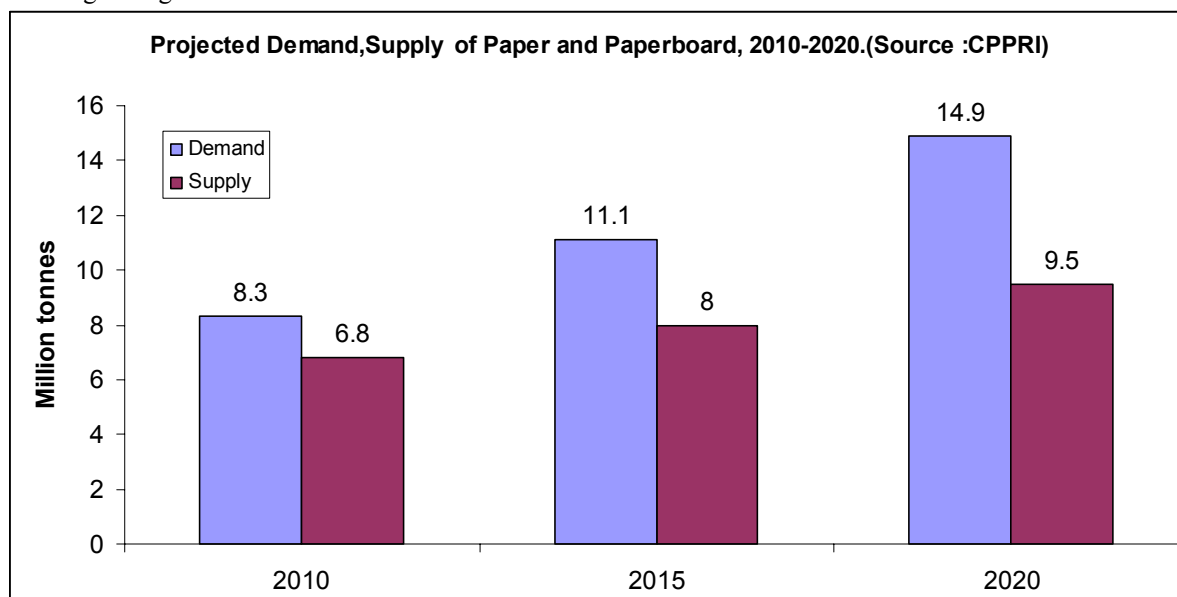
The pulp and paper industry consumes a large amount of energy and water. In India, energy costs account for 15-19 per cent of net sales for paper companies. Energy costs vary depending on the fuel used for generating power. The level of energy consumption in the paper industry is also dependent on the scale of operations. While large companies with integrated operations (they manufacture paper through the pulping process) have higher energy costs, medium-sized players have a much lower energy cost, as they use power in the conversion process only. The cost of power has increased since the availability of power being unreliable and the industrial segment cross-subsidising power to other segments. This has resulted in larger mills setting up captive power capacities to take care of their energy requirements.

Domestic Demand for Paper

Consumption of paper is closely linked to the economic development of a country. In India, though the per capita consumption of paper is low, it is gradually improving with buoyant economic growth. Industrial production, print media expenditure, population increase and literacy levels are all drivers to this demand growth.

There exists considerable opportunity and potential for Indian paper industry to tap this demand growth. Given its economic growth and demographic transformation, the Indian market presents growth opportunities for the industry. Besides strong economic growth, there have been structural changes in the economy. These include greater urbanization, increase in disposable incomes and changing consumer behavior, greater penetration of education, print and media, demographic transformation towards a younger population and a shift in lifestyle that inculcates more aspirations.

Demand growth of paper has been hovering around 8% for some time. During the period 2002-07 while newsprint registered a growth of 13%, writing & printing registered a growth of 5%, containerboard, and carton board registered growth of 11% and 9% respectively. (Source: Website of Indian Paper Manufacturers Association) India is the fastest growing market for paper globally and it presents an exciting scenario; demand for paper is poised to grow in sync with the economic growth and is estimated to touch 11.1 million tons by 2015 and 14.9 million tonnes by 2020. The futuristic view is that growth in paper consumption would be in multiples of GDP and hence an increase in consumption by one kg per capita would lead to an increase in demand of 1 million tons. (Source: Website of Indian Paper Manufacturers Association) As per industry estimates, paper production is likely to grow at a CAGR of 8.4% while paper consumption will grow at a CAGR of 9% till 2012-13. The import of pulp & paper products is likely to show a growing trend.



(Source: Website of Central Pulp & Paper Research Institute)

Domestic demand leaves very little opportunity for export of paper from India. Most of the export occurs in the paper and paper board segment and is mainly targeted to countries in close vicinity of the Indian peninsula. To meet growing demand, the paper industry is expected to add a capacity of about 2.4 million tonnes during the next few years.

The paper industry in India is one of the 35 high priority industries having a bearing on socio-economic development of the country. The key social objective of the government namely eradication of illiteracy through compulsory primary education bears a direct relation with the paper industry. The paper industry plays a pivotal role in overall industrial growth and provides the vital vehicle needed to propel the knowledge based economy of the country in the new millennium. The surging economic growth of the country has resulted in robust growth rate of

about 5% - 6% for the Indian paper industry against the world average of about 2%. With the recession setting in December 2007, fears were expressed regarding its impact on the sectoral demand. Fortunately due to large indigenous consumer-base, the demand for cultural varieties of paper was not affected significantly. However the packaging sector did exhibit recessionary trends but with growth rebounding sharply it too has recovered smartly.

Demand for kraft paper

With increased economic activity the demand for paper especially kraft paper, industrial paper, duplex boards, and corrugating material is too poised for healthy growth. Industrial paper is the highest value segment in the paper industry and accounts for 41% of the total market size.

Kraft paper is usually the brown paper that is commonly used for manufacturing 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 for kraft paper depends on the growth in consumer durables, the manufacturing industry, horticulture, FMCG etc. Strong growth in end-user sectors such as pharmaceuticals, horticulture, ready to eat foods, marine products, textiles, consumer durables and other industrial products is expected to result in a buoyant growth for kraft paper. Duplex boards which are mainly used as primary packaging for various products such as pharmaceuticals, cigarettes, matchboxes, agarbattis, toothpastes and other similar consumer items is witnessing robust demand. Growing agro-based sector, including horticultural products, fresh and canned fruits, etc. This, together with the Government policy to replace wooden crates by containerboard boxes particularly in fresh fruit packaging, will create new demand for corrugated boxes

Demand Drivers for kraft paper

Consumption of industrial paper is closely linked to growth in the packaging industry, industrial production and development in packaging technology and substitution by other materials. Following are other important factors contributing to demand growth in industrial paper:-

- a) The growing popularity of ready-to-eat products, liquid products and other perishable products will result in higher demand for attractive and durable packaging, thus increasing demand for kraft paper and duplex boards.
- b) Branding is a big driver of packaging, as manufacturers try to create identifiable and attractive brands. With more and more consumers opting for branded goods, demand for kraft paper and duplex boards is expected to remain strong in the future.
- c) With increase in malls, departmental stores and other such modern retail formats, manufacturers use innovative packaging solutions to increase their sales.
- d) The fastest-growing end-use segments for duplex boards are foodstuffs, consumer durables, garments, pharmaceuticals, cigarettes and matchsticks. Gradual shift in population from rural to urban as well as change in lifestyle due to improvement in the standard of living, demand for duplex boards is expected to explode.

Incentive for Paper Industry in Budget 2010-11

Budget 2010-11 proposes to reduce excise duty on corrugated boxes and cartons manufactured by standalone manufacturers from 8% to 4%. Other proposal relates to outright exemption on wastepaper and paper scrap from 4% additional customs duty (Special CVD). These proposals would act as incentives for recycling of waste papers. Paper mills who are dependent on waste paper and also corrugated box makers will benefit from these incentives.

Steel Industry

Sector structure/Market size

The steel industry in India has been moving from strength to strength and according to the year-end review by the Press Information Bureau, India has emerged as the fourth largest producer of steel in the world and the second largest producer of crude steel.

Significantly, state-owned steel maker, Steel Authority of India (SAIL), which reported a net profit of US\$ 571 million in January-June 2009, has become the most profitable steel company globally, beating steel majors such as ArcelorMittal, Posco, Bao Steel and Nippon in the half yearly profits.

Production

Steel production reached 28.49 million tonne (MT) in April-September 2009.

The National Steel Policy has a target for taking steel production up to 110 MT by 2019–20. Nonetheless, with the current rate of ongoing greenfield and brownfield projects, the Ministry of Steel has projected India's steel capacity to touch 124.06 MT by 2011–12. In fact, based on the status of memoranda of understanding (MoUs) signed by the private producers with the various state governments, India's steel capacity is likely to be 293 MT by 2020.

Consumption

India accounts for around 5 per cent of the global steel consumption. Almost 70 per cent of the total steel used is for kitchenware. However, its use in railway coaches, wagons, airports, hotels and retail stores is growing.

India's steel consumption rose by 6.8 per cent during April-November 2009 over the same period a year ago on account of improved demand from sectors like automobile and consumer durables. The scope for raising the total consumption of steel is huge, given that per capita steel consumption is only 35 kg – compared to 150 kg across the world and 250 kg in China.

OUR BUSINESS

Business Overview

We are an Industrial Paper manufacturer of various grades of Kraft paper and Particle board. We also manufacture steel ingot from scrap. We have current capacity of 66660 TPA of Kraft paper, 5000 TPA of particle board, 23760 TPA steel ingot. We have a capacity to generate 6MW of power through co-generation plant for captive use. All our manufacturing units have been established on 14.86 hectares of land in Village Aghwanpur, Kanth Road, which is about 3 kms from the main city of Moradabad, Uttar Pradesh.

Our range of Kraft paper includes 70 GSM to 400 GSM. We are one of the few Kraft paper manufacturers having capacity of more than 50000 TPA. Our particle board range includes Bagasse based MDI Bonded Plain Particle Board. The particle board plant is modern fully automatic plant imported from M/s Compak System, U.K. Our 6MW Co-Generation Power plant uses coal and husk as fuel feed.

Kraft Paper is a type of industrial paper and used by packaging industry for manufacturing corrugated boxes and liners, corrugated sacks and composite containers. Particle board is mainly used for room partition, false ceiling, photo lamination, wall clock cases, base of sceneries and making of furnitures by pasting / lamination of sun mica.

Steel ingot is manufactured by using the excess power generated in our cogeneration plant after meeting our requirement for captive consumption for the manufacture of kraft paper and particle board. Steel ingots are used for manufacturing various types of steel bars by rolling mills.

We require low pressure steam for manufacturing kraft paper. Boilers installed at our manufacturing unit produce high pressure steam which we first use to generate power through back pressure turbine, which also gives us low pressure steam required for manufacturing kraft paper.

Income for the FY 2007, 2008, 2009 and eight month ended November 30, 2009 was Rs. 614.31 million, Rs. 856.08 million, Rs. 990.10 million and Rs. 833.56 million respectively. We made a profit after tax of Rs. 17.41 million, Rs. 20.03 million, Rs. 20.48 million and Rs. 73.73 million respectively for the FY 2007, 2008, 2009 and eight month ended November 30, 2009. For the FY 2007, 2008, 2009 and eight month ended November 30, 2009 we sold 24290 tonnes, 33617 tonnes, 41805 tonnes and 36393 tonnes respectively of kraft paper, 1433 tonnes, 2015 tonnes, 856 tonnes and 482 tonnes respectively of particle board and 5061 tonnes, 5532 tonnes, 2061 tonnes and 1804 tonnes respectively of steel ingot.

Our strength

Manufacturing facility: We are one of the few Kraft paper manufacturers having two lines of which one line is having three wires machines for manufacture of high quality multi layer kraft paper. The decal size of our machines is 4200 mm, which is very well suited for the use in modern automatic multi layer corrugation units, thus reducing the wastage for the end users and giving them the flexibility in their different size requirements. We believe our quality and size helps us in getting orders from our customers.

Operational efficiency: Machines are installed on the first floor level, which contributes to the efficiency at the operational levels and also reduce our cost.

Large capacity: We are one of the few kraft paper manufacturers having capacity of more than 50000 TPA. Our Current capacity of manufacturing kraft paper is 66660 TPA. We manufacture both multi layer kraft paper and normal kraft paper, our capacity of multi layer kraft paper is 46200 TPA and normal kraft paper is 20460 TPA. Our large capacity helps us to meet peak season demand for kraft paper. We believe our large capacity helps us in getting repeat orders from our customers.

Product range: we offer our customer wide range of kraft paper from 70 GSM to 400 GSM. We believe we are among few manufacturers, which manufacture such a large range of kraft paper. Our product range helps in meeting

our customer's requirement. Our wide range of products not only helps us to improve our relationship with our customer but also adds new customer.

Approved vendors with MNCs and large corporates: Most of the large users of corrugated boxes require their corrugators to procure the kraft paper from approved list of vendors only. We are registered with Moser Baer India, Hindustan Uniliver, LG, Videocon, Onida, Century, etc. for supplying kraft paper to the manufacturers of corrugated boxes. This helps us in meeting the demand of various requirements of these MNCs and large corporates.

Diverse revenue streams: We also manufacture particle board and steel ingots. Particle boards are manufactured out of the waste generated while manufacturing kraft paper. The excess power remaining after captive consumption for manufacture of kraft paper and particle board is used for manufacturing of steel ingots.

Business Strategy

Increasing capacity: The company capacity was 16600 TPA of kraft paper in 2001-2002, which was increased to 20460 TPA of kraft paper in 2002-03. In 2006 the company has further increased its production capacity by installing a waste paper based 140 TPD multi layer kraft paper making the total production capacity to 66,660 TPA. We intend to keep on increasing capacity in our endeavour to increase our market share.

Inorganic growth: We have acquired this unit in 2002 from DSM, when its capacity was 16600 TPA. We have then grown organically by adding capacity at various stages. For details of our expansion please refer Objects of the Issue on page 49 this DRHP. We may in future look at acquiring manufacturing units if available and which in our management view is beneficial to the company subject to shareholders approval if any required.

Shifting to waste paper based capacity: The Company currently running a 62 TPD agro based single layer Kraft capacity. Looking at the shortage of agro waste, the company has intends to shift completely to waste paper based capacity. Company intends to upgrade this machine and increase its capacity to 150 TPD. The total cost of this expansion is estimated to be Rs. 300 Mn. After modernization and upgrading the capacity the company will only manufacture multi layered Kraftpaper and our total capacity will be 475 TPD.

Diversifying income stream: In order to diversify our income we have installed steel ingot manufacturing capacity which is unrelated field. However this has helped us in growing our Company and utilizing our resources in effective manner. We may look at other opportunities to diversify our income stream.

Forward integration: We are currently supplying kraft paper to various paper packaging manufacturers. We may look at forward integration and foray into manufacturing of various paper packaging products catering to the need of MNCs and large corporates directly.

Location of Manufacturing Facility

The Company's manufacturing unit is located at Kanth Road, Aghwanpur, Moradabad, Uttar Pradesh -244 001. The manufacturing unit consists of three independent plants, which has the facilities for manufacturing products namely Kraft Paper, Particle Board and M.S. Ingots.

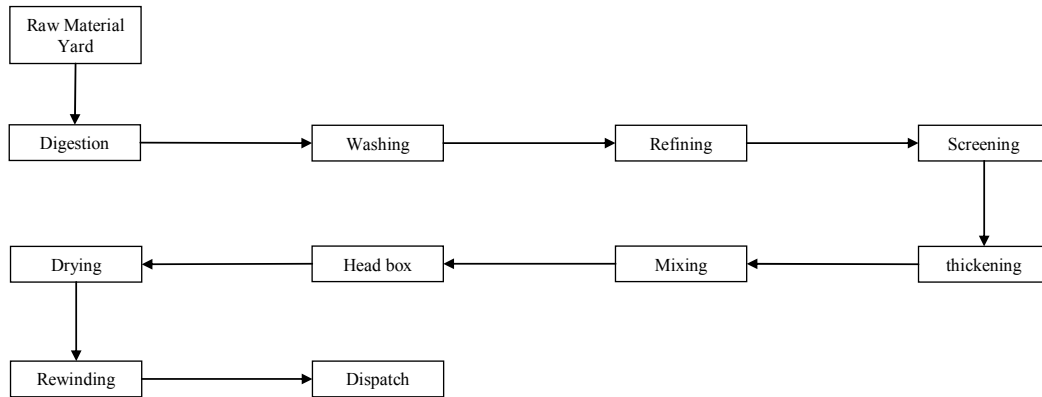
PRODUCTS

Products	Application	Installed capacity
Kraft Paper	In corrugation industry for manufacturing various types of packaging boxes and packaging products	66660
Particle Board	Used mainly for room partition, false ceiling purposes, photo lamination, wall clock cases, base of sceneries etc, and after lamination/pasting of Sun mica the board is used in furniture	5000
MS Ingots	Used by rolling mills for production of various types of bars angle etc.	23760

Manufacturing Process of our products

Kraft & Multi Layer Kraft Paper Manufacturing Process

The Company uses Agro residue based and recycled fibre (waste paper) technology for manufacturing of kraft paper. Agro waste can be used only for manufacturing single layer kraft paper. Kraft paper/multilayer kraft manufacturing process is as follows:



The raw materials used in the process of manufacturing of kraft paper are bagasse, wheat straw and waste paper depending on type of paper manufactured. After chipping these raw materials are cooked in the pressure vessel known as a digester. For the purpose of cooking, liquors containing sodium hydroxide, sodium sulphate and sodium carbonate are used. The digestion/cooking is carried out under pressure ranging from 3.5 to 7.5 Kg/sq. cm. for duration of 3 to 6 hours. During the process of Digestion, about 55% of raw material is extracted in the form of spent or black liquor and lignin and other wood components are removed leaving behind cellulose fibre. The remaining material left after digestion is known as unbleached or brown pulp.

The mixture of unbleached pulp and black liquor as obtained after digestion undergoes the process of "Screening" by passing it across by knotters.

The pulp and black liquors when free of impurities like knots and other foreign particles are passed through Brown Stock consisting of a number of washers. Spent liquor is almost through completely washed out of pulp and collected in large storage tanks. From these storage tanks it goes to Soda Recovery Section for conversion into white liquor so that it can be used in digestion.

Unbleached or brown pulp is used for manufacturing products falling under the category of unbleached paper. In order to manufacture white and coloured paper, unbleached paper needs to be bleached further. The washed unbleached pulp is passed through equipment known as Sand Traps, Riffles, Screen and Centricleaners in order to remove impurities like sand, grit, foreign material and other specky material. This provides cleaned pulp, which is further bleached.

Chlorine is the chemical used for bleaching of unbleached pulp. It can be either used as such, or in combination with lime, when used in combination of chlorine and lime it is known as bleaching powder if it is in the solid form, or bleaching liquor if in liquor form. Bleach liquor is prepared on site by all paper mills. Pulp and chlorine or bleach liquor after mixing is retained in tall bleaching towers. These towers are made out of concrete, which react with impurities in the pulp, and are retained in towers. In order to washout impurities from pulp it is passed through Rotary Washers. The pulp is bleached in three stages: -

- i. Chlorination
- ii. Caustic extraction and hypo stages or Chlorination
- iii. Hypo and Hypo

The unbleached and bleached pulp obtained above needs further treatment and therefore is taken to the Stock Preparation Section where, pulp is treated as required based upon the quality of the finished products.

Stock is passed through stock chest before feeding it to the paper machine. The stock travels through machine in a very diluted state, approximately 99% of water to one part of fibers. The paper machine consists of an endless web of woven wire cloth where the stock flows. Bulk quantity of water from stock is removed by wire by gravity, suction and pressure. A dandy roll between the suction boxes acts, to shut the web end to impress any required watermark and for including laid lines.

The wet web of paper is passed from the wet press and felt. Generally, there are three sets of felt. The paper sheet contains 60% to 65% moisture when it comes out of the press. In order to get air-dry paper, the wet sheet is passed on the heated surface of a rotary dryer. Then, the process of calendaring is carried out by passing the sheet through calendar to give a smooth finish to paper. The paper sheet is then wound and a reel is made. Reels of different sizes are made with a slitter and re-winder.

Effluent Treatment

The Kraft Paper effluent consists of Black Liquor effluent from the digester and Paper Machine effluent from the mill. The effluent coming from the digester goes directly to the anaerobic lagoon. The paper machine effluents go directly to the drain. From the anaerobic lagoon the black liquor goes to the main drain and mixed with the paper machine effluent. The combined effluent goes to the primary settling tank from where it goes to the aerobic tanks. This aerobic tank consists of agitators (6 nos), which are running continuously for the survival of the bacteria's. From the aerobic storage tank the liquor goes to the secondary clarifier from where its outlet goes to the final discharge. Settled mud of primary clarifier is pumped into the belt pressed from where the cake goes out.

Manufacturing Process – Particle Board

The Particle Board plant is a fully automatic plant from Compak System, U.K, for manufacturing of Bagasse based MDI Bonded Plain Particle The Company has been manufacturing Particle Boards in 4mm to 12mm thickness, width and length 8'x4 size and density average 700Kg/cm³. It produces minimum 5 tons per day and maximum 18 tons per day average 12 tons per day.

Raw Material

The main raw material used by the Company for manufacturing Particle Board is 84% pith form baggase and about 16% bagasse fiber and resin percentage 2% to 2.5%. The Company has its own procurement set up for procuring bagasse from agro based Sugar Mills in nearby areas. There are many running sugar mills within 100 km. in surrounding area of the site. The Chemical Resin is also easily available in local market. The Company does not foresee any problem in procuring the desired quantity of these raw materials.

The manufacturing process of Particle Board consists of the following steps

- a) **Chopping-** This consists of a rotary tub grinder. The raw material is chopped and carried in an air stream through a 200mm-diameter duct to the bulk storage hopper.
- b) **Bulk Storage Hopper and Elevator** - The chopped material is carried in the air steam from the chopper to a cyclone at the top of the bulk Hopper. The air stream carriers the dust to the extraction system and the raw material passes through a rotary value and into the Hopper. The hopper can hold upto 600 kg. of chapped material and receive and due discharge material simultaneously. The material discharged through a series of rollers onto an auger and then an enclosed elevator, which feed the weighing hopper.
- c) **Weighing Hopper** -This is directly above the resin-spraying chamber and controls the size of the batch of raw material to be sprayed. It is suspended form four precision beam load cells by hanger rods and is otherwise connected to the tower frame only by steady arms, flexible pipes and seals. Sliding doors for unloading are operated by pneumatic cylinders.
- d) **Resin Spraying Chamber** - This is between the bulk weighing hopper and the matt layer. The raw material is dropped into the chamber form the weighing hopper and is kept agitated and in motion by a chain track and a rotating paddle. Resin is sprayed onto the raw material through a nozzle situated above the paddle. Resin is pumped to the nozzle through a heated line to control the temperature to 20-25°C at the

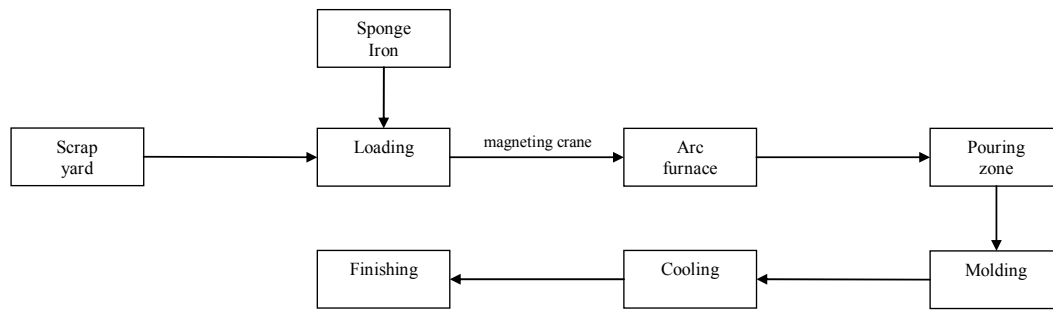
- nozzle. The spray is created by dried compressed air (2 Bar) with which the resin is mixed at the nozzle. The nozzle is carried on a lance so that it can be removed from the chamber for easy maintenance.
- e) **Matt Layer and Track** - The matt layer receives the resinated raw material and by means of horizontal and inclined belts, combing rollers and brush box. Distributes the raw material evenly onto moving caul plates to form matts. The level of raw material in the matt layer is controlled by four Photo Electric Switches. The movement of the caul Plates is controlled by two Photo Electric Switches and four limit switches.
 - f) **Matt Weighing** - Carrying the matt the caul plate sits briefly on a weighing station and its weight is displayed on a salter weight meter at the control panel. This can then be compared with a target weight.
 - g) **Pre-Press** - After a matt has been weighed on its caul plate it passes to the Pre-Press. This consists of a tamping plate suspension four 80mm pneumatic cylinders, caul plate side guides and two and plates operated by 32mm cylinders.
 - h) **Infeed Stackers/Outfeed Stackers**- The infeed stacker is a rectangular frame steel structure carrying four tables. These rise to line up with the press platens and lower to line up with the Pre-Press track. The infeed stacker is progressively loaded with caul plates from the pre-press and when carrying its full complement it rises so that each caul plate is online with a platen of the open press. A chain driven set of pushers then moves all four caul plates together into the press pushing out the caul with cured board onto the discharge stacker, the discharge stacker is of similar construction and descends to discharge the caul plate onto the discharge track.
 - i) **Press** - The press consists of fabricators top and bottom fixed crossheads tied together by four pratenioned rods in fixed columns. The moving crosshead is a solid steel plate carried on ten hydraulic rams. Five steam headed platens, one carried on to the moving crossheads, one the fixed crosshead and three spaced between allow matts to be inserted into the day light between them. Mechanical stop bars are fitted to all but the bottom platens to control board thickness. They are sets of shims with keep plates secured by counter sunk screws. A hydraulic power pack is located next to the press and is self contained unit incorporating a 25HP motor, two pumps, oil reversal and solenoid operated control valves, relief valves and pressure switches mounted on a fabricated steel frame.
 - j) **Track, Cross feed and Cooling**- The track receives caul plates at track one from the out feed stacker and moves them by chain driven rollers on track no.3. the operator lifts the board from the caul plate and passes it through the trimming station. The caul plates is lifted clear of the track roller by the cross feed rollers which pass it on to a cooling station and then on to the matt playing treck. The cooling station is box continuously cooled by a fan and is lowered to cover the caul plates for a time set at the control panel.
 - k) **Trimming section.** -The boards are passed first through a pair of saws set 1220mm apart and then at 90° through a second pair set 2440 mm apart and finally on to weight table. The four cutting heads are circular saws each driven independently by its' own 2.2KW motors.
 - m) **Main Control Panel** - The main control panel is an air pressurized cabin and its houses all the electrical controls for the board making plant and its internal linked with the control panels for the chopping and trimming stations. It is connected to all motors, solenoids and switches by cable trunking and conduit. Emergency stop buttons stop the press and the whole plant.
 - n) **Material Recovery** -During the laying of the matt onto the caul plates some of the resinated material is lost as over spill at the start and finished of the lay. The falls onto the two belts which carry it to an auger position between them. The auger feeds an elevator belt which earners the overspill to a second auger and back into the matt layer.
 - o) **Fume and Dust Extraction** -Fume extraction is required to remove resin fumes form above the press whilst the boards are curing. This is achieved by a 480mm-dia-extraction fan mounted in a chimney directly above the press. In order to keep dust to a minimum the cyclone bulk hopper, resin spraying chamber, matt layer, brush box and saw tables are connected to a common dust extraction system.

M. S. INGOT

Raw Material

The Raw Material required in the manufacturing process of M.S. Ingot consists of Iron Scrap and Sponge Iron.

The process flow chart for manufacturing of MS. Ingot is as follows:

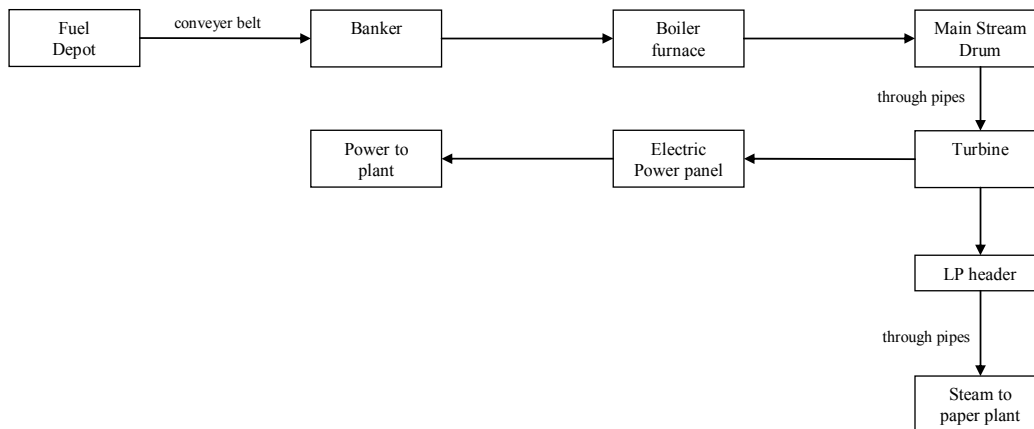


The manufacturing process of MS. Ingot consists of the following steps:

- I. **Preparation of Furnace** — For preparation of furnace mix the Boric Acid with raiming mass & raimn the furnace by the help of raiming tools with proper size of farmer and for top making use silicate with raiming mass and make the top.
2. **Scrap processing system** — Shorting of scrap under the supervision of a quality supervisor and making bundle-by-bundle machine oversize cutting by gas cutter.
3. **Production Division** — Fill up the scrap in furnace and start melting. Mix the sponge iron, cast iron and remove the slacks. The moulten metal is being prepared.
4. **Testing** — The sample of the molten metal is sent to the lab for testing of carbon, magnese, sulphur phosphorus and other elements. As per the lab report the chemicals are mixed with the molten metal.
5. **Casting Division** - For making the ingots prepared the casting plate by B.P. set and fire clay and tondish by B P. tiles and fire clay. Fix the moulds on plate by help of crane. Start the poring from furnace on casting plate and cost the ingots.
6. **Finishing of Ingots** — Lift the moulds by crane and ingots by magnet crane. Stacking of ingots by hemmer man and stock in exercise godown. Runner and riser send for remelting.

POWER PLANT;

Our company has installed 6 MW co generation power plant at our premise. Our power plant is coal and husk based plant and using backpressure turbine for generation. The steam is then used in production of papers for drying and other purposes. Following is the process of power generation at our plant.



For generation of power fuel is transferred continuously through conveyor belt to bunker and generating heat for the boiler in the furnace which is continuously collected in main steam drum and then pass through turbine using pipe transfer to generate electricity. The high steam pressure after passing through turbine which produces electricity and also reduces the steam pressure which is used in pulp mill and paper machine. The steam is then condensed to water

in condenser and reused in steam generation process. Electricity generated is used for manufacturing bypassing through electric power panel.

Effluent Treatment

The Kraft Paper effluent consists of Black Liquor effluent from the digester and Paper Machine effluent from the mill. The effluent coming from the digester goes directly to the anaerobic lagoon. The paper machine effluents go directly to the drain. From the anaerobic lagoon the black liquor goes to the main drain and mixed with the paper machine effluent. The combined effluent goes to the primary settling tank from where it goes to the aerobic tanks. This aerobic tank consists of agitators (6 nos), which are running continuously for the survival of the bacteria's. From the aerobic storage tank the liquor goes to the secondary clarifier from where its outlet goes to the final discharge. Settled mud of primary clarifier is pumped into the belt pressed from where the cake goes out.

Infrastructure Facilities

Power

The Company is self-dependent in relation to power. It is not dependent on any state or other agency for meeting power requirement. The company is producing power on its own for captive consumption purposes, which is cheaper and consistent as compared to other sources. At present the Company is producing power through a 6 MW Turbine, Boiler, DG sets etc.

Water

GPPL is presently operating a biomass-based power plant and their present water requirement is being catered through bore wells located at different locations inside the plant premises. GPPL plans to provide bore wells to take care of the water requirement.

Requirement of water for the proposed project

The overall requirement of fresh water for 6 MW power plant and the proposed expansion of the plant have been accordingly worked out as 1740 M/Day or 72M3/HR, the details of which are as under:

Water requirement	M3 / day
CT Make up	1080
Boiler water make up	240
Water required for generating Boiler water	320
Back wash of MGF	50
Back wash of Side Stream filter	50

Steam and power requirement

Particulars	Unit	Total Capacity
Power	MW	6.0
Steam	TPH	30.0

Fuel

The Company has entered into a Coal Supply Agreement (“CSA”) with North Eastern Coalfields, Coal India Limited dated December 18, 2008 for the supply of coal of 0.21000 lakh tones per year which is the Annual Contracted Quantity (ACQ). The ACQ shall be delivered in equal monthly quantities during the year as per the prices determined by Coal India. Additional requirement of Coal is procured from the local area. The company also uses husk as a substitute of coal in the season, which is procured from nearby area.

Export Possibilities and Export Obligations

There are no export obligations on our Company. Our company is currently supplying its product in domestic market. Company is also exporting a small portion of its production.

Raw material procurement

Bagasse and wheat straw as main raw material for manufacturing of kraft paper, which was procured from agro based Sugar Mills in nearby areas. For multi layer kraft paper plant the key raw material is waste paper which is imported as well as procured from domestic market mainly from Delhi. For power generation the company is currently using coal as the main fuel instead of rice husk. The Company has coal linkage with Coal India which assures a supply of upto 20000 tones of coal per year. The main chemicals used by company Caustic Soda, Alum, and Rosin which are also easily available in local market. The key raw material for Steel ingots viz. Sponge iron, is procured mainly from Bihar, Chhatisgarh and Orissa and Scrap is procured from local area.

Most of our raw material is transported to our factory either in our own transportation facility of 20 trucks or using third party transportation facility

Technology & Inputs

The present technology used in all our process are proven one, well known and fairly accessible. Our company is not having any technology agreement/collaboration for any of its processes. No significant changes are expected in the present technology in our processes. However, all our process require suitable modifications/ adjustment for efficiency from time to time, which are easily performed without having any effect on the overall performance of the units

Collaboration

At present, we have not entered into any technical or other collaboration.

Capacity & Capacity Utilization

Following table put forth our product wise capacity utilization

S. No.	Particulars	Capacity utilization (%)			
		November 30, 2009*	FY 2009	FY 2008	FY 2007
1.	Layer Kraft paper	83.79%	65.06%	54.81%	47.66%
2.	Kraft paper	77.62%	57.28%	40.55%	12.96%
3.	Bagasse board	16.00%	13.70%	43.23%	19.52%
4.	M.S. Ingots	11.92%	10.80%	23.59%	20.87%

**calculated on the basis of proportionate capacity for eight months period*

Approach to Market and Marketing Set-up:

Kraft manufactured by us is used in corrugated boxes which are used by various industries for packing their products. We have employed more than 10 marketing personal who are responsible for maintaining and developing relationship with our customers We have appointed more than 100 distributors for the supplying our products to various smaller customers.

Customers and customer's concentrations

Following table puts forth contribution of Top 3, Top 5 and Top 10 customers' in sales for the period ended November 30, 2009

Customers	For eight monhs ended November 30 , 2009	FY 2009	FY 2008
Top 3	47.09%	37.85%	24.90%
Top 5	54.99%	48.02%	34.99%
Top 10	66.77%	65.46%	52.94%

We don't have any agreement with any of our customers. However we are the approved vendors of MNCs and large corporates using corrugated boxes and registered with Moser Baer India, Hindustan Uniliver, LG, Videocon, Onida, Century, etc. for supplying kraft paper to the manufacturers of corrugated boxes.

Competitor:

We compete with various kraft paper manufacturers in unorganized sectors.

Manpower

Our total manpower employed by us as on date is 205 including 41 contract labourers.

Category	No. of Personnel
Vice President	2
DGM/AGM/Sr. MGR/MGR	19
Dy. Manger/ Asstt. Manger	5
Junior Staff (Tech+ Comm)	56
Skilled Workers	49
Semi Skilled workers	20
Unskilled Workers	7
Apprentices	6
Contract Workers	41
Total	205

As our plant is automatic, most of our employees are either skilled workers or are managerial. We will not require additional manpower for increased capacity.

Our Insurance:

Our Company has taken out various insurance policies in respect of its business, its assets such as its stocks, machinery, buildings, furniture, vehicles and its employees for our different office and factory locations. The various insurance policies obtained by us are in the usual course of our business. Details of the policies is as under

(Rs. in Mn.)

Type of Insurance	No. of Policies	Amount Insured
Machine breakdown policy	12	306.39
Standard Fire & Special Perils	5	1,137.5
Workmen Compensation	1	10.0
Factory Building	1	100.0
Marine Cargo	1	118.0
Money	1	100.0

We own the property in Kanth Road, Village Aghwanpur, Dist-Moradabad admeasuring to 14.86 hectares where our Factory, Office, Guest House, Staff Colony, Captive Power Plant etc are located. We also occupy a lease hold property from one of group Company J C Textile Ltd at D-116, Okhla Industrial Area, Phase –I, New Delhi -110020 which is our corporate office.

Financial Indebtness

Our Company has the following indebtness as on 30th November, 2009

Secured Loans	Facility and loan documentation	Amount outstanding as on 30 Nov, 2009 (Rs. Mn.)	Rate of Interest	Repayment Schedule	Security created
State Bank of India*	Foreign Currency - Term loan Of Rs. 41.81 Mn.	41.81	LIBOR + 6.50 (i.e. 6.93%)	Monthly instalment Rs.1.14 Mn. and Quarterly instalment Rs 0.95 Mn.	Secured by exclusive first charge on entire fixed assets of the company other than fixed assets of Paper & particle board division save and except assets charged to PNB to rank "paripassue" between lenders (i.e. PNB, IDBI) and further secured by securities mentioned for PNB below on "paripassue" basis.
	Term Loan of Rs. 55.99 Mn.	22.19	At SBAR (i.e. 11.75%)		Secured by exclusive first charge on entire fixed assets of the company other than fixed assets of Paper & particle board division save and except assets charged to PNB to rank "paripassue" between lenders (i.e. PNB, IDBI) and further secured by securities mentioned for PNB below on "paripassue" basis.
	Foreign Currency - Working Capital loan of Rs 65.03 Mn.	65.03	LIBOR+6.50 (i.e. 7.56%)	Repayable on Demand	Secured by exclusive first charge by way of hypothecation of entire current assets (existing & future) including all stocks & receivables pertaining to steel division of the company save and except assets charged to PNB to rank paripassue between PNB. Further secured by securities mentioned for PNB on paripassue basis
	Working Capital loan of with overall Limit of Rs. 119.97 Mn.	146.25	SBAR+2.50% (i.e.14.25%)	Repayable on Demand	Secured by exclusive first charge by way of hypothecation of entire current assets (existing & future) including all stocks & receivables pertaining to steel division of the company save and except assets charged to PNB to rank paripassue between PNB. Further secured by securities mentioned for PNB on paripassue basis
Punjab National Bank*	Term Loan of Rs. 117.50 Mn.	74.07	BPLR+0.75% (i.e 11.75%)	Monthly instalment Rs.1.36 Mn. and Quarterly instalment Rs.0.95 Mn.	Secured by hypothecation of Plant & Machinery, equipments, tools etc. (existing/ future of paper & board division and equitable mortgage of factory land and building save and except assets charged to banks to rank "paripassue" between SBI

	Working Capital loan of with overall Limit of Rs. 47.00 Mn.	49.22	BPLR+0.25% (i.e 11.25%)	Repayable on Demand	Secured by hypothecation of entire current assets (present & future) of the of the Multi-layered kraft paper unit save and except assets charged to bank to rank "paripassue" between SBI
* The above facilities from SBI & PNB are further secured by first charge on Land, building and Plant & machinery of steel division land & building of administrative block and residential colony. and further secured by certain personal assets of promoters and directors.					
IDBI Bank Ltd (Rupee)	Term Loan of Rs. 172.50 Mn.	123.72	10.96%	Quarterly instalment Rs.10.98 Mn.	Secured by hypothecation of entire fixed assets of 6MW Power project and also secured by personal assets of promoters and directors.
Bank of India (Rupee)	Term Loan of Rs. 80.00 Mn.	20.14	BPLR+0.5% (i.e 13.00%)	Payable in Dec.09	Secured by personal assets of directors, promoters their relatives, firms and associated companies.
Bank of Rajasthan Ltd (Rupee)	Term Loan of Rs. 30.00 Mn.	30.22	13.50%	Monthly Rs.10.00 Mn. from April 10.	Secured by personal assets of directors, promoters their relatives, firms and associated companies.
ICICI Bank Ltd (Rupee)	Vehicles Loan	0.16	8.50%	Monthly instalment Rs.0.03 Mn.	Secured by hypothecation of vehicles.
HDFC Bank (Rupee)	Vehicles Loan	6.84	10.85%	Monthly instalment Rs.0.26 Mn.	Secured by hypothecation of vehicles.
Tata Motors Finance Ltd (Rupee)	Vehicles Loan	2.54	9.98%	Monthly instalment Rs. 0.11 Mn.	Secured by hypothecation of vehicles.
Total		582.18			

KEY INDUSTRY REGULATIONS AND POLICIES

We are subject to a number of central and state legislations which regulate substantive and procedural aspects of our business. Additionally, our operations require sanctions from the concerned authorities, under the relevant Central and State legislations and local bye-laws. The following is an overview of some of the important laws, policies and regulations which are pertinent to our business. The regulations set out below are not exhaustive and are only intended to provide general information to Bidders.

Industrial Laws:

1. Contract Labour (Regulation and Abolition) Act, 1970

The Contract Labour (Regulation and Abolition) Act, 1970 applies to every establishment in which 20 or more workmen are employed or were employed on any day on the preceding 12 months as contract Labour and to every contractor who employs or who employed on any day of the preceding 12 months 20 or more workmen. It does not apply to establishments where the work performed is of intermittent or casual nature. It aims to prevent any exploitation of the persons engaged as contract labour, who are generally neither borne on pay roll or muster roll nor is paid wages directly. It provides for registration requirements of the principal employer, who has the responsibility for inadequate wage payments by the contractor to the labour.

2. Factories Act, 1948

The Factories Act, 1948 (“**Factories Act**”) seeks to regulate labour employed in factories and makes provisions for the safety, health and welfare of the workers. Section 2(m) of the Act, defines, a ‘factory’ to cover any premises which employs 10 or more workers and in which manufacturing process is carried on with the aid of power and any premises where there are at least twenty workers even though there is or no electrically aided manufacturing process being carried on. Each State Government has set out rules in respect of the prior submission of plans and their approval for the establishment, registration and licensing of factories. The Act provides that occupier of a factory i.e. the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors, must ensure the health, safety and welfare of all workers especially in respect of safety and proper maintenance of the factory such that it does not pose health risks, the safe use, handling, storage and transport of factory articles and substances, provision of adequate instruction, training and supervision to ensure workers’ health and safety, cleanliness and safe working conditions. There is a prohibition on employing children below the age of 14 years in a factory.

3. The Workmen Compensation Act, 1923

The Workmen Compensation Act, 1923 ("WCA") has been enacted with the objective to provide for the payment of compensation to workmen by employers for injuries by accident arising out of and in the course of employment, and for occupational diseases resulting in death or disablement. The WCA makes every employer liable to pay compensation in accordance with the WCA if a personal injury/disablement/loss of life is caused to a workman (including those employed through a contractor) by accident arising out of and in the course of his employment.

In case the employer fails to pay compensation due under the WCA within one month from the date it falls due, the commissioner appointed under the WCA may direct the employer to pay the compensation amount along with interest and may also impose a penalty.

4. The Minimum Wages Act, 1948

The Minimum Wages Act, 1948 came into force with an objective to provide for the fixation of a minimum wage payable by the employer to the employee. Every employer is mandated to pay the minimum wages to all employees engaged to do any work skilled, unskilled, and manual or clerical (including out-workers) in any employment listed in the schedule to this Act, in respect of which minimum rates of wages have been fixed or revised under the Act.

5. The Payment of Bonus Act, 1965

The Payment of Bonus Act, 1965 was enacted with the objective of providing of payment of bonus to employees on the basis of profit or on the basis of productivity. This Act ensures that a minimum annual bonus is payable to every employee regardless of whether the employer has made a profit or a loss in the accounting year in which the bonus is payable. Every employer is bound to pay to every employee, in respect of the accounting year, a minimum bonus which is 8.33% of the salary or wage earned by the employee during the accounting year or Rs.100, whichever is higher.

6. Employees' Provident Funds and Miscellaneous Provisions Act, 1952

Employees' Provident Funds and Miscellaneous Provisions Act, 1952 was introduced with the object to institute provident fund for the benefit of employees in factories and other establishments. It empowers the Central Government to frame the "Employee's Provident Fund Scheme", "Employee's Deposit linked Insurance Scheme" and the "Employees' Family Pension Scheme" for the establishment of provident funds under the EPFA for the employees. It also prescribes that contributions to the provident fund are to be made by the employer and the employee.

7. The Industrial Disputes Act, 1947

The Industrial Disputes Act, 1947 makes provisions for investigation and settlement of industrial disputes and for providing certain safeguards to the workers.

8. Industrial Employment Standing Orders Act, 1946

Every establishment employing more than 50 employees is required to formulate rules and Regulations for its employees and the same should be submitted for approval to the Deputy Labour Commissioner.

Environmental Laws:

9. The Environmental Protection Act, 1986

The Environmental Protection Act, 1986 is an "umbrella" legislation designed to provide a framework for co-ordination of the activities of various central and state authorities established under various laws. The potential scope of the Act is broad, with "environment" defined to include water, air and land and the interrelationships which exist among water, air and land, and human beings and other living creatures, plants, micro-organisms and property.

10. Environmental Legislation

We are required under applicable law to ensure that our operations are compliant with environmental legislation such as the Water (Prevention and Control of Pollution) Act 1974, as amended ("Water Pollution Act"), the Air (Prevention and Control of Pollution) Act, 1981, as amended ("Air Pollution Act") and the Environment Protection Act, 1986, as amended ("Environment Act").The Water Pollution Act aims to prevent and control water pollution. This legislation provides for the constitution of a Central Pollution Control Board and State Pollution Control Boards. The functions of the Central Board include coordination of activities of the State Boards, collecting data relating to water pollution and the measures for the prevention and control of water pollution and prescription of standards for streams or wells. The State Pollution Control Boards are responsible for the planning for programmes for prevention and control of pollution of streams and wells, collecting and disseminating information relating to water pollution and its prevention and control; inspection of sewage or trade effluents, works and plants for their treatment and to review the specifications and data relating to plants set up for treatment and purification of water; laying down or

annulling the effluent standards for trade effluents and for the quality of the receiving waters; and laying down standards for treatment of trade effluents to be discharged. This legislation prohibits any person from establishing any industry, operation or process or any treatment and disposal system, which is likely to discharge trade effluent into a stream, well or sewer without taking prior consent of the State Pollution Control Board.

The Central and State Pollution Control Boards constituted under the Water Pollution Act are to perform functions as per the Air Pollution Act for the prevention and control of air pollution. The Air Pollution Act aims for the prevention, control and abatement of air pollution. It is mandated under this Act that no person can, without the previous consent of the State Board, establish or operate any industrial plant in an air pollution control area. The Environment Act has been enacted for the protection and improvement of the environment. The Act empowers the central government to take measures to protect and improve the environment such as by laying down standards for emission or discharge of pollutants, providing for restrictions regarding areas where industries may operate and so on. The central government may make rules for regulating environmental pollution.

11. Foreign Investment Regime

Foreign investment in India is governed primarily by the provisions of the Foreign Exchange Management Act ("FEMA"), and the rules, regulations and notifications thereunder, as issued by the RBI from time to time, and the policy prescribed by the Department of Industrial Policy and Promotion, which provides for whether or not approval of the Foreign Investment Promotion Board ("FIPB") is required for activities to be carried out by foreigners in India. The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("FEMA Regulations") to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India. As laid down by the FEMA Regulations, no prior consents and approvals is required from the RBI, for FDI under the "automatic route" within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the FIPB and/or the RBI. At present, foreign investment upto 100% in companies engaged in manufacturing activities is permitted under the automatic approval route unless it attracts Press Note 1 (2005 Series) conditions.

Tax Related Legislations

12. UP Value Added Tax, 2008

UP Value Added Tax, 2008 was legislated in the year 2008 to provide for introducing Value Added System of taxation for the levy and collection of tax on sale or purchase of goods in the State of Uttar Pradesh and for matters connected therewith and incidental thereto. Value Added Tax (VAT) is charged by laws enacted by each State on sale of goods affected in the relevant States. VAT is a multi-point levy on each of the entities in the supply chain with the facility of set-off of input tax that is the tax paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. Only the value addition in the hands of each of the entities is subject to tax. VAT is not chargeable on the value of services which do not involve a transfer of goods. Periodical returns are required to be filed with the VAT Department of the respective States by the Company.

13. Income Tax Act, 1961

Income Tax Act, 1961 is applicable to every Domestic /Foreign Company whose income is taxable under the provisions of this Act or Rules made there under depending upon its "Residential Status" and "Type of Income" involved. U/s 139(1) every Company is required to file its Income tax Return for every Previous Year by 30th September of the Assessment Year. Other compliances like those relating to Tax Deduction at Source, Advance Tax, Minimum Alternative Tax and like are also required to be complied by every Company.

14. Central Sales Tax Act, 1956

In accordance with the Central Sales Tax Act, every dealer registered under the Act shall be required to furnish a return in Form I (monthly/ quarterly/ annually) as required by the State Sale Tax laws of the assessing authority together with treasury Challan or bank receipt in token of the payment of taxes due.

REGULATION FOR IMPORTS & EXPORTS

15. Customs Act, 1962

The provisions of the Customs Act, 1962 and rules made there under are applicable at the time of import of goods i.e. bringing into India from a place outside India or at the time of export of goods i.e. taken out of India to a place outside India. Any Company requiring to import or export any goods is first required to get itself registered and obtain an IEC (Importer Exporter Code).

16. Central Excise Act, 1944

In accordance with the Central Excise Act & Central Excise Rules, every person who produces or manufactures any excisable goods is required to get itself registered with the Jurisdictional Deputy or Assistant Commissioner of Central Excise. Hence this Act is applicable on our Company. Further the provisions of the Central Excise Rules provide that the manufacturer of final products (other than SSI's) shall submit the duty on goods removed from the factory or warehouse during the month by the fifth day of following month. Also a Monthly Return in Form ER1 is required to be submitted to the Superintendent of Central Excise within 10 days after the close of the month.

17. Importer Exporter Code

Under the Indian Foreign Trade Policy, 2004, no export or import can be made by a person or company without an Importer Exporter Code number unless such person/company is specifically exempted. An application for an Importer Exporter Code number has to be made to the office of the Joint Director General of Foreign Trade, Ministry of Commerce. An Importer Exporter Code number allotted to an applicant is valid for all its branches/ divisions/ units/factories.

18. Kyoto protocol

The Kyoto Protocol is an international agreement linked to the United Nations Framework Convention on Climate Change. The major feature of the Kyoto Protocol is that it sets binding targets for 37 industrialized countries and the European community for reducing Green House Gas (GHG) emissions. These amount to an average of five per cent (5%) against 1990 levels over the five-year period 2008-2012. Recognizing that developed countries are principally responsible for the current high levels of GHG emissions in the atmosphere as a result of more than 150 years of industrial activity, the Protocol places a heavier burden on developed nations under the principle of "common but differentiated responsibilities". The Kyoto Protocol was adopted in Kyoto, Japan, on December 11, 1997 and came into force on February 16, 2005. One Hundred and Eighty Four (184) Parties of the Convention have ratified the Protocol to date. The detailed rules for the implementation of the Protocol were adopted at seventh conference of parties in Marrakesh, Morocco, in 2001, and are called the "Marrakesh Accords".

Of the few methods to participate in the Carbon market a Clean Development Mechanism (CDM) project must provide emission reductions that are additional to what would otherwise have occurred. The projects must qualify through a rigorous and public registration and issuance process. Approval is given by the Designated National Authorities. Public funding for CDM project activities must not result in the diversion of official development assistance. The mechanism is overseen by the CDM Executive Board, answerable ultimately to the countries that have ratified the Kyoto Protocol. Currently the mechanism is actually on till 2012 and negotiations are on in Copenhagen which will eventually set the tone for the future of this Protocol.

OUR HISTORY AND CERTAIN CORPORATE MATTERS

Genus Paper Products Limited was originally incorporated as '*DSM Papers Limited*' on June 14, 1996. In 2002 it purchased having an industrial undertaking – a paper unit located at Aghwanpur, Moradabad, Uttar Pradesh which unit comprised of land, factory buildings, staff quarters, open land, plant & machinery, stores & spares etc. Since the company was a sick industrial company in terms of provisions of section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act 1985, reference was pending before the Board for Industrial & Financial Reconstruction.

A scheme was drawn up and approved by the BIFR pursuant to a Memorandum of Understanding(MoU) dated October 5, 2001 entered into between the erstwhile shareholders of the Company i.e. DSM Agro Products Ltd and M/s Kailash Industries Ltd. Under this MoU, the paper unit which was valued at Rs. 900 lakhs, was to be transferred to a 100% subsidiary (namely DSM Papers Limited) of DSM Agro Products Ltd, and thereafter Kailash Industries Ltd was to obtain the pledge of the entire share capital of such 100% subsidiary company with voting rights and power to transfer the entire shareholding in its favour. The MoU also permitted the transfer of the shares in favour of nominees of Kailash Industries Ltd.

The shares of the company were transferred on August 14, 2002 to persons nominated by Kailash Industries Ltd, thereby changing the shareholding and control of the company to vest with Kailash Industries Ltd.

Subsequent to acquisition of the shares which were held by the erstwhile promoters in DSM Papers Limited by Mr. Kailash Agarwal and his relatives, and the name was changed to '*Kailash Paper Products Limited*' on May 31, 2002. In 2006, it was decided that the Company name be changed to include the name '*Genus*' which was part of the name of one of the group companies, and accordingly the Company changed its name yet again to '*Genus Paper Products Limited*'.

The details of the changes effected to the registrations w.r.t the name of the Company are:-

June 14,1996	Certificate of Incorporation bearing no. C.O No. 20-20150 of 1996 was issued in the name of DSM Papers Limited.
June 21, 1996	Certificate of Commencement of Business u/s 149(3) of the Companies Act issued to DSM Papers Limited.
May 31,'2002	Fresh Certificate of Incorporation consequent on change of name to Kailash Paper Products Limited issued.
July 6, 2006	Fresh Certificate of Incorporation consequent on change of name to Genus Paper Products Limited issued with CIN U20211UP1996PLC020150.

Changes in Registered Office of our Company:

Date of change	Registered address	Changed to	Reasons for change
On Incorporation	13, Civil Lines, Bareilly, UP, India	-----	-----
June 20, 2002	13, Civil Lines, Bareilly, UP, India	Village Aghwanpur, Kanth Road, Moradabad - 244001, U.P.	For better control and management since Company's factory is also located at Moradabad

Major Events in our history

Year	Particulars
2002	DSM Paper Limited purchased the Paper Unit having installed capacity of 16600 p.a. and 13.557 hectare of Land situated at Aghwanpur, District –Moradabad, from DSM Agro Products Limited through sale deed dated 07.02.2002 and also 5000 TPA Particle Board Plant from Dhampur Sugar Mills Limited, situated in the same industrial premises.
2002	Change in management and control of the Company to the present management
2003	Completion of modernization and upgradation of existing Paper Plant particularly in Pulp Mill section. Installation of 14TPH Multi –Fuel Boiler.
2004	Installation of Steel ingot plant with a capacity of 23760 TPA.
2004	Installation of a waste paper based 140 TPD Multi Layer Kraft Paper Plant
2005	Installation of a 6 MW Co-generation Power Plant
2006	Commissioning of 140 TPD Multilayer kraft paper plant
2007	Turnover touches Rs. 500 mn

Main Objects of our Company:

The main objects for which the Company is incorporated, as set out in its Memorandum of Association is as under:

“To carry on the business as manufacturers, processors, fabricators, distributors, traders, stockists, importers, exporters and dealers in all kinds and classes of paper and board processed from any suitable raw materials, including paste board, cardboard, strawboard, pulp board, leather board, mill board, corrugated board, liner board, duplex and triplex boards, hard board, ply- wood board, writing paper, printing paper, newsprint paper, absorbent paper, wrapping paper, tissue paper, blotting paper, filter paper, art paper, bank or bond paper, security paper, grease proof paper, gummed paper, parchment paper, drawing paper, Kraft paper, envelope paper, tracing paper, water proof paper, carbon paper, stationery paper, synthetic paper, photographic paper, post cards, visiting cards, etc and all kinds of articles in the manufacture of which paper, board, bagasse or pulp is used in any form and also to deal in or manufacture any other articles or things of a character similar or analogous to the foregoing or any of them or connected therewith”

CHANGES IN MEMORANDUM OF ASSOCIATION SINCE INCORPORATION

The Company by decision of the shareholders at their duly convened meeting on 12th December 2003, altered the provisions of ‘Other Objects’ under clause III (C) of the Memorandum of Association the Company to include a new sub-clause 18(c) permitting the Company to *carry on ‘the business as manufacturers, fabricators, distributors, traders, stockists, importers, exporters and dealers in all kinds of articles including tor, saria, angle, channel, plates, strips etc in the manufacture of which steel ingots is any article or thing of a character similar or analogous to the foregoing or any of them connected with.’*

Furthermore, the shareholders also consented to the Company, pursuant to section 149(2A) of the Companies Act 1956 to commence and undertake all or any of the business specified in clause 2, 18(a) to 18(c) and 45 of the Other Object clause III (C) of the Memorandum of Association of the Company.

Revaluation of Assets

In the FY 2007, our Company revalued its land & building to Rs. 91.14 Mn. and Rs. 52.82 Mn. respectively and an amount of Rs. 143.96 Mn. was transferred to Revaluation reserves. Our Company has not issued any shares from out of these revaluation reserves.

Subsidiaries

Our Company has no subsidiary.

Shareholders Agreement

Our Company has not entered into any 'Shareholders Agreement' with any persons as on date of filing of the Draft Red Herring Prospectus.

Strategic Partners

Our Company does not have any strategic partners as on date of the Draft Red Herring Prospectus.

Financial Partners

Our Company does not have any financial partners as on date of the Draft Red Herring Prospectus

OUR MANAGEMENT

Our Company is currently managed by Board of Directors comprising of six (6) Directors. The following table sets forth details regarding our Board of Directors as on the date of the Draft Red Herring Prospectus:

Sr. No.	Full Name, Age, Father's Name, Address, Designation, Status, Occupation, DIN and Nationality	Date of Appointment and terms of office	Other Directorship
1.	<p>Mr. Ishwar Chand Agarwal Age : 59 years S/o Lt. Shri Bajrang Lal Todi R/o B-9, Ganpati Enclave, Ajmer Road Jaipur- 302006 Designation: Non- Executive and non independent director Occupation: Business DIN:00011152 Nationality: Indian</p>	<p>Appointed as additional director on July 14, 2002 and thereafter appointed as director on September 30, 2002</p> <p>Term of office: Liable to retire by rotation</p>	<p>Kailash Industries Ltd Kailash Coal and Coke Co. Ltd. Kailash Vidyut & Ispat Ltd Genus Power Infrastructures Ltd Godavari Commodities Ltd Virtuous Infra Ltd Genus Innovation Ltd Genus Electrotech Ltd</p>
2.	<p>Mr. Kailash Chandra Agarwal Age: 38 years S/o Mr. Ishwar Chand Agarwal R/o 25, Jawahar Nagar, Moradabad – 244001 Designation: Managing Director Executive and non-independent director Occupation: Business DIN : 00895365 Nationality: Indian</p>	<p>Appointed as Additional Director on January 24, 2002 and appointed as Director on September 30, 2002</p> <p>Appointed as whole time Director on April 01, 2005 and as Managing Director on April 02, 2008</p> <p>Term of office: 5 years</p>	<p>Kailash Coal & Coke Co. Ltd. Kailash Industries Ltd Genus Apparels Ltd Kailash Vidyut & Ispat Ltd. Virtuous Urja Ltd Virtuous Infra Ltd</p>
3	<p>Mr. Himanshu Agarwal Age : 28 years S/o Lt. Shri Baldeo Kumar Agarwal R/o Near Moradabad Dharamkanta Kant Road Moradabad- 244001 Designation: Whole time Director Executive and non independent director Occupation: Business DIN:00065185 Nationality: India</p>	<p>Appointed as Director on April 01, 2004 and thereafter appointed as whole time Director on June 01, 2006</p> <p>Term of office: 5 years</p>	<p>Nil</p>
4	<p>Mr. Bhairon Singh Solanki Age: 82 years S/o: Late Shri. Hardeo Singh R/o GI-106 Malviya Nagar, Industrial Area, Jaipur- 302004 Independent Director Occupation: Business DIN:00012141 Nationality: Indian</p>	<p>Appointed as Additional Director on December 30, 2005 and thereafter as Director on March 13, 2006</p> <p>Term of office: Liable to retire by rotation</p>	<p>Soltronix (Raj) Ltd Genus Power Infrastructures Ltd</p>

Sr. No.	Full Name, Age, Father's Name, Address, Designation, Status, Occupation, DIN and Nationality	Date of Appointment and terms of office	Other Directorship
5	Mr. Surendra Agarwal Age: 28 years S/o Mr. R. S. Agarwal R/o 20, Govindpuri east ward No 52 Ramgarh Mod Jaipur-302002 Independent Director Occupation: Business DIN: 00108935 Nationality: Indian	Appointed as an Additional Director on December 30, 2005 and thereafter appointed as Director on March 13, 2006. Term of office: Liable to retire by rotation	Nil
6	Mr. Rameshwar Pareek Age: 65 years S/o: Lt. Shri B. N. Pareek R/o C-222 Vaishali Nagar Jaipur-302021 Independent Director DIN: 00014224 Nationality: Indian	Appointed as an Additional Director on March 03, 2005 and thereafter appointed as Director on September 30, 2005 Term of office: Liable to retire by rotation	Mayur Uniquoters Ltd. Kailash Vidyut & Ispat Ltd. Genus Power Infrastructures Ltd. Genus Electrotech Ltd. K G Petro Chem Ltd. Virtuous Infra Ltd. Genus Prime Infra Ltd.

None of the above mentioned Directors are on the RBI List of willful defaulters as on the date of the Draft Red Herring Prospectus.

Further, neither our Company nor our Promoters, persons forming part of our Promoter Group, Directors or persons in control of our Company are debarred from accessing the capital market by SEBI.

None of the Promoters, Directors or persons in control of our Company, has been or is involved as a promoter, director or person in control of any other company, which is debarred from accessing the capital market under any order or directions made by the SEBI.

There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the above mentioned Directors was selected as director or member of senior management.

Our Directors have not entered into any service contracts with our Company providing for benefits upon termination of employment.

Brief Profile of our directors

1. Mr. Ishwar Chand Agarwal, aged 59 years, Chairman of the Company, is a commerce graduate and ventured into business at an early age. He has established various companies under Kailash Group. In 1975, he started coal & coke trading business and in 1984, he along with family members, promoted Kailash Coal & Coke Company Limited. In 1990, he along with family members, promoted the Company, Kailash Industries Limited, engaged in trading and manufacturing of cement. He was appointed as a Director of Genus Power Infrastructures Limited in 1994 and Managing Director in 1996. .

He is a director in Kailash Coal & Coke Company Limited, Kailash Industries Limited, Genus Electrotech Limited, Virtuous Infra Limited and Godavari Commodities Limited

2. Mr. Kailash Chandra Agarwal, s/o Mr. Ishwar Chand Agarwal, aged 39 years, is a science graduate and has been involved in business for over 15 years. In 1990, he along with family members, promoted M/s Kailash Industries Limited which is engaged in trading and manufacturing of cement. In 1998, he along with family members, promoted Genus Innovation Limited (formerly K.C. Mercantile Limited) engaged in manufacturing of electronics items. In 2001, he joined the Board of Directors of Kailash Coal & Coke Company Limited, engaged in trading of coal and coke. In 2002, he joined the Board of Directors of our Company and was appointed as a Managing Director on April 02, 2008.

He is also director in Genus Apparels Limited, JC Textile Private Limited, Kailash Vidyut & Ispat Limited, Virtuous Urja Limited and Vituous Infra Limited.

3. **Mr. Himanshu Agarwal**, aged 27 years, is the Whole time director of the Company. He holds Bachelor's Degree in Commerce and started his carrier by joining Kailash Papers in the year 2003-04. He is responsible for plant operations and ensuring the optimum utilization of production facilities in the company under the guidance of the Board.

Presently, he is the Occupier and overall in charge of factory operations. He is also the Chairman of the shareholders Grievances Share Transfer Committee. He has no other directorships in any other company.

4. **Bhairon Singh Solanki** aged 82 years, is a technocrat. He did his M. Sc. (Engg.) from Cranfield Institute of Technology; UK. He is a well known and respected personality in the field of electronics. He has extensively traveled to UK, USA, France, Sweden, Yugoslavia, Russia and Italy, giving him an opportunity to visit the most renowned Units around the world and interact with world's leading enterprises for technology transfer/collaboration.

He had worked in Indian Air Force from **1952 to 1970**. During this period he worked in different fields from teaching to development. He developed the first ever –Early Warning Radar Set while working at No.9 BRD.AF Pune. As Chief Technical Instructor (Radar), he imparted training and developed an ECM system to counteract missile guidance radar of the enemy. The President of India awarded him Vishisth Sewa Medal (VSM) for this contribution in **1972**.

He has worked as Chief Designer and General Manager of Hindustan Aeronautics Ltd., and Managing Director of Rajasthan Communications Ltd. Presently, he is heading Soltronix (Raj.) Ltd. as Managing Director.

5. **Mr. Surendra Agarwal**, aged 29 years, is an Independent Director of the Company. He is engaged in family business of Marble for the last 8 years. He facilitates the Company in areas of marketing and sales, marketing communications including advertising, corporate communications and public relations and corporate affairs.
6. **Mr. Rameshwar Pareek**, aged 65 years, is an Independent Director of the Company. He holds a degree of Masters in Art with a specialisation in Economics and has over 3 decades of experience in implementation of government policies & their governance. He retired as a Senior Executive from Rajasthan Financial Corporation Ltd., Jaipur. He has industrial exposure and in-depth knowledge of government policies and regulations while working on deputation to Bureau of Industrial Promotion (BIP), Jaipur.

Presently, he is Director on the Board of Mayur Uniquoters Limited, Genus Power Infrastructures Limited, Virtuous Infra Limited, Genus Prime Infra Limited and Kailash Vidyut and Ispat Limited.

Family relationship between directors

Name	Designation	Relationship with other directors
Mr. Ishwar Chand Agarwal	Chairman	Father of Mr. Kailash Chandra Agarwal
Mr. Kailash Chandra Agarwal	Managing Director	Son of Mr. Ishwar Chand Agarwal
Mr. Himanshu Agarwal	Whole Time Director	Cousin of Mr. Kailash Chandra Agarwal, nephew of Mr. Ishwar Chand Agarwal

Borrowing Powers of Board of Directors

The Board of Directors of our Company has power to borrow upto Rs 2000 Million as per the member's resolution passed in the Annual General Meeting held on September 30, 2006. The extract of the resolution of our Company authorizing the Board to borrow is given herein below:

“RESOLVED THAT pursuant to the provisions of Section 293(1)(d) and all other applicable provisions, if any of the Companies Act, 1956 and Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors and/or any Committee formed by them, for borrowing, for and on behalf of the Company from time to time the monies for the purposes of the company either in foreign currency and / or Indian Rupee Currency as may be deemed necessary amounting in aggregate upto a sum not exceeding Rs 200 Crores (Rupees Two Hundred Crores Only) notwithstanding that the money so borrowed, together with the monies already borrowed (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid up share capital of the Company and its free reserves, that is to say, reserve not set apart for any specific purpose.”

Compensation and Benefits to the Managing Director / Whole Time Directors

Details of compensation paid to our Directors in FY 2009

<i>(Rs. in Mn.)</i>			
Sr. No	Name of Director	Designation	Amount
1.	Mr. Kailash Chandra Agarwal	Managing Director	0.90
2.	Mr. Himanshu Agarwal	Whole Time Director	0.57

Sitting Fees Payable to Non-Executive Directors

The Board of Directors of the Company vide resolution passed at the Board Meeting held on February 08, 2002 decided not to pay sitting fees to any of its Directors. Therefore there is no sitting fees paid to any of the Directors of the Company as on the last date of the Draft Red Herring Prospectus.

Policy on Disclosures and Internal Procedure for Prevention of Insider Trading

The provisions of Regulation 12 (1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 will be applicable to our Company immediately upon the listing of its Equity Shares on the Stock Exchanges.

Mr. Ankit Agarwal, Company Secretary & Compliance Officer is responsible for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.

Shareholding of Directors

As per Articles of Association of our Company, a Director is not required to hold any shares in our Company to qualify him for the office of Director of our Company. The following table details the shareholding of our Directors in their personal capacity and either as sole or first holder, as on the date of the Draft Red Herring Prospectus:

Sr. No	Name of Directors	No of Equity Shares	% of holding in our Company
1.	Mr. Ishwar Chand Agarwal	761750	2.91
2.	Mr. Kailash Chandra Agarwal	5151050	19.50
3.	Mr. Himanshu Agarwal	56000	0.21
4.	Mr. Bhairon Singh Solanki	Nil	-
5.	Mr. Surendra Agarwal	Nil	-
6.	Mr. Rameshwar Pareek	Nil	-

Interests of Directors

All our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board, commission payable to our non-executive Directors as well as to the extent of remuneration payable to our executive Directors for their services as executive directors of our Company and reimbursement of expenses payable to them under our Articles of Association. All our Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or their relatives or firms, trusts or other entities/ bodies corporate in which they have interest.

Our non-Promoter Directors may also be deemed to be interested in the Equity Shares, if any, out of the present Issue that may be subscribed by and Allotted to the companies, firms and trusts and other entities/bodies corporate in which they are interested as Directors, members, partners and/or trustees or otherwise as also any benefits, monetary or otherwise derived there from.

Our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. Further, save and except as stated otherwise in the Chapters titled , “Our Promoters and their Background” and Section titled “Financial Information” beginning on pages, 105 and 119, respectively, of the Draft Red Herring Prospectus, our Directors do not have any other interests in our Company as on the date of the Draft Red Herring Prospectus.

Changes in the Board of Directors during the last three years

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

Name of the Director	Date of Appointment	Date of Resignation	Remarks
Mr. Amrit Lal Todi	May 24, 2006	February 01, 2010	Resigned as Director
Mr. Dharam Chand	March 03, 2005	February 01, 2010	Resigned as Director

Agarwal			
Mr. Kamal Kant Agarwal	December 19, 2005	February 01, 2010	Resigned as Director
Mr. Kailash Chandra Agarwal	April 02, 2008	NA	Appointed as the Managing Director

CORPORATE GOVERNANCE

The provisions of the Listing Agreement to be entered into with BSE and NSE with respect to corporate governance and the SEBI (ICDR) Regulations, 2009 in respect of corporate governance will be applicable to our Company at the time of seeking in principle approval for listing of our Company's Equity Shares with the Stock Exchanges. Our Company has complied with Listing Agreement in respect of Corporate Governance specially with respect to broad basing of Board, constituting the Committees such as Shareholders Grievance/ Transfer Committee, Audit Committee and Remuneration Committee.

COMPOSITION OF THE BOARD OF DIRECTORS

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

Sr. No	Name of Director	Designation	Category
1.	Mr. Ishwar Chand Agarwal	Chairman	Non Executive and Non Independent Director
2.	Mr. Kailash Chandra Agarwal	Managing Director	Executive and Non Independent Director
3.	Mr. Himanshu Agarwal	Whole time Director	Executive and Non Independent Director
4	Mr. Bhairon Singh Solanki	Director	Independent Director
5.	Mr. Surendra Agarwal	Director	Independent Director
6.	Mr. Rameshwar Pareek	Director	Independent Director

In terms of the Clause 49 of the Listing Agreement, our Company has already appointed Independent Directors and constituted the following Committees of the Board:

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

Audit Committee

Our Board constituted an Audit Committee, pursuant to the provisions of Section 292A of the Companies Act. The constitution of the Audit Committee was approved at a meeting of the Board of Directors held on March 03, 2005. However, after resignation of the three Directors of the Company, composition of the Audit Committee was re-constituted at the Board Meeting held on February 01, 2010. The terms of reference of Audit Committee comply

with the requirements of Clause 49 of the Listing Agreement, which will be entered into with the Stock Exchanges in due course. The re-constituted Committee presently consists of the following Directors:

Sr. No	Name	Designation	Nature of Directorship
1.	Mr. Rameshwar Pareek	Chairman	Independent Director
2.	Mr. Bhairon Singh Solanki	Director	Independent Director
3.	Mr. Kailash Chandra Agarwal	Managing Director	Executive and non Independent

Our Company Secretary, Mr. Ankit Agarwal is the secretary of this Committee. The terms of reference of our Audit Committee are given below:

- i) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ii) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- iv) Appointment, removal and terms of remuneration of internal auditors
- v) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act 1956;
 - (b) Changes, if any, in accounting policies and practices and reasons for the same;
 - (c) Major accounting entries involving estimates based on the exercise of judgment by Management;
 - (d) Significant adjustments made in the financial statements arising out of audit findings;
 - (e) Compliance with listing and other legal requirements relating to the financial statements; Disclosure of any related party transactions;
 - (f) Qualifications in the draft audit report.
- vi) Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval
- vii) To monitor the utilization of proceeds of the proposed initial public offering of the Company and any other issue of shares of the Company, reviewing the report submitted by monitoring agency, if any, and to make appropriate recommendations to the Board in this regard
- viii) Monitoring the use of the proceeds of the proposed initial public offering of the Company.
- ix) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- x) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- xi) Discussions with internal auditors on any significant findings and follow up thereon.
- xii) Reviewing internal audit reports and adequacy of the internal control systems.
- xiii) Reviewing management letters / letters of internal control weaknesses issued by the Statutory Auditors.
- xiv) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of material nature and reporting the matter to the Board.
- xv) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- xvi) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
- xvii) To review the functioning of the whistle blower mechanism, when the same is adopted by the Company and is existing.
- xviii) Carrying out any other function as may be statutorily required to be carried out by the Audit Committee.

REMUNERATION COMMITTEE

The constitution of the Remuneration Committee was approved at a meeting of the Board of Directors held on December 30, 2005. However, after resignation of the three Directors of the Company, composition of the Remuneration Committee was re-constituted at the Board Meeting held on February 01, 2010.

The terms of reference of Remuneration Committee comply with the requirements of Clause 49 of the Listing Agreement, which will be entered into with the Stock Exchanges in due course.

The re-constituted Remuneration Committee presently consists of the following Directors:

Sr. No	Name	Designation	Nature of Directorship
1.	Mr. Bhairon Singh Solanki	Chairman	Independent Director
2.	Mr. Rameshwar Pareek	Director	Independent Director
3.	Mr. Ishwar Chand Agarwal	Director	Non-Executive and Non Independent Director

Our Company Secretary, Mr. Ankit Agarwal is the secretary of this Committee. The terms of reference of our Remuneration Committee are given below

1. To decide and approve the terms and conditions for appointment of executive directors and/ or whole time Directors and Remuneration payable to other Directors and matters related thereto.
2. To recommend to the Board, the remuneration packages of the Company's Managing/Joint Managing/ Deputy Managing/Whole time / Executive Directors, including all elements of remuneration package (i.e. salary, benefits, bonuses, perquisites, commission, incentives, stock options, pension, retirement benefits, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period severance fees etc.);
3. To be authorized at it's duly constituted meeting to determine on behalf of the Board of Directors and on behalf of the shareholders with agreed terms of reference, the Company's policy on specific remuneration packages for Company's Managing/Joint Managing/ Deputy Managing/ Whole-time/ Executive Directors, including pension rights and any compensation payment;
4. To implement, supervise and administer any share or stock option scheme of the Company.

INVESTORS GRIEVANCE COMMITTEE

The constitution of the Investors Grievance Committee was approved at a meeting of the Board of Directors held on December 30, 2005. However, after resignation of the three Directors of the Company, composition of the Investors Grievance Committee was re constituted at the Board Meeting held on February 01, 2010.

The terms of reference of Investors Grievance Committee comply with the requirements of Clause 49 of the Listing Agreement, which will be entered into with the Stock Exchanges in due course. The re-constituted Investors Grievance Committee presently consists of the following Directors:

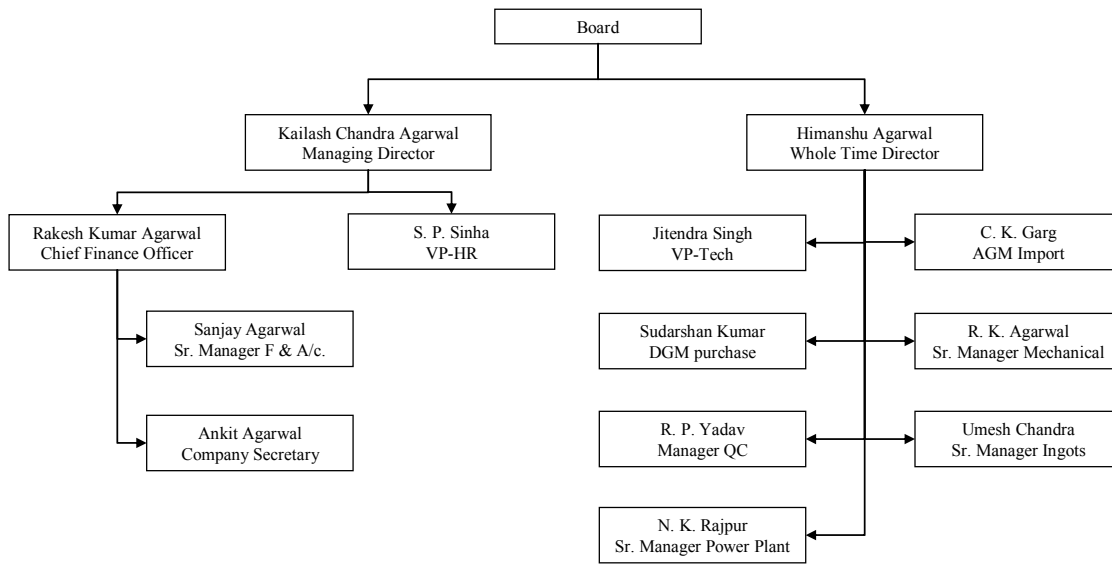
Sr. No	Name	Designation	Nature of Directorship
1.	Mr. Surendra Agarwal	Chairman	Independent Director
2.	Mr. Bhairon Singh Solanki	Director	Independent Director
3.	Mr. Himanshu Agarwal	Director	Executive and Non- Independent Director

Our Company Secretary, Mr. Ankit Agarwal is the secretary of this Committee.

The terms of reference of our Investors Grievance Committee are given below.

- i) To allot the Equity Shares of the Company, and to supervise and ensure:
- ii) Efficient transfer of shares; including review of cases for refusal of transfer transmission of shares and debentures;
- iii) Redressal of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc;
- iv) Issue of duplicate / split / consolidated share certificates;
- v) Allotment and listing of shares;
- vi) Review of cases for refusal of transfer / transmission of shares and debentures;
- vii) Reference to statutory and regulatory authorities regarding investor grievances; and to otherwise ensure proper and timely attendance and redressal of investor queries and grievances.”

ORGANISATIONAL CHART



KEY MANAGERIAL PERSONNEL

The details of our Key Managerial Personnel as on the date of filing of Draft Red Herring Prospectus are as follows:

Rakesh Kumar Agarwal, aged 45 Years is the Chief Financial Officer in the Company. He is Fellow member of Institute of Chartered Accountants of India and having more than 21 years of experience in the field of Project planing, evaluation, fund & business planning and associated with the Company since December 1, 2009. He is overall in-charge of finance and accounts function of the company including business planning and fund management. Prior to his employment in the Company, he has worked as a General Manager - Corporate Advisor in Virtuous Urja Limited at Delhi, and various positions in Shiv- Vani Oil & Gas Exploration Services Ltd., Lakshmi Precision Screws Ltd., Bharat Explosive Ltd. and GHCL Ltd.

S. P. Sinha, aged 59 years, is the General Manager of the human resource department in the Company. He holds a Bachelor in Arts and is associated with the Company since Dec 7, 2006. He has experience of about 30 years. He is in-charge of the overall administration of the Company. Prior to his employment in the Company, he has worked as the Manager Administration in DSM Agro Products Limited, Moradabad.

Sudarshan Kumar, aged 64 years, is a Diploma holder in Mechanical Engineering. He has experience of over 42 years. He is associated with the Company since July 1, 2009. He is the Deputy General Manager - Purchase. He exercises close supervision over the purchases made by the Company. Prior to his employment in the Company, he has worked as the Manager Co-ordination in Chadha Papers Ltd., Bilaspur.

J.S. Chaudhary, aged 50 years, is a Science Post Graduate. He has experience of over 23 years. He is with the Company since September 01, 2008. He is the Vice President - Works. He is the overall in charge of waste paper based 140 TPD Multi Layer Kraft Paper plant and agro based 62 TPD Kraft paper. Prior to his employment in the Company, he has worked as the General Manager in Silver Tone Pulp and Papers Limited, Muzaffar Nagar.

Sanjay Agarwal, aged 35 years, is a Chartered Accountant by profession and a Law graduate. He has an experience of over 9 years. He is with the company since May 01, 2007. He is the overall in-charge of the Finance & Accounts department. Prior to his employment in the Company, he was working with DSCL Sugar Limited as Joint Manager – Accounts.

Ankit Agarwal, aged 26 years, is a Company Secretary by profession. He has experience of about 2 years. He is with the company since December 22, 2009. He looks after the secretarial functions of the Company. Prior to his employment in the Company, he was working with Adlakha & Adlakha Associates as an Assistant Company Secretary.

Rakesh Kumar Agarwal, aged 55 years, is a Diploma in Mechanical Engineering. He has an experience of 30 years. He is with the company since Nov. 25, 2008 as Senior Manager – Mechanical. He is the overall in charge of the maintainance of Paper Plant & Project Planning. Prior to his employment in the Company, he has worked as the Project Manager - Mechanical in M/s Anmol Polymers, Ethopia.

C.K.Garg, aged 50 Years is the Asst. General Manager in the Company. He holds B.Com (Hons.) and CA (Intermediate) and associated with the Company since July 10, 2006 . He has experience of about 26 years. He is in-charge of importing raw materials, logistics and administration of the Delhi Office of the Company. Prior to his employment in the Company, he has worked as Manager Marketing in DEV Group of Industries, at Meerut.

Notes:

- All the Key Managerial Personnel mentioned above are on the payrolls of our Company as the permanent employees.
- There is no arrangement or understanding with major shareholders, customers, suppliers or any others pursuant to which any of the above mentioned Key Managerial Personnel have been recruited.
- The Key Management Personnel mentioned above are not related parties as per the Accounting Standard 18.

- None of the Key Managerial personnel mentioned above are related to each other, or related to our Promoters/Directors

Shareholding of Key Managerial Personnel

There is no shareholding of the Key Managerial Personnel as on the date of the Draft Red Herring Prospectus.

Relation of the Key Managerial Personnel with our Promoters/Directors

None of our key managerial personnel are “related” to the Promoters or Directors of our Company within the meaning of Section 6 of the Companies Act, 1956.

Bonus or profit sharing plan for Key Managerial Personnel

The Company has not formulated any specific bonus plan or profit sharing plan for its Key Managerial Personnel.

Changes in our Key Managerial Personnel

Changes in the Key Managerial Personnel of our Company in the last three years are as follows:

Sr. No	Key Managerial Personnel	Designation	Date of appointment
1.	Rakesh Kumar Agarwal	Chief Financial Officer	December 1, 2009
2.	Sanjay Agarwal	Sr.Mgr.(F & A/c)	May 01, 2007
3.	Sanjeev Sharma	AGM (Sales & Mkt)	November 14, 2007
4.	Sudarshan Kumar	DGM-Purchase	July 01, 2009
5.	Rakesh kumar Agarwal	Sr. Mgr –Mech	November 25, 2008
6.	Ankit Agarwal	Company Secretary	December 22, 2009

Interests of Key Managerial Personnel

The Key Managerial Personnel do not have any interest in our Company other than to the extent of remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement incurred by them during the ordinary course of business.

Employees Stock Option

Our Company does not have any Employees Stock Option Scheme or other similar scheme giving options in our Equity Shares to our employees

Payment or Benefit to officers of our Company

Except for payment of monetary and non- monetary benefits in accordance with the terms of employment or engagement, we have not paid any amount or given any benefit to any officer of our Company in a period of two years before the date of the Draft Red Herring Prospectus, nor is such amount or benefit intended to be paid or given to any officer as on the date of the Draft Red herring Prospectus.

OUR PROMOTERS AND THEIR BACKGROUND

The details of our Promoters are provided herein below:



Mr. Ishwar Chand Agarwal, aged 59 years, Chairman of the Company, is a commerce graduate and ventured into business at an early age. He has established various companies under Kailash Group. In 1975, he started coal & coke trading business and in 1984, he along with family members, promoted Kailash Coal & Coke Company Limited. In 1990, he along with family members, promoted the Company, Kailash Industries Limited, engaged in trading and manufacturing of cement. He was appointed as a Director of Genus Power Infrastructures Limited in 1994 and Managing Director in 1996 and continues to be Managing Director in the company. In 2002, he joined the Board of Directors of our Company.

He is a director in Kailash Coal & Coke Company Limited, Kailash Industries Limited, Genus Electrotech Limited, Virtuous Infra Limited and Godavari Commodities Limited

PAN: AJCPA9438P

Passport Number: A 857735

Voter ID Number: NA

Driving License: NA



Mr. Kailash Chandra Agarwal, s/o Mr. Ishwar Chand Agarwal, aged 39 years, is a science graduate and has been involved in business for over 15 years. In 1990, he along with family members, promoted M/s Kailash Industries Limited which is engaged in trading and manufacturing of cement. In 1998, he along with family members, promoted Genus Innovation Limited (formerly K.C. Mercantile Limited) engaged in manufacturing of electronics items. In 2001, he joined the Board of Directors of Kailash Coal & Coke Company Limited, engaged in trading of coal and coke. In 2002, he joined the Board of Directors of our Company and was appointed as a Managing Director on April 02, 2008.

He is also director in Genus Apparels Limited, JC Textile Private Limited, Kailash Vidut & Ispat Limited, Virtuous Urja Limited and Virtuous Infra Limited.

PAN: ADNPA7732P

Passport Number: G 1711806

Voter ID Number: NA

Driving License: K5471



Mr. Amrit Lal Todi, s/o Late Shri. Bajrang Lal Todi, aged 57 years, is a science graduate and has been involved in business for around 30 years. In 1975, he started coal & coke trading business and in 1984, he along with family members, promoted Kailash Coal & Coke Company Limited. In 1990, he along with family members, promoted the Company, Kailash Industries Limited, engaged in trading and manufacturing of cement.

He is also director in Kailash Coke & Coal Company Limited and Kailash Industries Limited.

PAN: AACPT5169K

Passport Number: F 7050872

Voter ID Number: FSM/3237898

Driving License: NA



Mr. Banwari Lal Todi s/o Mr. Amrit Lal Todi, aged 35 years, is passed intermediate and has been involved in business for over 15 years. In 1998, he along with family members, promoted Genus Innovation Limited (formerly K.C. Mercantile Limited) engaged in manufacturing of electronics items.

He is also director in Vivekshil Dealers Private Limited

PAN: ACFPT1934R

Passport Number: G 7136133

Voter ID Number: FSM/323/7864

Driving License: 2242/MBD-1-89



Mr. Anand Todi s/o Late Shri Phoosh Raj Todi, aged 42 years, is passed intermediate and has been involved in business for over 15 years. In 1998, he along with family members, promoted Genus Innovation Limited (formerly K.C. Mercantile Limited) engaged in manufacturing of electronics items.

PAN: ACFPT1922M

Passport Number: E 6811532

Voter ID Number: NA

Driving License: NA



Smt. Rakesh Agarwal w/o Late Shri Baldev Kumar Agarwal, aged 51 years and is shareholder of our company since 2004.

PAN: AELPA1616F

Passport Number: E 1056561

Voter ID Number: REL 0965020

Driving License: NA



Mr. Vishnu Dutt Todi s/o Late Shri Phoosh Raj Todi, aged 40 years, is a chartered accountant and has been involved in business for over 15 years. In 1990, he along with family members, promoted, M/s. Kailash Industries Limited, engaged in trading and manufacturing of cement. In 1995, he was appointed as a Whole Time Director of Genus Power Infrastructures Limited in which capacity he continued till 2006. He continues to be Director of Genus Power Infrastructures Limited. He is Managing Director of Genus Electrotech Limited from 2006.

PAN: ADLPT5915D

Passport Number: G 8736060

Voter ID Number: NA

Driving License: GJ12/508636/06

Other understandings and confirmations

We confirm that the details of the PAN, bank account numbers and passport numbers will be submitted to the Stock Exchanges at the time of filing this Draft Red Herring Prospectus with the Stock Exchanges.

Further, our Promoters including relatives of the Promoters have confirmed that they have not been detained as wilful defaulters by the RBI or any other Governmental authority.

Additionally, there are no violations of securities laws committed by our Promoters in the past or are pending against them and none of our Promoters have been prohibited from accessing the capital markets for any reasons, by SEBI or any other authorities, or refused listing of any of the securities issued by such entity by any stock exchange in India or abroad.

Interest of our Promoters

Our promoters are interested to the extent of their shareholding and the dividend declared, if any, by our Company. Following are details of their shareholding in the pre-Issue share capital of the Company:-

Sr. No.	Name of Promoters	No. of equity shares	% holding
1.	Mr. Ishwar Chand Agarwal	761,750	2.91
2.	Mr. Kailash Chandra Agarwal	5,151,050	19.70
3.	Mr. Amrit Lal Todi	1,192,500	4.56
4.	Mr. Banwari Lal Todi	1,170,900	4.48
5.	Mr. Anand Todi	1,108,200	4.24
6.	Mr. Vishnu Dutt Todi	908,750	3.47
7.	Smt. Rakesh Agarwal	1,277,625	4.89
	Sub Total	11,570,775	44.24

Further, Mr. Ishwar Chand Agarwal is the non-executive chairman and Mr. Kailash Chandra Agarwal is the Managing Director of our Company.

Payment of benefits to our Promoters during the last two years

Except as stated in Annexure XIV -Related Party Disclosures in the section titled “Financial Information” beginning page 119 of this DRHP there has been no payment of benefits to our Promoters during the last two years from the date of filing of this Draft Red Herring Prospectus.

Litigation

For details regarding litigation involving our Promoters, see the section titled “Outstanding Litigations, material developments and other disclosures”, beginning on page 163 of this DRHP.

Related Party Transactions

Except as disclosed in Annexure-XIV of Related Party Transactions under the section titled “Financial Information” beginning on page 119 of this DRHP, our Company has not entered into any related party transactions with the Promoters or Promoter Group companies.

Promoter Group

Apart from the above, the following individuals, HUFs, companies and other entities shall also form part of our Promoter Group as per definition of promoter group given in sub-clause (zb) of Clause 2(1) of SEBI Regulations:

Particular	Relation with the any for the Promoters
Rajendra Agarwal	Son of Ishwar Chand Agarwal
Smt. Shanti Devi Agarwal	Wife of Ishwar Chand Agarwal
Amit Kumar Agarwal	Son of Ishwar Chand Agarwal
Narayan Prasad Todi	Brother of Ishwar Chand Agarwal
Smt. Simple Agarwal	Wife of Kailash Chandra Agarwal

Particular	Relation with the any fo the Promoters
Smt. Rubal Todi	Wife of Banwari Lal Todi
Himanshu Agarwal	Son of Smt. Rakesh Agarwal
J.K. Agarwal	Son of Ishwar Chand Agarwal
Smt. Manju Todi	Mother of Anand Todi & Vishnu Todi
Smt. Sharda Devi	Wife of Anand Todi
Smt. Nishu Todi	Wife of Vishnu Dutt Todi
Aditi Agarwal	Daughter of Kailash Chandra Agarwal
Aditya Vishnu Todi	Son of Vishnu Dutt Todi
Arpit Todi	Son of Anand Todi
Ashutosh Todi	Son of Anand Todi
Kesav Agarwal	Son of Banwari Lal Todi
Kushagra Agarwal	Son of Kailash Chandra Agarwal
Mitisha Agarwal	Daughter of Banwari Lal Todi
Naresh Agarwal	Brother of Smt. Rakesh Agarwal
Pawan Agarwal	Brother of Smt. Rakesh Agarwal
Priyal Agarwal	Daughter of Kailash Chandra Agarwal
Smt. Alka Agarwal	Sister of Smt. Rakesh Agarwal
Smt. Bindu Agarwal	Sister of Anand Todi
Smt. Himani Gupta	Daughter of Smt. Rakesh Agarwal
Smt. Kanchan Agarwal	Daughter of Amrit Lal Todi
Smt. Parvati Agarwal	Sister of Amrit Lal Todi
Smt. Rama Agarwal	Daughter of Amrit Lal Todi
Smt. Veena Agarwal	Sister of Anand Todi
Ujval Todi	Son of Vishnu Dutt Todi
Urvija Todi	Daughter of Anand Todi
Persons who's shareholding aggregated in the Shareholding of Promoter Group	
Smt. Parul Agarwal	Wife of Amit Agarwal
Smt. Seema Todi	Wife of Narayan Prasad Todi
Smt. Monisha Agarwal	Wife of Rajendra Agarwal
Anju Agarwal	Wife of J.K. Agarwal
HUF	
K.C. Agarwal (HUF)	Karta ,Kailash Chandra Agarwal is one of our Promoter
Ishwar Chand Agarwal (HUF)	Karta , Ishwar Chand Agarwal is one of our Promoter
Banwari Lal Todi(HUF)	Karta , Banwari Lal Todi is one of our Promoter
Phooshraj Todi (HUF)	Karta , Phooshraj Todi is included in Promoter Group
Anand Todi (HUF)	Karta , Anand Todi is one of our Promoter
R.K. Agarwal (HUF)	Karta , R.K. Agarwal is included in Promoter Group
N.P.Todi (HUF)	Karta , N.P.Todi is included in Promoter Group
Amrit Lal Todi (HUF)	Karta , Amrit Lal Todi is one of our Promoter
Baldev Kr. Agarwal (HUF)	Karta , Baldev Kr. Agarwal is included in Promoter Group
Bajrang Lal Todi(HUF)	Karta , Bajrang Lal Todi is included in Promoter Group

Group company	Nature of activity	Promoter group control
Genus Apparels Ltd.	Manufacturing, Trading, Distribution, Buying, Selling, Printing, knitting, crimping, Texturing of all kinds of Wearing and home furnishing apparels	42.6%
Genus Electrotech Limited	Engineers, Developers, Manufacturers, Importer, Exporter, Buying, selling ect. to deal in electronic devices like tv sets, ovens, set top boxes	98.8%
Genus Innovation Ltd	Manufacturing, Production, building, Designing machines ect. to deal in all type of electrical equipments	81.4%
Genus International Commodities	Provide Services by acting as Traders, Merchants, wholesalers, stockiest	16.7%
Genus Power Infrastructure Limited	Engineers, Developers, Manufacturers, Importer, Exporter, Buying, selling ect. to deal in electronic devices like TV sets, teleprinters, telephone equipments, computer, calculators Recorders, video cassetts	38.2%
Hi-print Electromack Pvt. Ltd.	Manufacturing, Production, Designing, Repairing, resale, Research ect. to deal in all types of electrical equipments	25.6%
I.C. Finance Pvt. Ltd.	Business of hire or selling under hire purchase system	100%
J C Textile	Manufacturers, dealers, buyers, sellers, importers & exporters of fabrics by using multihead embroidery machines	100%
Kailash Coal and Coke Co. Limited	Manufacturing, Trading, Exporting, Importing, Consignments, owners, wholesalers of coal & coke ect. to deal in all varieties of mineral, metal and chemical products	100%
Kailash Industries Limited	To produce, manufacture, treat process, prepare, Refine, import, export, purchase sell and to deal as agents, partners and in all kinds of cement ordinary, white, coloured, Portland, silica, varieties of cement lime, limestone	96.7%
Kailash Vidyut & Ispat Ltd	Manufacturers and dealers of all kind of steel ferrous and non-ferrous metals	100%
Virtuous Infra Ltd.	Development of Infrastructure work on build, operate and transfer basis as contracted from the Central Govt. , State Govt. , Union Territory, Local Authorities	99.0%
Virtuous Urja Ltd.	Producers, buyers, sellers, transmit, employ, promoters, protectors, agents, brokers, consultant etc. to deal in electric power.	100%
Vivekshil Dealers	Buyers, sellers, traders, distributors, heirs, indentors, assemblers, processors, warehousemen, merchant, agents, brokers, stockists	98.7%

OUR GROUP COMPANIES

Unless otherwise specifically stated and except Genus Power Infrastructure Ltd., no equity shares of any of our Group Companies are listed on any stock exchange and they have not made any public or rights issue of securities in the preceding three years. Additionally, none of our Group Companies has become a sick company under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985, or are not in the process of being wound-up.

Pursuant to sub Clause 2 of clause (C) of IX of Part of Schedule VIII of SEBI (ICDR) Regulations, 2009, the following group company is listed on NSE and BSE. The relevant details are provided below

1. Genus Power Infrastructure Limited (“GPIL”)

GPIL was incorporated on 06/08/1992. The CIN is L51909DL1992PLC133383 and registered address is D-116, Okhla Industrial Area, Phase -1, Okhla, New Delhi-110020.

GPIL is engaged in Manufacturing electronic meters, inverters and also involved in erection, procurement and commissioning sub station and transmission lines for distribution of power

Equity Shares of GPIL is listed on BSE and NSE. GPIL was listed on BSE and NSE in 1995 and 2005 respectively.

The Shareholding of Genus Power Infrastructure Limited as on December 31, 2009 is as under:

Sr. No	Category of shareholder	No. of shareholders	Total No. of shares	No. of shares held in dematerialized form	Total shareholding as a percentage of total No. of shares		Shares pledged or otherwise encumbered	
					% of shares (A+B)	% of shares (A+B+C)	No. of shares	% No. of shares
(A) Shareholding of Promoter and Promoter Group								
(1) Indian								
(a)	Individuals/ Hindu Undivided Family	27	2892462	2892462	19.56	19.56	524000	18.12
(b)	Central Government/ State Government(s)	0	0	0	0	0	0	0
(c)	Bodies Corporate	8	3193592	3193592	21.59	21.59	1956400	61.26
(d)	Financial Institutions/ Banks	0	0	0	0	0	0	0
(e)	Any Other (specify)							
		0	0	0	0	0	0	0
	Sub-Total (A)(1)	35	6086054	6086054	41.15	41.15	2480400	40.76
(2) Foreign								
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	0	0	0	0	0	0	0
(b)	Bodies Corporate	0	0	0	0	0	0	0
(c)	Institutions	0	0	0	0	0	0	0
(d)	Any Other (specify)							
		0	0	0	0	0	0	0
	Sub-Total (A)(2)	0	0	0	0	0	0	0

	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	35	6086054	6086054	41.15	41.15	2480400	40.76
(B)	Public shareholding							
(1)	Institutions							
(a)	Mutual Funds/ UTI	9	110837	100837	0.75	0.75	NA	NA
(b)	Financial Institutions/ Banks	3	50600	50000	0.34	0.34	NA	NA
(c)	Central Government/ State Government(s)	0	0	0	0	0	NA	NA
(d)	Venture Capital Funds	0	0	0	0	0	NA	NA
(e)	Insurance Companies	0	0	0	0	0	NA	NA
(f)	Foreign Institutional Investors	6	210082	210082	1.42	1.42	NA	NA
(g)	Foreign Venture Capital Investors	1	4300	0	0.03	0.03	NA	NA
(h)	Any Other (specify)							
		0	0	0	0	0	0	0
	Sub-Total (B)(1)	19	375819	360919	2.54	2.54	NA	NA
(2)	Non-institutions							
(a)	Bodies Corporate	547	3230839	3227839	21.84	21.84	NA	NA
(b)	Individuals							
(i)	Individual shareholders holding nominal share capital up to Rs. 1 lakh	12578	3229896	2944847	21.84	21.84	NA	NA
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	21	1132167	1132167	7.65	7.65	NA	NA
(c)	Any Other (specify)							
	Nri/Ocbs	500	468185	341385	3.17	3.17	NA	NA
	Trust	1	4000	4000	0.03	0.03	NA	NA
	Clearing Member	179	263722	263722	1.78	1.78	NA	NA
	Sub-Total(B)(2)	13826	8328809	7913960	56.31	56.31	NA	NA
	Total Public Shareholding (B)= (B)(1)+(B)(2)	13845	8704628	8274879	58.85	58.85	NA	NA
	TOTAL(A)+(B)	13880	14790682	14360933	100	100	2480400	16.77
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0		0	NA	NA
	GRAND TOTAL (A)+(B)+(C)	13880	14790682	14360933		100	2480400	16.77

The audited financials highlights of GPIL for the last three years are as under:

(Rs.in Mn.)

Particulars	FY 2009	FY 2008	FY 2007
Sales and Other Income	5586.41	4694.11	3539.90
Profit/(Loss) before Tax	575.92	566.72	330.74
Profit/(Loss) after Tax	486.31	480.36	277.56
Equity Share Capital	147.91	140.91	108.47
Dividend%	10	15	15
Reserves and Surplus	2581.39	2278.77	618.91
Earnings per share	8.55	38.07	25.12
Book Value (Rs.)	180.32	166.53	62.61

Details of highest and lowest market price during the preceeding 6 months from filing of this DRHP

(Rs.)	BSE		NSE	
Month	High	Low	High	Low
February 2010	175.00	145.00	174	145
January 2010	203.55	160.00	203.4	160.05
December 2009	191.30	148.30	191.3	148.2
November 2009	161.00	131.85	161	131.3
October 2009	224.00	151.60	224	151.9
September 2009	214.75	178.80	214.9	178.05

Source; www.bseindia.com, www.nseindia.com

Public or Rights in the last three years

GPIL has not made any public and rights issue in past three years

Promise vs performance

GPIL was listed pursuant to IPO in 1995. GPIL has not made any Public issue or right issues in the last 10 years.

Mechanism for Redressal of Investor grievances

GPIL has constituted Investors Grievances Committee comprising of Mr. Dharam CHand Agarwal, Mr. Rameshwar Pareek and Mr. B. S. Solanki to redress any investor grievances. GPIL seeks to redress any investor grievances expeditiously as possible as. From April 1 2006 to March 31, 2009 GPIL received and resolved 74 investors grievances and for nine month period ending December, 31, 2009, GPIL received and resolved and 7 investors grievances.

Other disclosures:

The equity shares of GPIL are listed on BSE and NSE. No action has been taken against the company by any Stock Exchange or SEBI.

GPIL is not sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and is not under the Board for Industrial and Financial Reconstruction. Further GPIL is not under winding up, neither does it have a negative net – worth.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against GPIL.

Pursuant to sub Clause (2)of clause (C) of IX of part A of Schedule VIII of SEBI ICDR, the following are the four largest unlisted group companies as determined on the basis of their turnover..The relevant details of these four companies are provided below

2. Genus Electrotech Limited (“GEL”)

GEL was incorporated on 23.7.2003. The CIN is U32109DL2003PLC121435 and registered address is 76 Defence Enclave, Opp. Preet Vihar Patrol Pump, New Delhi-110092. The Main object of the GEL is to Engineers, Developers, Manufacturers, Importer, Exporter, Buying, selling etc. and to deal in electronic devices like tv sets, ovens, set top boxes, cables etc.

The Directors of GEL are Mr. Ishwar Chand Agarwal, Mr. Vishnu Todi, Mr.Rajendra Kumar Agarwal, Mr.Giriraj Kishore Sharma and Mr. Rameshwar Pareek

The Shareholding of Genus Electrotech Limited as on March 31, 2009 is as under:

Name of Shareholder	No. of Shares	% of Paid Up Capital
Ishwar Chand Agarwal	879600	21.25
Vishnu Dutt Todi	613500	14.82
N.P.Todi (HUF)	325000	7.85
Ishwar Chand Agarwal (HUF)	303000	7.32
Banwari Lal Todi	297000	7.18
Phoos Raj Todi (HUF)	293000	7.08
Genus Power Infrastructure Limited	279500	6.75
Amrit Lal Todi (HUF)	226000	5.46
Amrit Lal Todi	179000	4.32
Manju Todi	170000	4.11
Bajrang Lal Todi (HUF)	158000	3.82
Narayan Prasad Todi	150000	3.62
Rajendra Agarwal	111500	2.69
Anand Todi	50000	1.21
Genus International Commodities	32000	0.77
Kailash Coal and Coke Co. Limited	20000	0.48
Others	51650	1.2496
TOTAL	4138750	100

The audited financial highlights of company for the last three years are as under:

(Rs.in Mn.)

Particulars	FY 2009	FY 2008	FY 2007
Sales and Other Income	2675.43	2072.21	1843.33
Profit/(Loss) before Tax	126.44	124.83	107.14
Profit/(Loss) after Tax	125.19	124.53	106.73
Equity Share Capital	41.39	41.39	41.39
Dividend%	NIL	NIL	NIL
Reserves and Surplus	535.40	410.19	286.08
Earnings per share	30.25	30.09	25.79
Book Value (Rs.)	139.36	109.10	79.12

The Equity Shares of GEL are not listed on any Stock Exchanges and GEL has not made any public issue (including rights issue to public) in preceeding three years. It has not become a sick company under the meaning of SICA, it s not under winding up and does not have a negative Network.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against GEL.

3. Kailash Coal & Coke Company Limited (“KCCCL”)

KCCCL was incorporated on 23.12.2003. The CIN of KCCCL is U23101UP1984PLC028158 and registered address is opp. Taxi stand, Rampur Road, Moradabad. The Main object of the KCCCL is to Manufacturing, Trading, Exporting, Importing, Consignments, owners, wholesalers of coal & coke etc. and to deal in all varieties of mineral, metal and chemical products etc.

The Directors of KCCCL are Mr. Ishwar Chand Agarwal, Mr. Amrit Lal Todi and Mr. Kailash Chandra Agarwal.

The Shareholding of the Company M Kailash Coal & Coke Company Limited as on March 31, 2009 is as under:

Name of Shareholder	No. of Shares	% of Paid Up Capital
Amrit Lal Todi (HUF)	511800	37.79
Ishwar Chand Agarwal	170100	12.56
Ishwar Chand Agarwal (HUF)	130000	9.60
Baldev Kumar Agarwal (HUF)	120000	8.86
Himanshu Agarwal	96200	7.10
Kailash Chandra Agarwal	53200	3.92
Narayan Prasad Todi	50000	3.69
N.P.Todi (HUF)	50000	3.69
Shanti Devi Agarwal	32800	2.42
Agarwal Children Welfare Trust	25000	1.84
Manju Todi	23000	1.69
Banwari Lal Todi (HUF)	21100	1.55
Vishnu Dutt Todi	19000	1.40
Anand Todi (HUF)	12500	0.92
Sharda Todi	10500	0.77
Simple Agarwal	10000	0.73
Vishnu Todi (HUF)	7500	0.55
Seema Todi	6300	0.46
Rajendra Agarwal	5000	0.36
TOTAL	1354000	100

The audited financial highlights of company for the last three years are as under:

(Rs.in Mn.)

Particulars	FY 2009	FY 2008	FY 2007
Sales and Other Income	356.89	149.05	156.00
Profit/(Loss) before Tax	13.84	1.35	0.79
Profit/(Loss) after Tax	11.97	1.10	0.74
Equity Share Capital	13.54	13.54	13.54
Dividend%	NIL	NIL	NIL
Reserves and Surplus	15.98	4.01	2.91
Earnings per share	8.84	0.81	0.54
Book Value (Rs.)	21.80	12.96	12.18

The Equity Shares of KCCCL are not listed on any Stock Exchanges and KCCCL has not made any public issue (including rights issue to public) in preceeding three years. It has not become a sick company under the meaning of SICA, it is not under winding up and does not have a negative Networkth.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against KCCCL.

4. Genus Innovation Limited (“GIL”)

GIL was incorporated on 27.01.1998. The CIN is U51311RJ1998PLC014605 and registered address is B-9, Ganpati Enclave, Ajmer Road 302 006. The Main object of the GIL is to manufacturing, production, building, designing machines etc to deal in all type of electrical equipments.

The Directors of GIL are Mr. Narayan Prasad Todi, Smt. Parul Agarwal, Mr. Ishwar Chand Agarwal

The Shareholding of the Company M/s Genus Innovation Limited as on March 31, 2009 is as under:

Name of Shareholder	No. of Shares	% of Paid Up Capital
Jitendra Kumar Agarwal	314500	10.01
Ishwar Chand Agarwal	312400	9.94
Rajendra Agarwal(HUF)	250000	7.96
Ishwar Chand Agarwal (HUF)	232400	7.40
N.P.Todi (HUF)	212000	6.75
Rajendra Agarwal	207400	6.60
Narayan Prasad Todi	202600	6.45
Shanti Devi Agarwal	202400	6.44
Anju Agarwal	200000	6.37
Monisha Agarwal	200000	6.37
Seema Todi	197500	6.29
Amrit Lal Todi	3500	0.11
Amrit Lal Todi (HUF)	2500	0.08
Baldev Kumar Agarwal	2500	0.08
Kailash Chandra Agarwal	2500	0.08
Parul Agarwal	2500	0.08
Amit Kumar Agarwal	2400	0.08
Simple Agarwal	2400	0.08
Bajrang Lal Todi (HUF)	2000	0.06
Baldev Kumar Agarwal (HUF)	2000	0.06
Indra Kumari Todi	2000	0.06
Manju Todi	2000	0.06
Phoos Raj Todi (HUF)	2000	0.06
Sarita Devi Todi	2000	0.06
Others	579900	18.46
Total	3141400	100.00

The audited financial highlights of company for the last three years are as under:

(Rs.in Mn.)

Particulars	FY 2009	FY 2008	FY 2007
Sales and Other Income	130.92	317.20	472.52
Profit/(Loss) before Tax	3.89	14.96	18.68
Profit/(Loss) after Tax	1.89	10.13	12.53
Equity Share Capital	31.41	31.41	31.41
Dividend%	NIL	NIL	NIL
Reserves and Surplus	40.83	38.96	28.83
Earnings per share	0.60	3.22	3.99
Book Value (Rs.)	22.99	22.38	19.15

The Equity Shares of GIL are not listed on any stock exchange and GIL has not made any public issue (including rights issue to public) in preceeding three years. It has not become a sick company under the meaning of SICA, it is not under winding up and does not have a negative Network.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against GIL.

5. Virtuous Urja Limited (“VUL”)

VUL was incorporated on 19.04.2007. The CIN is U51395DL2007PLC162295 and registered address is D-116, Okhla Industrial Area, Phase-1, Okhla New Delhi, 110020. The Main object of the VUL is to producers, buyers, sellers, transmit, employ, promoters, protectors, agents, brokers, consultant etc. to deal in electric power etc.

The Directors of VUL are Mr. Kailash Chandra Agarwal, Mr. N.P. Todi, Smt. Seema Todi and Smt. Anju Agarwal.

The Shareholding of the Company M/s Virtuous Urja Limited as on September 30, 2009 is as under

Name of Shareholder	No. of Shares	% of Paid Up Capital
Genus Paper Products Limited	40000	19.05
Genus power Infrastructure Limited	40000	19.05
Kailash Industries Limited	40000	19.05
Kailash Coal and Coke Co. Limited	40000	19.05
Vivekshil Dealers	40000	19.05
Ishwar Chand Agarwal	5000	2.38
Amit Kumar Agarwal	1000	0.48
Jitendra Kumar Agarwal	1000	0.48
Kailash Chandra Agarwal	1000	0.48
Shanti Devi Agarwal	1000	0.48
Monisha Agarwal	900	0.43
Rajendra Agarwal	100	0.05
TOTAL	210000	100

The audited financial highlights of company for the last two years are as under:

(Rs. in Mn.)

Particulars	FY 2009	FY 2008
Sales and Other Income	71.48	NIL
Profit/(Loss) before Tax	0.17	NIL
Profit/(Loss) after Tax	0.11	NIL
Equity Share Capital	2.10	0.50
Dividend%	NIL	NIL
Reserves and Surplus	0.11	NIL
Earnings per share	0.54	NIL
Book Value (Rs.)	8.846	1.118

VUL is incorporated in FY 2008, hence financial information is given only for two years.

The Equity Shares of VUL are not listed on any stock exchange and VUL has not made any public issue (including rights issue to public) in preceeding three years. It has not become a sick company under the meaning of SICA, it is not under winding up and does not have a negative Network.

Dissociation

Our promoters have not disassociated themselves from any of the Companies/firms during the last three years.

Common Pursuits

None of our Group Company is engaged activities similar to those conducted by us.

Sick Companies

None of the companies forming part of promoter group companies have become sick company within the meaning of Sick Industrial Companies (Special Provisions) Act 1985 and none of them is under winding up. Additionally none of our group companies have become defunct in the five years preceding the date of filing of DRHP and no application had been made in respect of any of the group companies to the relevant RoC for striking of their name.

Sales or Purchases between Companies in the Group

Except as mentioned under *Related Party Transactions, "Annexure XIV" under Chapter titled "Auditors' Report" beginning on page 119 of this DRHP there is Sales or Purchases between Companies in the Group*

Business Interests amongst our Company and Group Companies /Associate Companies

Except as mentioned under *Related Party Transactions, Annexure XIV" under Chapter titled "Auditors' Report" beginning on page 119 of this DRHP there is no business interest amongst Group Companies.*

Changes in Accounting Policies in the last three years

There have been no changes in the accounting policies in the last three years.

DIVIDEND POLICY

Dividends, other than interim dividends, will be declared at the AGM of the shareholders based on the recommendation of the Board of Directors. The Board may, at its discretion, recommend dividends to be paid to the shareholders, considering a number of factors including, without limitation, our Company's future expansion plans and capital requirements, profits earned during the Financial 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 dividend payments in the past are not necessarily indicative of the dividend amounts, if any, or the dividend policy, of our Company in the future.

Our Company has not paid any Dividend till date.

CURRENCY OF PRESENTATION

In this Red Herring Prospectus, unless the context otherwise requires, all references to the word "Lakh" or "Lac", means "One hundred thousand" and the word "million" means "Ten Lacs" and the word "Crore" means "ten million" and the word "billion" means "One thousand million" and the word "trillion" means "One thousand billion". 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 the Red Herring Prospectus, all the figures have been expressed in Lacs of Rupees, except when stated otherwise. All references to "Rupees" and "Rs." in the Red Herring Prospectus are to the legal currency of India.

SECTION VII – FINANCIAL INFORMATION

AUDITOR'S REPORT

To
The Board of Directors
Genus Paper Products Limited
(Formerly Kailash Paper Products Limited)
Village Aghwanpur, Kanth Road,
Moradabad

Dear Sirs,

1. We have examined the attached restated summary statements of Genus Paper Products Limited ('Company'), prepared by the Company and annexed to this report, in connection with the proposed Initial Public Offering (IPO) of equity shares having face value of Rs 10 each. Such restated summary statements, which has been made as at November 30, 2009, March 31, 2009, 2008, 2007, 2006 and 2005, have been prepared by the Company and approved by the Board of Directors in accordance with the requirements of:
 - a. paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ('the Act') and
 - b. the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ('the Regulations') issued by the Securities and Exchange Board of India ('SEBI').
2. We have examined such restated summary statement taking into consideration:
 - a. the terms of reference received from the Company vide letter dated 14.12.2009 requesting us to carry out work on such restated summary statement, proposed to be included in the offer document being issued by the Company for its proposed Initial Public Offer ("IPO") and
 - b. The Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India.

Financial information as per Restated Summary Statements

3. We have examined the attached Restated Summary Statements of:
 - a. assets and liabilities of the Company as at November 30, 2009, March 31, 2009, 2008, 2007, 2006 and 2005;
 - b. profits and losses of the Company for the Eight months period ended November 30, 2009 and each of the years ended March 31, 2009, 2008, 2007, 2006 and 2005; and
 - c. cash flows of the Company for the Eight months period ended November 30, 2009 and each of the years ended March 31, 2009, 2008, 2007, 2006 and 2005 which have been prepared by the Company and approved by its Board of Directors (these statements are hereinafter collectively referred to as the "Restated Summary Statements" and attached as Annexure I to this Report). These statements have been extracted by the management from the audited financial statements of the Company for the respective years/periods.

Based on the above, we report that in our opinion and according to the information and explanation given to us, we have found the same to be correct and the same have been accordingly used in the financial information appropriately.

4. In accordance with the requirements of Paragraph B(1) of Part II of schedule II of the Act, the 'the Regulations' and terms of our engagement agreed with you, we report that:
 - a. The Restated Summary Statements have been arrived after making such adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to the Restated Summary Statement as set out in Annexure IV to the report.

- b. Based on our examination of these Restated Summary Statements, we confirm that the restated summary statements have been made after incorporating:
 - i. The impact arising on account of changes in accounting policies from those adopted by the Company for the Eight months period ended November 30, 2009 has been adjusted with retrospective effect in the attached Restated Summary Statements:
 - ii. Material amounts relating to previous years have been adjusted in the Restated Summary Statements in the years/periods to which they relate:
 - iii. There are no extraordinary items which need to be disclosed separately in the Restated Summary Statements; and
 - iv. The qualifications in auditors' report which require an adjustment have been given effect to in the Restated Summary Statements.
5. We have not audited any financial statements of the Company as of any date or for any period subsequent to November 30, 2009. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to November 30, 2009.

Other Financial Information:

6. At the Company's request, we have also examined the following financial information of the Company proposed to be included in the offer document prepared by the management and approved by the Board of Directors of the Company and annexed to this report:
 - a) Annexure - V: Accounting Ratios (on Restated Financials)
 - b) Annexure –VI : Capitalisation Statement
 - c) Annexure –VII : Statement of Tax Shelters
 - d) Annexure –VIII : Details of Secured Loans, as Restated
 - e) Annexure –IX : Details of Unsecured Loans, as Restated
 - f) Annexure –X : Details of Investments, as Restated
 - g) Annexure –XI : Details of Sundry Debtors, as Restated
 - h) Annexure – XII : Details of Loans & Advances, as Restated
 - i) Annexure – XIII : Details of Contingent Liabilities, as Restated
 - j) Annexure – XIV : List of Related Parties, Nature of Relationship and Details of Transactions
 - k) Annexure – XV : Details of Dividend Paid, as Restated
 - l) Annexure – XVI : Segment Reporting, as Restated
 - m) Annexure – XVII Directors Remuneration as Restated
 - n) Annexure – XVIII : Notes to Adjustments Carried out in Restated Financial Statements
 - o) Annexure – XIX: Auditors Qualifications

7. In our opinion, the “Other financial information” as disclosed in the Annexures to this report as referred to above, read with respective Significant Accounting Policies and Notes to Restated Summary Statements as set out in Annexure IV, and prepared after making the adjustments and regrouping as considered appropriate, have been prepared in accordance with Part II of Schedule II of the Act and the Regulations.
8. This report should not be in any way construed as a reissuance or redating of any of the previous audit reports issued by us or by other firm of Chartered Accountants, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
9. This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed public offer of the Company, and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **Pradeep Hari & Co.**
Chartered Accountants
Firm Registration No. 006542C

Pradeep Kapoor
Proprietor
Membership No: 74491
Place: Moradabad
Date: 26th February, 2010

ANNEXURE – I: SUMMARY STATEMENT OF PROFIT AND LOSS ACCOUNT, AS RESTATED

(Rs.in Mn.)

Particular	For the 8 months period ended on November 30, 2009	For the year ended 31 st March				
		2009	2008	2007	2006	2005
Income:						
Gross Sales	833.56	990.13	856.08	614.31	384.01	343.02
Less: Excise Duty	34.18	61.63	87.81	66.65	41.57	32.78
Net Sales	799.38	928.50	768.27	547.66	342.44	310.24
Other Income	5.31	19.41	13.55	1.25	1.84	3.26
Increase/(Decrease) in Inventories	(4.89)	5.83	0.38	1.19	(0.72)	12.18
Total Income (A)	799.80	953.74	782.19	550.11	343.56	325.68
Expenditure:						
Raw material consumed	474.79	582.89	557.85	377.43	225.57	222.89
Manufacturing Expenses	123.44	157.50	79.67	70.05	50.09	56.16
Personnel Expenses	13.89	19.08	12.54	10.54	9.63	5.59
Other Overheads	13.33	18.71	15.96	11.93	9.99	8.17
Total Expenditure (B)	625.46	778.18	666.01	469.94	295.28	292.81
Profit/(loss) before interest, depreciation & tax	174.34	175.56	116.18	80.17	48.28	32.87
Depreciation	34.90	42.45	33.76	19.54	10.90	10.13
Profit/(loss) before interest & tax	139.44	133.10	82.42	60.63	37.38	22.74
Financial Charges	54.79	92.61	49.28	34.85	14.21	10.33
Profit/(loss) before tax & Extraordinary Items	84.65	40.49	33.14	25.78	23.17	12.41
Provision for taxes on income:						
Provision for current taxation	14.26	3.84	3.58	2.81	1.89	0.93
MAT credit entitlement	(14.26)	(3.84)	(3.58)	(2.81)	(1.89)	0.00
Provision for Wealth taxation	-	-	-	-	-	-
Provision for Deferred taxation	9.24	19.76	12.86	8.19	2.27	8.74
Provision for Fringe Benefit Tax	-	0.18	0.18	0.12	0.11	0.00
Net Profit /(Loss) after tax but before Extraordinary Items	75.41	20.56	20.10	17.47	20.79	2.74
Extraordinary Items	-	-	-	-	-	-
Net Profit after Extraordinary Items	75.41	20.56	20.10	17.47	20.79	2.74

ANNEXURE – II: SUMMARY STATEMENT OF ASSETS AND LIABILITIES AS RESTATED

(Rs.in Mn.)

Particulars		As at November 30, 2009	As at March 31,				
			2009	2008	2007	2006	2005
Fixed Assets:							
Gross Block		1,056.51	1,085.13	918.97	626.72	235.00	236.75
Less: Depreciation		140.70	116.49	79.26	47.18	27.64	17.32
Net Block		915.81	968.64	839.71	579.54	207.36	219.43
Capital Work-in-progress		0.00	0.00	125.65	275.44	399.40	95.10
Total Fixed Assets	A	915.81	968.64	965.36	854.98	606.76	314.52
Investments	B	103.28	103.28	104.61	114.83	5.64	2.94
Current Assets, Loans and Advances							
Inventories		197.30	230.68	238.79	225.77	148.74	84.97
Sundry Debtors		221.00	202.10	175.27	124.18	91.33	51.12
Cash and Bank balances		26.95	16.18	16.92	10.23	8.42	1.85
Loans and Advances		225.35	108.19	88.19	116.38	48.38	17.74
Total	C	670.61	557.15	519.17	476.57	296.87	155.68
Liabilities and Provisions:							
Secured Loans		582.58	680.56	929.27	914.31	540.43	201.03
Unsecured Loans		362.40	370.98	178.00	67.90	30.64	52.06
Deferred Tax Liability/(Asset) (net)		73.67	64.44	44.68	31.82	23.63	22.48
Current liabilities and Provisions		89.84	114.32	69.22	110.03	60.49	44.10
Total	D	1108.50	1230.29	1221.18	1124.07	655.19	319.66
Networth (A+B+C-D)		581.20	398.77	367.97	322.32	254.09	153.48
Net worth Represented by							
Share Capital I		261.54	237.74	228.99	228.99	178.99	158.99
Share Application Money II		0.00	0.00	25.00	0.00	0.00	0.00
Reserve & Surplus III		320.30	161.78	114.88	94.39	76.31	(4.65)
Miscellaneous Expenditure IV		0.65	0.75	0.90	1.06	1.21	0.86
TOTAL NET WORTH I + II + III – IV		581.20	398.77	367.97	322.32	254.09	153.48

Note: The above statement should be read with the notes on adjustments and significant accounting policies & notes to the accounts for restated financial statements as appearing in IV to this report.

ANNEXURE III : STATEMENT OF CASH FLOWS, AS RESTATED

(Rs in Mn.)

Particulars	For eight months ended November 30, 2009	For the year ended March 31,					
		2009	2008	2007	2006	2005	
A	Cash Flows from operative activities						
	Profit before Tax & Appropriations	84.65	40.49	33.14	25.78	23.17	12.41
	Adjustments for :						
	Depreciation	34.90	42.45	33.76	19.54	10.90	10.13
	Interest Expenses	54.79	92.61	49.28	34.85	14.21	9.50
	Interest Income	(0.85)	(10.92)	(11.09)	(0.45)	(0.06)	(0.02)
	Dividend Income	(0.77)	(1.63)	(1.51)	(0.75)	(0.73)	(0.58)
	(Profit) /Loss on sales of Investment	-	(5.01)	0.00	0.02	-	-
	(Profit) /Loss on sales of Fixed Assets	(3.65)	(1.78)	(0.89)	-	1.10	-
	Preliminary Expenses Written off	0.10	0.15	0.15	0.15	0.15	0.10
	Operating cash flow before working capital changes	169.18	156.38	102.84	79.14	48.74	31.54
	Adjustments for :						
	(Increase) / Decrease in Trade & Other Receivables	(18.90)	(26.83)	(51.09)	(32.85)	(40.21)	3.00
	(Increase) / Decrease in Inventories	33.38	8.10	(13.01)	(77.03)	(63.78)	(36.90)
	(Increase) / Decrease in Other Current Assets	(102.48)	(16.21)	32.12	(64.24)	(29.71)	4.70
	Increase/(Decrease) in Current Liabilities & Provisions	(24.48)	45.10	(40.80)	49.53	16.39	14.25
	Cash Generated From Operations	56.70	166.53	30.05	(45.45)	(68.57)	16.59
	Direct Tax Paid (Net)	(14.28)	(3.87)	(3.71)	(3.27)	(1.99)	(1.04)
	Net cash from/ (used in) operating activities (A)	42.42	162.67	26.34	(48.73)	(70.56)	15.55
B	Cash Flow from Investing Activities						
	Sales/(purchase) of Fixed Assets	21.58	(43.96)	(143.25)	(267.76)	(304.73)	(129.51)
	Sales/(purchase) of Investment /Others	-	6.34	10.22	(109.22)	(2.70)	(0.45)
	Preliminary Expenses				-	-	(0.33)
	Interest Received	0.85	10.92	11.09	0.45	0.06	0.02
	Dividend Received	0.77	1.63	1.51	0.75	0.73	0.58
	Net cash from/(used in) investing activities (B)	23.20	(25.07)	(120.43)	(375.77)	(306.64)	(129.68)

ANNEXURE III : STATEMENT OF CASH FLOWS, AS RESTATED (contd.)

(Rs in Mn.)

Particulars	For eight months ended November 30, 2009	For the year ended March 31,					
		2009	2008	2007	2006	2005	
C	Cash Flow from Financing Activities						
	Proceeds from issuance of share capital/ application money	106.50	10.00	25.00	50.00	80.00	26.99
	Proceeds from Borrowings	20.79	176.57	160.46	455.55	332.38	103.51
	Repayment of Borrowings	(127.35)	(232.30)	(35.40)	(44.40)	(14.40)	(5.60)
	Interest paid	(54.79)	(92.61)	(49.28)	(34.85)	(14.21)	(9.50)
	Dividend paid	-	-	-	-	-	-
	Net cash from/(used in) Financing activities (C)	(54.85)	(138.34)	100.78	426.30	383.77	115.40
	Net increase in cash & cash equivalent during						
	the year (A+B+C)	10.77	(0.75)	6.70	1.81	6.57	1.27
	Cash and cash equivalent as at the beginning of the year	16.18	16.92	10.23	8.42	1.85	0.58
	Cash and cash equivalent as at the end of the year	26.95	16.18	16.92	10.23	8.42	1.85

ANNEXURE – IV - SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of financial statements

The financial statements have been prepared on accrual basis following the historical cost convention in accordance with the Accounting Standards referred to in section 211 (3C) and other requirements of the Companies Act, 1956.

2. Use of Estimates

The preparation of financial statement requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the results and estimates are recognized in the period in which the results are known / materialized.

3. Revenue Recognition

- (i) Revenue from sale of products is recognized when the risk and reward of ownership of the product is passed on to the customers, which is generally on dispatch of goods. Sales are stated exclusive of Sale/Trade tax
- (ii) Dividend income is recognized when the unconditional right to receive the income is established.
- (iii) Revenue in respect of other income is recognized when no significant uncertainty as to its determination or realization exists.

4. Fixed Assets:

Fixed Assets are stated at cost net of CENVAT, less accumulated depreciation. Cost of acquisition is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalized. Expenses capitalized also include applicable borrowing costs. To adjust the original cost of Fixed Assets acquired through foreign currency loans at the end of each financial year by any change in liability arising out of expressing the outstanding foreign loan at the rate of exchange prevailing at the date of Balance Sheet.

5. Depreciation:

Depreciation on the assets has been provided on Straight Line Method at the rates prescribed in Schedule XIV to the Companies Act, 1956 as amended. Individual assets, cost of which does not exceed Rs. 5000/- each are depreciated in full in the year of purchase.

6. Impairment of Assets

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

7. Foreign Currency Transactions:

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction or at the rates covered by the forward contracts. The exchange differences on conversion are adjusted to:

- a. Cost of Fixed Assets, if the foreign currency liability relates to the fixed assets.
- b. Cost of Raw Material & Chemicals, if the foreign currency liability relates to these items.

- c. Bank charges, if the foreign currency liability relates to conversion of bank's credit facility into foreign currency.

8. Investments:

Long term Investments are stated at cost. Provision for diminution in the value of long-term investment is made only if such a decline is other than temporary in opinion of the management.

9. Inventories:

Cost of inventories comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition. Raw materials, Stores & Spares are valued at cost, determined on the basis of the weighted average method. Work-in-progress is valued at the lower of cost and net realizable value. Finished goods are valued at Cost or Net Realizable Value, whichever is less. Excise duty is included in the value of finished goods inventory.

10. Preliminary Expenses:

Preliminary expenses (including the expenses for enhancement of Authorised capital) have been amortized over a period of ten years.

11. Retirement benefits:

Company's contributions to Provident Fund are charged to Profit & Loss Account. As none of the employees has completed five years of service, no liability for payment of gratuity has arisen, and no provision is made in this regard. Leave Encashment liability is accounted for on accrual basis based on actual liability calculated at the year end.

12. Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as a part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

13. Provision for Current Tax & Deferred Tax:

Provision for current tax is made, which is likely to arise on the results for the year at the current rate of tax in accordance with the provisions of the Income Tax Act, 1961, Deferred tax is computed in accordance with Accounting Standard 22- "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India,

14. Accounting of CENVAT Credit:

Cenvat credit available on raw material, chemicals, stores & spares is accounted for by booking respective material purchases, net of excise duty, similarly Cenvat Credit entitlement on Capital goods, net of excise. Both these Cenvat Credits are accumulated and shown as receivable under "Loans and Advances" for adjustments in due course against duty payable on dispatch of finished goods.

15. Provision, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

Notes forming Part of the Accounts

1. Previous year figures have been regrouped/ recast wherever necessary and not comparable due to different in period of working.
2. Contingent Liabilities not provided for in respect of:

(Rs.in Mn.)

Particulars	Period ended November 30, 2009	Year ended March 31,				
		2009	2008	2007	2006	2005
Guarantees given by the Banker of behalf of the Company	6.97	6.97	1.52	5.61	2.70	0.27
Estimated amount of contract remaining to be executed on Capital account (Net)	-	-	-	22.80	41.60	63.80
Letter of Credit for imports	44.76	20.08	-	31.58	21.48	5.68
Uncalled liabilities on account of partly paid convertible bonds				53.73	-	-
<u>Liabilities disputed - Appeals filed with respect to:</u>						
- Sales Tax	1.34	3.56	4.30	3.86	-	-
- Factory Act	0.13	0.49	-	0.05	-	-
- Central Excise	0.35	0.45	-	-	-	-
Total	53.56	31.57	5.81	117.62	65.78	69.75

3. Company sustained brought forward losses hence provision for taxation has been made only on the basis of MAT Rules. And the Company has availed MAT credit entitlement for the same in the year/period ended on March 31, 2005, 2006, 2007, 2008 2009 & November 30, 2009, which may be set off against tax liability that may arise in future, in accordance with the provisions of section 115JAA of the Income-tax Act, 1961.

ANNEXURE - V: ACCOUNTING RATIOS (ON RESTATED NUMBERS)

(Rs.in Mn.)

Particulars	For eight months ended November 30, 2009	For the year ended March 31,				
		2009	2008	2007	2006	2005
Net Profit Before extraordinary items but after tax, as restated(A)	75.41	20.56	20.10	17.47	20.79	2.74
Net Worth excluding revaluation reserve at the end of the year (B)	581.20	398.77	367.97	322.32	254.09	153.48
Total Number of Equity shares outstanding at the end of the year, Nos. in millions	26.15	18.77	17.90	17.90	17.90	15.90
Weighted average Number of Equity shares outstanding during the year, Nos. in millions	22.04	18.13	17.90	17.90	15.98	13.44
Earnings Per Share:						
- Basic & Diluted (Annualised) (Rs.)	5.13	1.13	1.12	0.98	1.30	0.20
Return on Net Worth(%)	12.98	5.15	5.46	5.42	8.18	1.79
Net Asset Value or Book Value per share (Rs.)	22.22	21.24	20.56	18.01	14.20	9.65

Formulae:

$$\text{Earnings per Share (Rs.)} = \frac{\text{Net Profit after Tax and Before Extraordinary Items Less Preference dividend (if any)}}{\text{Weighted Average Number of Equity Shares outstanding during the Year}}$$

$$\text{Return on Net worth (\%)} = \frac{\text{Net Profit after Tax and before Extraordinary Items less Preference dividend (if any)}}{\text{Net worth excluding Revaluation Reserve at the end of the year}}$$

$$\text{Net Asset Value Per Share = (Rs.)} = \frac{\text{Net worth excluding Revaluation Reserve at the end of the year}}{\text{Total Number of Equity Shares outstanding at the end of the year}}$$

$$\text{Net Worth} = \text{Equity Share Capital} + \text{Share Application Money} + \text{Reserves \& Surplus (Excluding revaluation Reserve)} - \text{Miscellaneous Expenditure}$$

ANNEXURE –VI : CAPITALISATION STATEMENT

(Rs.in Mn.)

Particulars	Pre Issue as at November 31, 2009	Post Issue*
Debt		
Short Term Debt	260.72	[•]
Long Term Debt	684.26	[•]
Total Debt	944.98	[•]
Shareholders Funds		[•]
Share Capital	261.54	[•]
Reserves & Surplus	320.30	[•]
Less: Misc. expenditure	0.65	[•]
Total Shareholders Funds	581.20	[•]
Long Term Debt/Shareholders Funds	1.18	[•]

* Post Issue capitalization can be ascertained only on the finalization of the issue price at the conclusion of the issue process

Notes:

1. Short Term Debt represents debts, which are due within 12 months from 30.11.2009, which does not include current position of long term debt-secured.
2. Long term debt represent other than short-term debts as defined above.
3. The figures disclosed above are based on the restated financial statements of the Company as at 30.11.2009
4. Post Issue Equity can be calculated only on conclusion of the Initial Public Issue.

ANNEXURE –VII : STATEMENT OF TAX SHELTERS

(Rs.in Mn.)

Particulars	For eight months ended November 30, 2009	For the year ended March 31,				
		2009	2008	2007	2006	2005
Profit Before current and deferred taxes, as restated	84.65	40.49	33.14	25.78	23.17	12.41
Tax rate%						
-- Normal	33.99%	33.99%	33.99%	33.66%	33.66%	36.60%
-- MAT	16.995%	11.33%	11.33%	11.22%	8.415%	7.84%
Tax impact at applicable tax rate on restated profits	28.77	13.76	11.26	8.68	7.80	4.54
Permanent Differences :						
Profit /(loss) on sale of investment, exempt u/s 10(23G)	-	5.01	-	-	-	-
Dividend exempt u/s 10 (33)(34)(35)	0.77	1.63	1.51	0.75	0.73	0.58
Disallowance for Donation	(0.04)	(0.01)	(0.04)	(0.15)	(0.06)	(0.03)
Total (A)	0.73	6.62	1.47	0.61	0.67	0.55
Temporary Differences:						
Difference between Book Depreciation & Tax Depreciation	32.46	64.07	52.72	24.35	7.85	28.18
Total (B)	32.46	64.07	52.72	24.35	7.85	28.18
Net Adjustments (A+B)	33.19	70.69	54.19	24.95	8.52	28.73
Tax saving thereon (C)	11.03	21.78	17.92	8.19	2.64	10.31
Net Tax payable as per MAT	14.26	3.84	3.58	2.81	1.89	0.93
Tax as per Income Tax Returns (MAT)	13.70	3.69	3.53	3.16	1.88	1.04

ANNEXURE –VIII : DETAILS OF SECURED LOANS, AS RESTATED

(Rs.in Mn.)

Secured Loans	As at November 30, 2009	As at March 31,				
		2009	2008	2007	2006	2005
Term Loan from:						
State Bank of India (Foreign Currency) *	41.81	59.44	78.02	91.16	118.68	83.62
State Bank of India (Rupee) *	22.19	25.06	27.60	41.67	30.76	12.96
Secured by exclusive first charge on entire fixed assets of the company other than fixed assets of Paper & particle board division save and except assets charged to PNB to rank "paripassue" between lenders (i.e. PNB, IDBI) and further secured by securities mentioned for PNB below on "paripassue" basis.						
Punjab National Bank (Rupee) *	74.07	87.97	110.65	118.69	118.14	-
Secured by hypothecation of Plant & Machinery, equipments, tools etc. (existing/ future of paper & board division and equitable mortgage of factory land and building save and except assets charged to banks to rank "paripassue" between SBI						
IDBI Bank Ltd (Rupee)	123.72	139.30	166.69	172.50	45.03	-
Secured by hypothecation of entire fixed assets of 6 M.W. Power project and also secured by personal assets of promoters and directors.						
Bank of India (Rupee)	20.14	72.84	225.30	223.97	-	-
Secured by personal assets of directors, promoters their relatives, firms and associated companies.						
Bank of Rajasthan Ltd (Rupee)	30.22	30.32	-	27.26	30.29	-
Secured by personal assets of directors, promoters their relatives, firms and associated companies.						
J & K Bank Ltd (Rupee)	-	-	-	-	-	12.82
Secured by hypothecation of Plant & Machinery, equipments, tools etc. (existing/ future of paper & board division and equitable mortgage of factory land and building save and except assets charged to banks to rank "paripassue"between SBI						
ICICI Bank Ltd (Rupee)	0.16	0.45	0.90	0.28	0.57	1.28
Secured by hypothecation of vehicles.						

ANNEXURE –VIII : DETAILS OF SECURED LOANS, AS RESTATED (contd.)

(Rs.in Mn.)

Secured Loans	As at November 30, 2009	As at March 31,				
		2009	2008	2007	2006	2005
HDFC Bank (Rupee)	6.84	1.24	2.24	-	-	-
Secured by hypothecation of vehicles.						
Tata Motors Finance Ltd (Rupee)	2.54	3.25	4.23	-	-	-
Secured by hypothecation of vehicles.						
Interest Accrued and due thereon	0.18	0.40	0.62	2.23	0.78	-
Working Capital Loan from:						
State Bank of India (Foreign Currency) *	65.03	145.18	143.12	105.91	51.61	48.95
State Bank of India (Rupee) *	146.25	57.06	121.38	83.00	97.79	41.40
Secured by exclusive first charge by way of hypothecation of entire current assets (existing & future) including all stocks & receivables pertaining to steel division of the company save and except assets charged to PNB to rank paripassue between PNB. Further secured by securities mentioned for PNB on paripassue basis						
Punjab National Bank (Rupee) *	49.22	56.69	47.46	46.91	46.33	-
Secured by hypothecation of entire current assets (present & future) of the of the Multi-layered kraft paper unit save and except assets charged to bank to rank "paripassue" between SBI						
* The above facilities from SBI & PNB are further secured by first charge on Land, building and Plant & machinery of steel division , land & building of administrative block and residential colony. and further secured by certain personal assets of promoters and directors.						
Interest Accrued and due thereon	0.22	1.36	1.07	0.72	0.45	-
Total	582.58	680.56	929.27	914.31	540.43	201.03

ANNEXURE –IX : DETAILS OF UNSECURED LOANS, AS RESTATED

(Rs.in Mn.)

Unsecured Loans	As at November 30, 2009	As at March 31,				
		2009	2008	2007	2006	2005
From Bodies Corporate	362.40	370.98	178.00	67.90	30.18	48.67
Others (From Directors, Relatives & Others)	-	-	-	-	0.46	3.39
Total	362.40	370.98	178.00	67.90	30.64	52.06

Note: No Interest paid on unsecured loans.

ANNEXURE –X : DETAILS OF INVESTMENTS, AS RESTATED

(Rs.in Mn.)

Investments	As at November 30, 2009	As at March 31,				
		2009	2008	2007	2006	2005
LONG TERM INVESTMENTS						
In Equity Shares - Quoted, fully paid up						
Genus Power Infrastructure Ltd. (2009 - 770385, 2008, 2007, 2006, 2005 - 485705) Equity Shares of Rs. 10/- each	63.31	63.31	2.94	2.94	2.94	2.94
Gujarat Heavy Chemicals Ltd. (2009, 2008 - 195139, 2007 - 289755) Equity Shares of Rs. 10/- each	39.57	39.57	39.57	53.22	-	-
In Equity Shares - Unquoted, fully paid up						
Genus Apparels Ltd. (2008, 2007, 2006 - 270000) Equity Shares of Rs. 10/- each	-	-	2.70	2.70	2.70	-
Cube Fintex Pvt. Ltd. (2008 - 400000, 2007 - 500000) Equity Shares of Rs. 10/- each	-	-	40.00	50.00	-	-
Virtuous Urja Ltd. (2009 - 40000) Equity Shares of Rs. 10/- each	0.40	0.40	-	-	-	-
In Convertible Warrants - Unquoted, partly paid up						
Genus Power Infrastructure Ltd. (2008 - 300000, 2007 - 300000) Convertible Warrants of Rs. 10/- each		-	19.40	5.97	-	-
Total	103.28	103.28	104.61	114.83	5.64	2.94

ANNEXURE –XI : DETAILS OF SUNDRY DEBTORS, AS RESTATED

(Rs.in Mn.)

Sundry Debtors	As at November 30, 2009	As at March 31,				
		2009	2008	2007	2006	2005
Outstanding for more than six months	-	-	-	-	-	-
Others	221.00	202.10	175.27	124.18	91.33	51.12
Total	221.00	202.10	175.27	124.18	91.33	51.12

Related Party Transactions (the above includes the following receivable from Promoters, their relatives and Group companies)

(Rs.in Mn.)

Related Party	Relationship	As at November 30, 2009	As at March 31,				
			2009	2008	2007	2006	2005
M/s. Kailash Coal & Coke Co. Ltd	Enterprises where Significant influence exist.			27.25			
M/s. Genus Electrotech Ltd		1.40			5.49		
M/s. Genus Overseas Electronics Ltd						0.07	

ANNEXURE – XII : DETAILS OF LOANS & ADVANCES, AS RESTATED

(Rs.in Mn.)

Particular	As at November 30, 2009	As at March 31,				
		2009	2008	2007	2006	2005
Advances recoverable in cash or kind or for value to be received	138.82	31.10	20.33	46.94	12.01	14.12
Accrued interest on Term Loans	2.00	1.20	0.84	0.06	0.02	0.00
Security Deposits	1.38	1.38	0.02	0.01	0.01	0.01
MAT Credit Entitlement	26.53	12.25	8.56	5.03		
Balance with Revenue Authorities	56.07	62.11	58.38	64.68	35.41	3.61
Total	224.79	108.04	88.14	116.73	47.45	17.74

Related Party Transactions (the above includes the following receivable from Promoters, their relatives and Group companies)

(Rs.in Mn.)

Related Party	Relationship	As at November 30, 2009	As at March 31,				
			2009	2008	2007	2006	2005
Kailash Chandra Agarwal	Exc. Director			0.55			
Kailash Vidyut & Ispat Ltd	Enterprises where Significant influence exists.	2.50	2.50				0.53
M/s. Kailash Coal & Coke Co. Ltd				29.83	2.38		
Kailash Industries Ltd.		14.99					
Virtuous Urja Ltd.		17.10					

ANNEXURE – XIII : DETAILS OF CONTINGENT LIABILITIES, AS RESTATED

(Rs.in Mn.)

Particular	As at November 30, 2009	As at March 31,				
		2009	2008	2007	2006	2005
Guarantees given by the Banker of behalf of the Company	6.97	6.97	1.52	5.61	2.70	0.27
Estimated amount of contract remaining to be executed on Capital account (Net)	-	-	-	22.80	41.60	63.80
Letter of Credit for imports	44.76	20.08	-	31.58	21.48	5.68
Uncalled liabilities on account of partly paid convertible bonds				53.73	-	-
<u>Liabilities disputed - Appeals filed with respect to:</u>						
Sales Tax	1.34	3.56	4.30	3.86	-	-
Factory Act	0.13	0.49	-	0.05	-	-
Central Excise	0.35	0.45	-	-	-	-
Total	53.56	31.57	5.81	117.62	65.78	69.75

ANNEXURE – XIV : LIST OF RELATED PARTIES, NATURE OF RELATIONSHIP AND DETAILS OF TRANSACTIONS

A. List of Related Parties and Nature of Relationship

1. Enterprises controlled by Key Management personnel and Individual having significant influence.

November 30, 2009	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005
Genus Power Infrastructure Ltd	Genus Power Infrastructure Ltd	Genus Power Infrastructure Ltd	Genus Power Infrastructure Ltd	-N/A-	-N/A-
Genus Electrotech Ltd	Genus Electrotech Ltd	Genus Electrotech Ltd	Genus Electrotech Ltd	Genus Electrotech Ltd	-N/A-
Kailash Industries Ltd	Kailash Industries Ltd	Kailash Industries Ltd	Kailash Industries Ltd	Kailash Industries Ltd	Kailash Industries Ltd
Kailash Coal & Coke Co. Ltd	Kailash Coal & Coke Co. Ltd	Kailash Coal & Coke Co. Ltd	Kailash Coal & Coke Co. Ltd	Kailash Coal & Coke Co. Ltd	Kailash Coal & Coke Co. Ltd
-N/A-	-N/A-	-N/A-	L. M. Sagar Exports	-N/A-	-N/A-
Virtuous Urja Ltd.	-N/A-	-N/A-	-N/A-	-N/A-	-N/A-
Genus Apparels Ltd.	Genus Apparels Ltd.	-N/A-	-N/A-	-N/A-	-N/A-
Kailash Vidyut & Ispat Ltd	-N/A-	-N/A-	-N/A-	Kailash Vidyut & Ispat Ltd	Kailash Vidyut & Ispat Ltd

2. Key Management Personal of the Company

November 30, 2009	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005
	Ishwar Chand Agarwal	Ishwar Chand Agarwal	Ishwar Chand Agarwal	Ishwar Chand Agarwal	Ishwar Chand Agarwal
Kailash Chandra Agarwal	Kailash Chandra Agarwal	Kailash Chandra Agarwal	Kailash Chandra Agarwal	Kailash Chandra Agarwal	Kailash Chandra Agarwal
Himanshu Agarwal	Himanshu Agarwal	Himanshu Agarwal			
Amrit Lal Todi	Amrit Lal Todi	Amrit Lal Todi	Amrit Lal Todi	Amrit Lal Todi	-N/A-
-N/A-	-N/A-	-N/A-	-N/A-	Baldeo Kumar Agarwal	Baldeo Kumar Agarwal

B. Details of Transaction with Related Parties and Details of Outstanding Balances

(Rs. in Mn.)

Related Party	Relationship	Nature of Transaction	November 30, 2009	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005
Kailash Chandra Agarwal	Mg. Director	Remuneration	0.68	0.90	0.90	0.90	0.75	0.30
Baldeo Kumar Agarwal	Mg. Director	Remuneration				0.13	0.75	0.30
Amrit Lal Todi	Director	Remuneration	0.40	0.60	0.60	0.51		
Himanshu Agarwal	Director	Remuneration	0.40	0.57	0.18	0.15		
Genus Electrotech Ltd	Enterprises where Significant influence exist.	Sales & Services	13.09	22.35	21.36	11.18	0.10	
Genus Overseas Electronics Ltd		Sales & Services			0.11	0.04	0.38	
Kailash Industries Ltd		Sales & Services					1.02	
Kailash Coal & Coke Co. Ltd		Sales & Services		12.30	27.25			
L. M. Sagar Exports	Enterprises where Significant influence exist.	Purchases				0.25		
Genus Electrotech Ltd		Purchases		0.01	0.01	3.41	7.45	
Genus Overseas Electronics Ltd		Purchases			0.15	0.75	0.21	
Kailash Industries Ltd		Purchases			0.08	1.22	5.97	
Kailash Coal & Coke Co. Ltd		Purchases		1.36				
Genus Power Infrastructure Ltd		Dividend Received	0.77	1.16	0.73	0.73	0.73	0.58
Ishwar Chand Agarwal	Chairman	Amount Payable					0.07	3.37
Kailash Chandra Agarwal	Exc. Director	Amount Payable					0.39	0.02

B. Details of Transaction with Related Parties and Details of Outstanding Balances (contd.)

(Rs.in Mn.)

Related Party	Relationship	Nature of Transaction	November 30, 2009	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005
Kailash Chandra Agarwal	Exc. Director	Amount Recoverable			0.55			
Genus Power Infrastructure Ltd	Enterprises where Significant influence exist.	Amount Payable	329.64	305.00	0.07	0.07	11.50	
Kailash Industries Ltd		Amount Payable		0.78	9.55		0.87	14.26
Kailash Coal & Coke Co. Ltd		Amount Payable					4.98	13.51
Genus Electrotech ltd.		Amount Payable					2.26	
Genus Apparels Ltd.		Amount Payable	1.80	1.80				
Kailash Vidyut & Ispat Ltd		Amount Payable				0.11	0.11	
Kailash Industries Ltd.		Enterprises where Significant influence exist.	Amount Recoverable	14.99				
Virtuous Urja Ltd.	Amount Recoverable		17.10					
Genus power ltd.	Amount Recoverable						0.07	
Genus Electrotech ltd.	Amount Recoverable		1.40			5.49		
Kailash Coal & Coke Co. Ltd	Amount Recoverable				57.08	2.38		
Kailash Vidyut & Ispat Ltd	Amount Recoverable		2.50	2.50				0.53

ANNEXURE – XV: DETAILS OF DIVIDEND PAID, AS RESTATED

(Rs.in Mn.)

Statement of Dividend Paid	November 30, 2009	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005
Paid-up Equity Share Capital	261.54	187.74	178.99	178.99	178.99	158.99
Face Value (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00
Rate of Dividend	NIL	NIL	NIL	NIL	NIL	NIL
Amount of Dividend	NIL	NIL	NIL	NIL	NIL	NIL
Corporate Dividend tax	NIL	NIL	NIL	NIL	NIL	NIL

ANNEXURE – XVI : SEGMENT REPORTING, AS RESTATED

(Rs.in Mn.)

Particulars	November 30, 2009			FY 2009		
	Paper & Board	Steel	Total	Paper & Board	Steel	Total
A. REVENUE						
Gross Sales	788.68	44.88	833.56	919.96	70.18	990.13
Other Income	-	-	-	-	-	-
Unallocated Other Income			5.31			19.41
Total Revenue	788.68	44.88	838.87	919.96	70.18	1,009.54
B. RESULTS						
Segment Result (PBIT)	135.39	2.67	138.07	126.49	6.62	133.10
Unallocated Corporate Income/(Expenses)			5.31			19.41
Interest & Financial Charges	(53.42)	(1.37)	(54.79)	(88.73)	(3.88)	(92.61)
Profit from Ordinary activities			84.65			40.49
Profit before Tax	83.35	1.30	84.65	37.75	2.74	40.49
Provision for Current Tax			(14.26)			(4.02)
Deferred Tax			(9.24)			(19.76)
MAT Credit entitlement			14.26			3.84
Profit after Tax			75.41			20.56
C. OTHER INFORMATION						
Segment Assets	870.50	45.30	915.81	921.38	47.27	968.64
Unallocated Corporate Assets			773.89			660.42
Total Assets			1,689.69			1,629.07
Segment Liabilities	552.68	29.91	582.58	575.49	32.23	607.72
Unallocated Corporate Liabilities			525.91			622.57
Total Liabilities			1,108.50			1,230.29
Capital Expenditure (Net)			-			-
Depreciation & Amortisation	32.94	1.97	34.90	39.63	2.83	42.45
Significant Non Cash expenses other than Depreciation & Amortisation			-			-

SEGMENT REPORTING, AS RESTATED

(Rs.in Mn.)

Particulars	FY 2008			FY 2007		
	Paper & Board	Steel	Total	Paper & Board	Steel	Total
A. REVENUE						
Gross Sales	717.32	138.76	856.08	504.09	110.22	614.31
Other Income	11.09		11.09	0.45		0.45
Unallocated Other Income			2.46			0.80
Total Revenue	728.41	138.76	869.63	504.54	110.22	615.56
B. RESULTS						
Segment Result (PBIT)	72.39	10.03	82.42	53.96	5.87	59.83
Unallocated Corporate Income/(Expenses)			2.46			0.80
Interest & Financial Charges	(44.14)	(5.14)	(49.28)	(32.07)	(2.77)	(34.85)
Profit from Ordinary activities			33.14			25.78
Profit before Tax	28.25	4.89	33.14	22.09	3.69	25.78
Provision for Current Tax			(3.77)			(2.93)
Deferred Tax			(12.86)			(8.19)
MAT Credit entitlement			3.58			2.81
Profit after Tax			20.10			17.47
C. OTHER INFORMATION						
Segment Assets	922.52	42.84	965.36	804.17	50.81	854.98
Unallocated Corporate Assets			623.79			591.40
Total Assets			1,589.14			1,446.38
Segment Liabilities	666.50	37.47	703.97	483.90	46.33	530.22
Unallocated Corporate Liabilities			517.21			593.84
Total Liabilities			1,221.18			1,124.07
Capital Expenditure (Net)			142.46			269.16
Depreciation & Amortisation	31.18	2.58	33.76	17.28	2.25	19.54
Significant Non Cash expenses other than Depreciation & Amortisation						

SEGMENT REPORTING, AS RESTATED

(Rs.in Mn.)

Particulars	FY 2006			FY 2005		
	Paper & Board	Steel	Total	Paper & Board	Steel	Total
A. REVENUE						
Gross Sales	253.10	130.91	384.01	179.62	163.40	343.02
Other Income	0.06	1.02	1.08	0.02	0.31	0.33
Unallocated Other Income			0.76			2.93
Total Revenue	253.16	131.93	385.85	179.64	163.71	346.28
B. RESULTS						
Segment Result (PBIT)	25.69	11.69	37.38	11.90	10.85	22.74
Unallocated Corporate Income/(Expenses)			0.76			2.93
Interest & Financial Charges	(10.46)	(3.75)	(14.21)	(6.38)	(3.95)	(10.33)
Profit from Ordinary activities			23.17			12.41
Profit before Tax	15.23	7.94	23.17	5.51	6.90	12.41
Provision for Current Tax			(2.00)			(0.93)
Deferred Tax			(2.27)			(8.74)
MAT Credit entitlement			1.89			-
Profit after Tax			20.79			2.74
C. OTHER INFORMATION						
Segment Assets	553.79	52.97	606.76	260.27	54.25	314.52
Unallocated Corporate Assets			302.51			158.62
Total Assets			909.27			473.14
Segment Liabilities	494.51	45.92	540.43	158.51	42.52	201.03
Unallocated Corporate Liabilities			114.76			118.63
Total Liabilities			655.19			319.66
Capital Expenditure (Net)			-			-
Depreciation & Amortisation	8.02	2.88	10.90	7.88	2.25	10.13
Significant Non Cash expenses other than Depreciation & Amortisation						

ANNEXURE – XVII DIRECTOR'S REMUNERATION, AS RESTATED

(Rs.in Mn.)

Particulars	November 30, 2009	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005
Salaries to Managing & Whole Time Directors	1.48	2.07	1.68	1.69	1.50	0.60
<u>Computation of Managerial Remuneration:</u>						
Profit before tax as per restated Profit & Loss Account	84.65	40.49	33.14	25.78	23.17	12.41
Add: Director's Remuneration	1.48	2.07	1.68	1.69	1.50	0.60
(Profit)/Loss on Sale of shares	-	(5.01)	0.00	0.02	-	-
Sub - total	86.13	37.55	34.82	27.50	24.67	13.01
Less: Profit/(Loss) on sale of Fixed Assets	3.65	1.78	0.89	-	-	-
Maximum permissible remuneration to WTD u/s 198 of the Co. Act, 1956 @10% of the	82.48	35.76	33.94	27.50	24.67	13.01

ANNEXURE – XVIII : NOTES TO ADJUSTMENTS CARRIED OUT IN RESTATED FINANCIAL STATEMENTS

(Rs.in Mn.)

Particulars	For the 8 months period ended on November 30, 2009	For the year ended				
		2009	2008	2007	2006	2005
PAT (As per audited Balance Sheets)	72.05	19.23	19.63	22.42	19.90	2.97
On account of change in Policy for Valuation of Finished Stock	3.27	1.34	0.48	(3.06)	0.14	(1.43)
On account of change in Policy for recognition of Leave encashment	-	(0.01)	(0.01)	(0.01)	(0.02)	(0.04)
On account of prior period adjustments	0.09	-	-	(1.88)	0.77	1.12
On account of adjustment in Provision for Current Taxation	(0.56)	(0.15)	(0.05)	0.34	(0.01)	0.12
On account of adjustment in MAT Credit entitlement	0.56	0.15	0.05	(0.34)	0.01	-
Profit / (Loss) after tax as restated (after extraordinary item)	75.41	20.56	20.10	17.47	20.79	2.74

Note: Company was earlier following policy of valuation of closing finished goods at selling price. But in view of Accounting Standard - 2, Company changed its policy and is now following the policy of valuation of closing finished goods at Cost or Net Realizable value - whichever is less. For the purposes of these Restated Summary Statements, the revised policy has been applied retrospectively from the financial year 2004-05.

Company was earlier not recognizing Leave Encashment. But in view of Accounting Standard - 15, Company changed its policy and is now recognizing the same on accrual bases. For the purposes of these Restated Summary Statements, the revised policy has been applied retrospectively from the financial year 2004-05.

ANNEXURE – XIX : AUDITORS QUALIFICATIONS

Financial Year	Auditors Qualification
2004-05	Nil
2005-06	Nil
2006-07	Nil
2007-08	Nil
2008-09	Nil
Period ended 30th November 2009	Nil

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our restated audited financial statements for the eight months ended November 30, 2009 and each of the financial years 2005, 2006, 2007, 2008 and 2009, including the notes thereto and the reports thereon, which appear elsewhere in this Draft Red Herring Prospectus. These financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI (ICDR) Regulations, 2009 and restated as described in the report of our auditors dated February 26, 2010 2009, which is included in this Draft Red Herring Prospectus under "Financial Statements". The restated financial statements have been prepared on a basis that differs in certain material respects from generally accepted accounting principles in other jurisdictions, including US GAAP and IFRS.

Our financial year ends on March 31 of each year; all references to a particular financial year are to the twelve-month period ended March 31 of that year. As used in this discussion, the term "revenues" refers to the term "income" in our restated financial statements.

BUSINESS OVERVIEW

We are an Industrial Paper manufacturer of various grades of Kraft paper and Particle board. We also manufacture steel ingot from scrap. We have current capacity of 66660 TPA of Kraft paper, 5000 TPA of particle board, 23760 TPA steel ingot. We have a capacity to generate 6MW of power through co-generation plant for captive use. All our manufacturing units have been established on 14.86 hectares of land in Village Aghwanpur, Kanth Road, which is about 3 kms from the main city of Moradabad, Uttar Pradesh.

Our range of Kraft paper includes 70 GSM to 400 GSM. We are one of the few Kraft paper manufacturers having capacity of more than 50000 TPA. Our particle board range includes Bagasse based MDI Bonded Plain Particle Board. The particle board plant is an ultra modern fully automatic plant imported from M/s Compak System, U.K. Our 6MW Co-Generation Power plant uses coal and husk as fuel feed.

Kraft Paper is a type of industrial paper and used by packaging industry for manufacturing corrugated boxes and liners, corrugated sacks and composite containers. Particle board is mainly used for room partition, false ceiling, photo lamination, wall clock cases, base of sceneries and making of furnitures by pasting / lamination of sun mica.

Steel ingot is manufactured by using the excess power generated in our cogeneration plant after meeting our requirement for captive consumption for the manufacture of kraft paper and particle board. Steel ingots are used for manufacturing various types of steel bars by rolling mills.

We require low pressure steam for manufacturing kraft paper. Boilers installed at our manufacturing unit produce high pressure steam which we first use to generate power through back pressure turbine, which also gives us low pressure steam required for manufacturing kraft paper.

Gross sales for the FY 2007, 2008, 2009 and eight month ended November 30, 2009 was Rs. 614.3 Mn., Rs. 856.1 Mn. Rs. 990.1 Mn. and Rs. 833.6 Mn. respectively. We made a profit after tax of Rs. 17.4 Mn., Rs. 20.1 Mn. Rs. 20.7 Mn. and Rs. 75.4 Mn. respectively for the FY 2007, 2008, 2009 and eight month ended November 30, 2009. For the FY 2007, 2008, 2009 and eight month ended November 30, 2009 we sold 24290 tonnes , 33617 tonnes 41805 tonnes and 36393 tonnes respectively of kraft paper, 1433 tonnes , 2015 tonnes 856 tonnes and 482 tonnes respectively of particle board and 5061 tonnes, 5532 tonnes 2061 tonnes and 1804 tonnes respectively of steel ingot.

SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO THE LAST FINANCIAL YEAR

To our knowledge, no circumstances other than as disclosed in this Draft Red Herring Prospectus have arisen since the date of the last financial statements contained in the Draft Red Herring Prospectus which materially and adversely affect or are likely to affect, our operations or profitability of our Company, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Various factors have affected our results of operations in the past and may continue to do so in the future, including:

Rate of growth in consumption of our key consuming markets

The demand for kraft paper is driven by industrial and horticulture product growth in northern India. The main markets for our Company are the states of NCR, Uttaranchal, Jammu & Kashmir and Himachal Pradesh.

The industrial growth in Uttaranchal, Jammu & Kashmir and Himachal Pradesh is primarily due to various tax benefits given by State & Central Government. Jammu & Kashmir and Himachal Pradesh are the largest producer of apple and other fruits, which are packed in kraft paper boxes, which is our main product. Due to large population in northern India it is a large consumer markets for FMCG goods, consumer durable goods, automobiles, distillery products, package food industry, soft drinks botling plants, etc., which all requires large quantity of kraft paper packaging material.

Our production facility is located in this region, hence our results of operations are dependent on the demand and supply equilibrium in these markets.

Market price of key inputs and fuel

Our results of operations are subject to the availability, cost and quality of a number of key inputs. Our principal inputs of kraft paper manufacturing includes bagasse, wheat straw, waste paper (indigenous and imported). Further, we use mainly coal as a key fuel for our manufacturing process and generation of power. The prices and supply of these inputs and fuel depend on factors not under our control, including general economic conditions, competition, production levels, transportation costs and import duties.

CRITICAL ACCOUNTING POLICIES

Our financial statements are prepared under the historical cost conventions in accordance with Indian GAAP and the relevant provisions of the Companies Act. We have restated our financial statements for each of the financial years 2005, 2006, 2007, 2008 and 2009 and the eight months ended November 30, 2009 included on page 119 in this Draft Red Herring Prospectus in accordance with the SEBI (ICDR) Regulations, 2009.

Preparation of financial statements in accordance with Indian GAAP and the provisions of the Companies Act, as well as their restatement to reflect guidance as per SEBI (ICDR) Regulations, 2009, require our management to make judgements, estimates and assumptions that affect the reported amounts of our assets and liabilities on the date of the financial statements, disclosures of contingent liabilities and the reported amounts of revenues and expenses during the reporting period. Difference between the results and estimates are recognized in the period in which the results are known / materialized. These judgements, assumptions and estimates are reflected in our accounting policies, which are more fully described in the auditors' report in the section titled "Financial Information" beginning on page 119 of this Draft Red Herring Prospectus.

Certain of our accounting policies are particularly important to the presentation of our financial position and results of operations and require the application of significant assumptions and estimates of our management. We refer to

these accounting policies as our "critical accounting policies". Our management uses its historical experience and analyzes the terms of existing contracts, historical cost conventions, industry practices and information provided by outside sources, as appropriate when forming its assumptions and estimates. However, this task is inexact because our management is making assumptions and providing estimates on matters that are inherently uncertain.

While we believe that all aspects of our financial statements should be studied and understood in assessing our current and expected financial condition and results of operations, we believe that the following critical accounting policies warrant particular attention.

Revenue Recognition

Revenue from sale of products is recognized when the risk and reward of ownership of the product is passed on to the customers, which is generally on dispatch of goods. Sales are stated exclusive of Sale/Trade tax. Dividend income is recognized when the unconditional right to receive the income is established. Revenue in respect of other income is recognized when no significant uncertainty as to its determination or realization exists.

Fixed Assets

Fixed Assets are stated at cost net of CENVAT, less accumulated depreciation. Cost of acquisition is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalized. Expenses capitalized also include applicable borrowing costs. To adjust the original cost of Fixed Assets acquired through foreign currency loans at the end of each financial year by any change in liability arising out of expressing the outstanding foreign loan at the rate of exchange prevailing at the date of Balance Sheet.

Depreciation

Depreciation on the assets has been provided on Straight Line Method at the rates prescribed in Schedule XIV to the Companies Act, 1956 as amended. Individual assets, cost of which does not exceed Rs. 5000/- each are depreciated in full in the year of purchase. Depreciation on revalued assets has been charged from revaluation reserve.

Impairment of Assets

Producing properties and fixed assets of a "Cash Generating Unit" are reviewed for impairment at each balance sheet date. If events and circumstances indicate any impairment, recoverable amount of these assets is determined. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction or at the rates covered by the forward contracts. The exchange differences on conversion are adjusted to:

- a. Cost of Fixed Assets, if the foreign currency liability relates to the fixed assets.
- b. Cost of Raw Material & Chemicals, if the foreign currency liability relates to these items.
- c. Bank charges, if the foreign currency liability relates to conversion of bank's credit facility into foreign currency.

Value of investments

Long term Investments are stated at cost. Provision for diminution in the value of long-term investment is made only if such a decline is other than temporary in the opinion of the management.

Inventories

Cost of inventories comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition. Raw materials, Stores & Spares are valued at cost, determined on the basis of the weighted average method. Work-in-progress is valued at the lower of cost and net realizable value. Finished goods are valued at cost or net realizable value, whichever is less. Excise duty is included in the value of finished goods inventory.

Preliminary Expenses

Preliminary expenses (including the expenses for enhancement of authorised capital) have been amortized over a period of ten years.

Retirement benefits

Company's contributions to Provident Fund are charged to Profit & Loss Account. As none of the employees has completed minimum required period of service, no liability for payment of gratuity has arisen, hence no provision is made in this regard. The Company extends the benefits of encashment of leave salary to its employees on cessation of employment; expenditure in this regard is accounted for as and when made.

Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as a part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

Provision for Current Tax & Deferred Tax

Provision for current tax is made, which is likely to arise on the results for the year at the current rate of tax in accordance with the provisions of the Income Tax Act, 1961, Deferred tax is computed in accordance with Accounting Standard 22- "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India,

Accounting of CENVAT Credit

CENVAT credit available on raw material, chemicals, stores & spares is accounted for by booking respective material purchases, net of excise duty, similarly CENVAT Credit entitlement on Capital goods, net of excise. Both these CENVAT Credits are accumulated and shown as receivable under "Loans and Advances" for adjustments in due course against duty payable on dispatch of finished goods.

Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

OUR RESULTS OF OPERATIONS FOR 8 MONTHS PERIOD

(Rs. in Mn.)

Particulars	For the period ended	
	November 30, 2009	
	(8 months)	% of Total Income
Net Sales	799.38	
Other Income	5.31	
Increase (Decrease) in Inventories	-4.89	
Total Income	799.8	100.00%
Expenditures		
Raw Material Consumed	474.79	59.36%
Personnel Expenses	13.89	1.74%
Manufacturing Expenses	123.44	15.43%
Other Overheads	13.33	1.67%
Total Expenditure	625.46	78.20%
Profit before Interest, Depreciation and Taxes	174.34	21.80%
Interest & Financial Charges	54.79	6.85%
Depreciation	34.9	4.36%
Net Profit before taxes	84.65	10.58%
Provision for taxes on income:	9.24	1.16%
Net Profit after taxes	75.41	9.43%

Results of eight months period ended November 30, 2009

No comparison has been done since no audited accounts were prepared for eight months period ended November 30, 2008

Company recorded total income of Rs. 799.8 Mn. and total expenditure of Rs. 625.5 Mn. for the 8 months period ended November 30, 2009. Cost of Material consumed constituted 59.4% of the total income and other manufacturing expenses constituted 15.4% of the Total income. Personnel expenses constituted 1.8% and Other overheads constituted 1.7 % of the Total income for the 8 months period ended November 30, 2009.

Capacity Utilisation

During the 8 months period under review production of layer kraft paper was 25805 MT., reflecting an increase of 83.79%, based on the proportionate capacity for 8 months basis, as compared to 65.06% for the FY 2008-09. Similarly production of kraft paper during the 8 months period under review production of kraft paper was 10587 MT., reflecting an increase of 77.62%, based on the proportionate capacity for 8 months basis, as compared to 57.28% for the FY 2008-09.

Total income

The total income for the 8 months period ended November 30, 2009 was Rs. 799.8 Mn. During the 8 months, Company sold 25,676 MT. of Layer Kraft Paper, 10,715 MT. of Kraft Paper, 481 MT. of Particle Board, and 1,804 MT. of M.S. Ingot.

Expenditure

The total expenditure for the 8 months period ended November 30, 2009 was Rs. 625.5 Mn. During the 8 months raw material cost and manufacturing expenses has reduced to 59.4% and 15.4% from 61.1% and 16.5% in FY 09 respectively.

Raw Materials Consumed

Raw materials cost for the 8 months was Rs 474.8 Mn., constituting 59.4% of total income.

Personnel Expenses

Personnel expenses were Rs 13.9 Mn., represented 1.7% of total income for the 8 month period.

Manufacturing Expenses

Manufacturing expenses totaled Rs 123.4 Mn. for the 8 month period, representing 15.4% of total income

Other Overheads

Other overheads which include selling, distribution & administrative expenses, totaled Rs 13.3 Mn. for the period, amounting to 1.7% of total income.

Profit before Interest, Depreciation and Taxes

Profit before Interest, Depreciation and Taxes was Rs 174.3 Mn. for the 8 month period, representing 21.8% of total income.

Depreciation

Depreciation expense totaled to Rs 34.9 Mn. for the period, representing 4.4% of total income.

Interest and Financial Charges

Interest and financial charges was Rs 54.8 Mn. for the period, representing 6.9% of total income.

Profit after Tax

Profit after Tax for the 8 months period was Rs. 75.4 Mn. , representing 9.4% of total income.

RESULTS OF OUR OPERATIONS FOR LAST THREE FINANCIAL YEARS
(Rs.in Mn.)

PARTICULARS	For the Financial Year Ending,					
	31.3.2009		31.3.2008		31.3.2007	
	(12 months)	% of Total Income	(12 months)	% of Total Income	(12 months)	% of Total Income
Net Sales	928.50		768.27		547.66	
% Increase / (Decrease)	20.86%		40.28%		59.93%	
Other Income	19.41		13.55		1.25	
Increase/(Decrease) in Inventories	5.83		0.38		1.19	
Total Income (A)	953.74	100.00	782.19	100.00	550.11	100.00
% Increase / (Decrease)	21.93%		42.19%		60.12%	
Expenditure:						
Raw material consumed	582.89	61.12	557.85	71.32	377.43	68.61
% Increase / (Decrease)	4.49%		47.80%		67.32%	
Manufacturing Expenses	157.50	16.51	79.67	10.19	70.05	12.73
% Increase / (Decrease)	97.69%		13.74%		39.84%	
Personnel Expenses	19.08	2.00	12.54	1.60	10.54	1.92
% Increase / (Decrease)	52.15%		19.00%		9.46%	
Other Overheads	18.71	1.96	15.96	2.04	11.93	2.17
% Increase / (Decrease)	17.24%		33.76%		19.43%	
Total Expenditure (B)	778.18	81.59	666.01	85.15%	469.94	85.43
% Increase / (Decrease)	16.84%		41.72%		59.15%	
Profit/(loss) before interest, depreciation & tax	175.56	18.41	116.18	14.85	80.17	14.57
% Increase / (Decrease)	51.11%		44.92%		66.04%	
Depreciation	42.45	4.45	33.76	4.32	19.54	3.55
% Increase / (Decrease)	25.75%		72.80%		79.27%	
Financial Charges	92.61	9.71	49.28	6.30	34.85	6.33
% Increase / (Decrease)	87.94%		41.41%		145.20%	
Profit/(loss) before tax	40.49	4.25	33.14	4.24	25.78	4.69
% Increase / (Decrease)	22.18%		28.53%		11.28%	
Provision for taxes on income:	19.94	2.09	13.04	1.67	8.31	1.51
% Increase / (Decrease)	-2.00%		55.36%		4.63%	
Net Profit /(Loss) after tax	20.56	2.16%	20.10	2.57%	17.47	3.18%
% Increase / (Decrease)	2.28%		15.04%		-15.95%	

Comparison of FY 2009 with FY 2008:
Capacity Utilisation

During the year under review production of layer kraft paper increased to 30057.89 tons as compared to 25323.46 tons during the previous financial year, reflecting an increase in annual capacity utilization from 54.81% to 65.06%. Similarly production of kraft paper increased to 11719.03 tons as compared to 8295.68 tons during the previous financial year, reflecting an increase in annual capacity utilization from 40.55% to 57.28%.

Total Income

Total Income for FY 2009 was Rs 953.7 Mn. as compared to Rs 782.2 Mn. in FY 2008 showing an increase of 21.9%. The increase in income is mainly attributed to increased revenue from layer kraft paper and kraft paper, which was primarily on account of increased realization and increase in demand.

During FY 2009 the Company sold 29,991 MT of layer kraft paper, recording a growth of 18% and 11,814 MT of kraft paper, recording a growth of 41%. During FY 2009 the realization increased by 9% to Rs 22,666 per MT of layer kraft paper and by 14% to Rs 19,822 per MT of kraft paper. This increase in realization can be attributed partially to improvement in quality and higher burst factor

Increase in income from kraft paper was offset by decrease in sales of particle board and steel ingot. Total particle board sales decreased to 856 MT in FY 2009 against 2015 MT in FY 2008 and for steel ingot sales decreased to 2,061 MT in FY 2009 against 5,532 MT in FY 2008.

The decrease in production of steel ingot was primarily due to recession in steel industry resulting in variation in prices.

Expenditure:

Manufacturing Expenses

Manufacturing expenses increased to Rs 157.5 Mn. in FY 2009 against Rs 79.7 Mn. in FY 2008, showing an increase of 97.7%. The increase in manufacturing expenses is attributable primarily to the increased costs of power & fuel. During FY 2009, scarcity of agro fuel increased the consumption of coal. Coal prices witnessed an increase in per unit cost averaging to Rs 4,199 per MT. in FY 2009 against Rs 2,161 per MT. in FY 2008. As a % of total income, manufacturing expenses was 16.5% in FY 2009 compared to 10.2% in FY 2008 .

Raw Materials Consumed

Cost of Raw Materials increased to Rs 582.9 Mn. in FY 2009 against Rs 557.9 Mn. in FY 2008. The increase in materials consumed is in line with the production increase of layer kraft paper and kraft paper. As a % of total income, raw materials costs decreased to 61.1% in FY 2009 as compared to 71.3% in FY 2008, which was due to lower production of steel ingot.

Personnel expenses

Personnel expenses increased to Rs 19.1 Mn. in FY 2009 as compared to Rs 12.5 Mn. in FY 2008, an increase of 51.9%. As a % of total income, Personnel expenses represented 2% of total income for FY 2009 and 1.6% of total income for FY 2008.

Other overheads

Other overheads which include selling, distribution & administrative expenses, increased to Rs 18.7 Mn. in FY 2009 against Rs 16.0 Mn. in FY 2008, an increase of 17%. As a % of total income, other overheads were consistent at 2% of total income in FY 2009 and FY 2008.

Profit before Depreciation, Interest and Taxes

PBDIT increased to Rs 175.6 Mn. in FY 2009 against Rs 116.2 Mn. in FY 2008, an increase of 51.1%. During FY 2009, the Company recorded PBDIT margin of 18.4% as compared to 14.9% of total income in FY 2008 on account of factor mentioned above.

Depreciation

Depreciation on fixed assets increased to Rs 42.5 Mn. in FY 2009 from Rs 33.8 Mn. in FY 2008, an increase of 25.8%. As a % of total income, depreciation expense increased to 4.5% in FY 2009 against 4.3% in FY 2008.

Interest and Financial Charges

Interest expense increased to Rs 92.6 Mn. in FY 2009 against Rs 49.3 Mn. in FY 2008, an increase of 87.9%. The increase is primarily due to interest on additional term loan and increase in working Capital loan. As a % of total income, interest expense increased to 9.7% in FY 2009 against 6.3% in FY 2008.

Profit after Tax

PAT increased to Rs 20.6 Mn. in FY 2009 from Rs 20.1 Mn. in FY 2008, an increase of 2.3%. The decrease in PAT margin is mainly due to a higher amount of deferred taxes (effective tax rate of 51% in FY 2009 compared to 40% in FY 2008). PAT margins decreased to 2.2% in FY 2009 against 2.6% in FY 2008.

Comparison of FY 2008 with FY 2007:

Capacity Utilisation

During the year under review production of layer kraft paper increased to 25323.46 tons as compared to 22019.16 tons during the previous financial year, reflecting an increase in annual capacity utilization from 47.66% to 54.81%. Similarly production of kraft paper increased to 8295.68 tons as compared to 2652.29 tons during the previous financial year, reflecting an increase in annual capacity utilization from 12.96% to 40.55%.

Total Income

Total Income increased to Rs 782.2 Mn. in FY 2008 as compared to Rs 550.1 Mn. in FY 2007, an increase of 42.2%. The increase in income is mainly attributed to increased revenue from layer kraft paper and kraft paper, which was primarily on account of increased realization and increase in demand.

During FY 2008 the Company sold 25702 MT. of layer kraft paper, recording a growth of 22.9% and 7915 MT. of kraft paper, recording a growth of 134.3%. During FY 2008 the realization increased by 4.3% to Rs 17,275/- per MT. of kraft paper.

Increase in turnover is due to higher sales of papers.

Expenditure

Manufacturing Expenses

Manufacturing expenses increased to Rs 70.1 Mn. in FY 2008 against Rs 70.0 Mn. in FY 2007, an increase of 13.7%. As a % of total income, manufacturing expenses decreased to 10.2% in FY 2008 as compared to 12.7% in FY 2007.

Raw Materials Consumed

Cost of Raw Materials increased to 557.9 Mn. in FY 2008 against Rs 377.4 Mn., an increase of 47.8%. The increase in materials consumed is in line with the production. As a % of total income, raw materials costs increased to 71.3% in FY 2008 against 68.6% in FY 2007.

Personnel expenses

Personnel expenses increased to Rs 12.6 Mn. in FY 2008 against Rs 10.6 Mn. in FY 2007, an increase of 19.0%. As a % of total income, Personnel expenses represented 1.6% in FY 2008 against 1.9% in FY 2007.

Other overheads

Other overheads which include selling, distribution & administrative expenses, increased to Rs 16.0 Mn. in FY 2008 against Rs 11.9 Mn. in FY 2007, an increase of 33.8%. As a % of total income, other overheads represented 2% of total income in FY 2008 against 2.2% in FY 2007.

Profit before Depreciation, Interest and Taxes

PBDIT increased to Rs 116.2 Mn. in FY 2008 against Rs 80.2 Mn. in FY 2007, an increase of 41.7%. During FY 2008, the Company recorded PBDIT margin of 14.9%, against 14.6% in FY 2007 on account of factor mentioned above.

Depreciation

Depreciation on fixed assets increased to Rs 33.8 Mn. in FY 2008 against Rs 19.5 Mn. in FY 2007, an increase of 72.8%. As a % of total income, depreciation expense increased to 4.3% in FY 2008 against 3.6% in FY 2007.

Interest and Financial Charges

Interest expense increased to Rs 49.3 Mn. in FY 2008 against Rs 34.9 Mn. in FY 2007, an increase of 41.4%. The increase is primarily due to interest on additional term loan and increase in working Capital loan. As a % of total income, interest expense remained at 6.3%.

Profit after Tax

PAT increased to Rs 20.1 Mn. in FY 2008 against Rs 17.5 Mn. in FY 2007, an increase of 15.0%. As a % of total income, PAT margin decreased to 2.6% in FY 2008 against 3.2% in FY 2007.

EFFECT OF RESTATEMENT

Our restated consolidated financial information for FY 2009, 2008, 2007, 2006 and 2005 has been presented in compliance with paragraph B(1) of Part II of Schedule II to the Companies Act, Indian GAAP and the SEBI (ICDR) Regulations, 2009. The effect of such restatement is that our financial statements included in this Draft Red Herring Prospectus have been restated to conform to methods used in preparing our latest financial statements, as well as to conform to any changes in accounting policies and estimates. The principal adjustments to our unconsolidated financial statements, including on account of changes in accounting policies and estimates, are described below:

Summary Statement of Adjustments

(Rs. in Mn.)

Particulars	For period ended November 30, 2009 8 Months	For the year ended		
		FY 2009 12 Months	FY 2008 12 Months	FY 2007 12 Months
		PAT (As per audited Balance Sheets)	72.05	19.23
On account of change in Policy for Valuation of Finished Stock	3.27	1.34	0.48	(3.06)
On account of change in Policy for recognition of Leave encashment	-	(0.01)	(0.01)	(0.01)
On account of prior period adjustments	0.09	-	-	(1.88)
On account of adjustment in	(0.56)	(0.15)	(0.05)	0.34

Provision for Current Taxation				
On account of adjustment in MAT Credit entitlement	0.56	0.15	0.05	(0.34)
Profit / (Loss) after tax as restated (after extraordinary item)	75.41	20.56	20.10	17.47

Adjustments on account of changes in accounting policy

Company was earlier following policy of valuation of closing finished goods at selling price. But in view of Accounting Standard - 2, Company changed its policy and is now following the policy of valuation of closing finished goods at Cost or Net Realisable value -whichever is less. For the purposes of these Restated Summary Statements, the revised policy has been applied retrospectively from the financial year 2004-05.

Our company was earlier not recognizing Leave Encashment. But in view of Accounting Standard - 15, our company changed its policy and is now recognizing the same on accrual basis. For the purposes of these Restated Summary Statements, the revised policy has been applied retrospectively from FY 2005.

Tax impact on adjustments

The tax impact of the above mentioned adjustments on restatement has been provided at the tax rate applicable for the respective year to which it relates.

Liquidity and Capital Resources

Historically, our primary liquidity requirements have been to finance our working capital needs and our capital expenditure. To fund these costs, we have relied on cash flows from operations and short-term and long-term borrowings.

Cash Flows

The table below summarises our cash flows for the eight months ended November 30, 2009 and FY 2009, FY 2008, FY 2007 and FY 2006. Figures in brackets represent cash outflow.

(Rs.in Mn.)

Particulars	For eight month period ended November 30, 2009	Years ended March 31,		
		2009	2008	2007
Net cash from/ (used in) operating activities (A)	42.42	162.67	26.34	(48.73)
Net cash from/(used in) investing activities (B)	23.20	(25.07)	(120.43)	(375.77)
Net cash from/(used in) Financing activities (C)	(54.85)	(138.34)	100.78	426.30
Net increase/ (decrease) in cash & cash equivalents (A + B + C)	10.77	(0.75)	6.70	1.81

Net cash from/ (used in) operating activities

Our main source of cash flows is funds from operations. Changes in our funds from operations are primarily determined by changes in the prices we receive for our products and our production volumes. For the eight months ended November 30, 2009, our net cash flows from operating activities were Rs. 42.4 Mn. primarily due to cash generated from operations before working capital changes of Rs. 169.2 Mn., cash used in other current assets of Rs.

102.5 Mn., current liabilities and provisions of Rs.24.5 Mn., trade & other receivables of Rs. 18.9 Mn., inventories of Rs. 33.4 Mn. and tax paid of Rs. 14.3 Mn..

Net cash flows from operating activities increased to Rs. 162.7 Mn. in FY 2009 from Rs. 26.3 Mn. in FY 2008. This was primarily due to increase in cash generated from operations before working capital changes, a decrease in working capital and trade & other receivables.

Our net cash from operating activities was Rs. 26.3 Mn. in FY 2008, as compared to net cash used in operating activities of Rs. 48.7 Mn. in FY 2007. This was primarily due to increase in cash generated from operations before working capital changes, an increase in working capital and trade & other receivables.

Our net cash used in operating activities was Rs. 70.6 Mn. in FY 2006 primarily due to cash generated from operations before working capital changes of Rs. 48.7 Mn., cash used in other current assets of Rs. 29.7 Mn., current liabilities and provisions of Rs.16.4 Mn., trade & other receivables of Rs. 40.2 Mn., inventories of Rs. 63.8 Mn. and tax paid of Rs. 2.0 Mn.

Net cash from/(used in) investing activities

The cash flow from or used in investment activities represents sale/ purchase of fixed assets, sale/ purchase of investments and interest and dividends received.

For the eight months ended November 30, 2009, net cash from investing activities was Rs. 23.2 Mn. primarily due to sale of fixed assets.

Our net cash flow used in investing activities decreased to Rs. 25.1 Mn. in FY 2009 against Rs. 120.4 Mn. in FY 2008. This decrease was primarily due to decrease in purchase of fixed assets and sale of investments.

Our net cash flow used in investing activities decreased to Rs. 120.4 Mn. in FY 2008, from Rs. 375.8 Mn. in FY 2007. This decrease was primarily due to decrease in purchase of fixed assets and investments.

Net cash from/(used in) Financing activities

Cash from or used in financing activities is determined primarily by the issuance of share capital or application money, level of borrowings, the scheduled principal and interest payments of borrowings, and payment of dividends.

For the eight months ended November 30, 2009, we utilised net cash of Rs. 54.9 Mn. in financing activities. This was primarily due to repayment of borrowings and interests which were partly offset by issuance of share capital/ application money and proceeds of borrowings.

Our net cash used in financing activities was Rs. 138.3 Mn. in FY 2009 as compared to net cash from financing activities of Rs. 100.8 Mn. in FY 2008. This was primarily due to increase in repayment of borrowings and interests.

Our net cash from financing activities decreased to Rs. 100.8 Mn. in FY 2008 from Rs. 426.3 Mn. in FY 2007. This decrease was primarily due to decrease in proceeds from borrowings and issuance of shares/ application money.

Contingent Liabilities and other Off-Balance Sheet Arrangements

We had contingent liabilities in the following amounts, as disclosed in our audited financial statements:

(Rs.in Mn..)

Particulars	November 30, 2009
Guarantees given by the Banker of behalf of the Company	6.97
Letter of Credit for imports	44.76

Liabilities disputed - Appeals filed with respect to:	
– Sales Tax	1.34
– Factory Act	0.13
– Central Excise	0.35
Total	53.56

Transactions with Associates and Related Parties

From time to time, we enter into transactions with companies which are controlled by members of our Promoter Group and other related parties in the ordinary course of our business. For details regarding our related party transactions, see Annexure XIV of “Auditor’s Report” on page 119 of this DRHP.

Quantitative and Qualitative Disclosure about Market Risk

We are exposed to market risks associated with commodity prices and interest rates. The commodity price risk exposure results from market fluctuations in the selling price of kraft paper and steel ingots and in purchase price and transportation costs of other commodities including, fuel. We are exposed to various types of market risks in the normal course of business. For instance, we are exposed to market interest rates and exchange rate movements on the imported components of waste papers. The following discussion and analysis, which constitute “forward-looking statements” summarizes our exposure to various market risks.

Foreign Currency Exchange Rate Risk

Our Company is exposed to foreign exchange rate risk on account of import of waste paper

Credit Risk

In our business, we currently derive most of our operating revenue from sale of our products on credit and are subject to risk for non-payment.

Interest Rate Risk

Our net profit is affected by changes in interest rates which impact interest expense.

Commodity Risk

We are subject to variations in the market price of fuel and raw materials.

Significant Developments after November 30, 2009 that may affect our future Results of Operations

There is no significant development which is likely to adversely affect our future results of operations

Unusual or Infrequent Events or Transactions

Other than as described in this Draft Red Herring Prospectus, particularly in the sections “***Risk Factors***” and “***Our Business***” on page 11 and 75, respectively of this Draft Red Herring Prospectus, to our knowledge, there have been no events or transactions that may be described as “unusual” or “infrequent”.

Significant economic changes that materially affected or are likely to affect income from continuing operations.

Except as described in the section titled “***Industry Overview***” on page 67, to our knowledge, there are no significant economic changes that materially affected or are likely to affect our income from continuing operations.

Known Trends or Uncertainties

Other than as described in this Draft Red Herring Prospectus, particularly in the sections “*Risk Factor*”s and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on page 11 and 149, respectively, of this Draft Red Herring Prospectus, to our knowledge, there are no trends or uncertainties that have or had or are expected to have a material adverse impact on our income from continuing operations.

Future Relationship between Costs and Income

Other than as described in the sections Risk Factors and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on pages 11 and 149, respectively of this DRHP, to our knowledge, there are no known factors which will have a material adverse impact on our operations and finances.

Seasonality of Business

There is no seasonality in our business.

Significant Dependence on a Single or Few Customers

The % of contribution of our top 3, top 5, top 10 Company’s customers vis-à-vis the income, for the 8 months period ended November 30, 2009 is as follows:

Particulars	For eight monhs ended November 30, 2009
Top 3 customer	47%
Top 5 customer	54%
Top 10 customers	66%

Competitive Conditions

We face competition from both existing and potential competitors. For further details regarding our competitive conditions an, see the sections“*Our Business*” beginning on pages 75 of this DRHP.

SECTION VIII – LEGAL AND OTHER REGULATORY INFORMATION

OUTSTANDING LITIGATIONS, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES

Except as stated herein, there are no outstanding or pending litigation, suits, civil prosecution, criminal proceedings or tax liabilities against our Company, our Directors, our Promoters and persons forming part of Promoter Group and there are no defaults, non-payment of statutory dues, over dues to banks and financial institutions, defaults against bank and financial institutions and there are no outstanding debentures, bonds, fixed deposits or preference shares issued by our Company; no default in creation of full security as per the terms of the issue, no proceedings initiated for economic or other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part I of Schedule XIII of the Companies Act, 1956), and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, our Promoters, our Directors or Group Companies.

Further, as stated below, there are no show-cause notices / claims served on our Company, our Promoters, our Directors or Promoter Group from any statutory authority / revenue authority that would have a material adverse affect on our business. Neither our Company nor its Promoters, members of the Promoter Group, associates and Directors have been declared as willful defaulters by the RBI or any other Governmental authority and except as disclosed in this section in relation to litigation, there are no violations of securities laws committed by them in the past or pending against them.

This chapter has been divided into five parts:

- I. Litigation involving our Company
- II. Litigation involving our Directors and Promoters
- III. Litigation involving our Promoter Group Entities
- IV. Penalties imposed in past cases for the last five years
- V. Amounts owed to small scale undertakings

A. Litigation involving our Company

I) Cases filed by our Company

EXCISE & TAX CASES

1. U.P Excise and Central Excise Litigations -

Our Company vs. U.P Commissioner Commercial Tax, Moradabad (Assessment Year 2002-03).

Aggrieved by the assessment order imposing a liability of Rs. 4,44,160/- as State Trade Tax and Rs. 8,31,045/- as Central Sales Tax, our Company preferred an appeal. First Appellate authority vide its order dated 27.12.2008, granted the relief of Rs. 1,93,880/- as State Trade Tax and Rs. 3,22,000/- as Central Sales Tax and the total liability, after 1st relief was Rs. 7,59,325/-. The Company preferred 2nd appeal to appellate tribunal against the order of appellate authority. Vide order dated 20.01.2010 the Appellate tribunal granted further relief of Rs. 1,89,125/- as a State Trade Tax and Rs. 3,28,265/- as a Central Sales Tax. After this relief an amount of Rs. 2,41,935/- is payable towards Central Sales Tax and State Trade Tax, against which the company has not preferred any appeal.

Current Status

The company had deposited an amount of Rs. 9,53,435/- at the time of making the appeals. If the department does not appeal against the relief granted the company is entitled to a refund of Rs. 7,11,500/-. If the department appeals against the relief granted and also getting the order in their favour the company is entitled to a refund of Rs. 1,94,110/-.

Financial implication on the Issuer of IPO

None

2. **Our Company. vs. Commissioner Commercial Tax. (Assessment Year 2004-05)**

The assessing officer passed an order imposing final tax liability as Rs. 46,09,913/- as State Trade Tax, Rs. 13,26,490/- as Central Sales Tax and Rs. 3,31,378/- as U.P. Entry Tax. This order was revised in 2007 to Rs. 49,48,825/- as State Trade Tax, Rs. 3,62,867/- as Central Sales Tax and Rs. 2,65,174/- as U.P. Entry Tax. On an appeal by the company the Appellate Authority granted relief of Rs. 29,38,254/- as State Trade Tax, Rs. 2,02,493/- as Central Sales Tax and Rs. 1,03,122/- as U.P. Entry Tax. After this relief the tax liability was Rs. 23,32,997/-. Our Company paid Rs. 5,60,032/- under protest and filed a 2nd appeal in Appellate Tribunal disputing an amount of Rs. 23,17,097/-.

<i>Current Status</i>	Appeal is pending
<i>Financial implication on the Issuer of IPO</i>	If the orders are adverse, the company may be liable to pay an amount of Rs. 17,57,065/- with interest.
<i>Provision made in the Financial Statement</i>	The Financial implication with respect to disputed tax liabilities are classified as Contingent liabilities, which are not provided for, in the Balance sheet of the Company but are disclosed in consolidated form in the "Notes forming parts of the Accounts"

3. **Our Company vs. Commissioner of Central Excise, Meerut-I & Others.** (Before Hon'ble Customs, Excise & Service tax Appellate tribunal, Delhi)

Against the assessment orders of the Asst. Commissioner holding that the Appellant has evaded the payment of Central Excise duty, imposing a demand of Rs. 4,09,266 on the shortage, and the appropriation of an amount of Rs. 4,08,250/- availed by the Appellant as CENVAT and demanding recovery of balance amount of Rs. 1,016/- with interest and a penalty of Rs. 1,00,000/-, the company preferred an appeal before Commissioner Central Excise (Appeals), Meerut-II. The 1st Appellate Authority upheld the contention of the Department, and stay has been granted against the payment of penalty of Rs. 1,00,000/-.

<i>Current Status</i>	Appeal is pending
<i>Financial implication on the Issuer of IPO</i>	If the orders are adverse, the Appellant may have to pay Rs. 1,01,016/- as penalty along with interest.
<i>Provision made in the Financial Statement</i>	The Financial implication with respect to disputed tax liabilities are classified as Contingent liabilities, which are not provided for, in the Balance sheet of the Company but are disclosed in consolidated form in the "Notes forming parts of the Accounts".

4. **Our Company. v. Commissioner Commercial Tax. (Assessment Year 2005-06)**

The assessing officer passed an order Aggrieved imposing final tax liability as Rs. 3,39,167/- as State Trade Tax, Rs.3,91,707/- as Central Sales Tax and Rs. 4,23,582/- as U.P. Entry Tax. This order was revised in 2009 to Rs. 3,13,780/- as State Trade Tax, Rs. 2,28,880/- as Central Sales Tax and Rs. 33145/- as U.P. Entry Tax. On an appeal by the company the Appellate Authority granted relief of Rs. 3,00,000/- as State Trade Tax and Rs. 2,05,342/- as Central Sales Tax. After this relief the tax liability was Rs. 2,33,290/-. The company paid Rs. 72,403/- under protest and filed a 2nd appeal in Appellate Tribunal disputing an amount of Rs. 73,810/-.

<i>Current Status</i>	Appeal is pending
<i>Financial implication on the Issuer of IPO</i>	If the orders are adverse, the company may be liable to pay an amount of Rs. 73,810/- with interest.
<i>Provision made in the Financial Statement</i>	The Financial implication with respect to disputed tax liabilities are classified as Contingent liabilities, which are not provided for, in the Balance sheet of the Company but are disclosed in consolidated form in the "Notes forming parts of the Accounts".

5. Our Company. v. Joint Commissioner (Appeal) Moradabad. (Assessment Year 2006-07).

For the Assessment year 2006-07 our Company paid an amount of Rs. 69,14,436/- as Central Sales Tax. As per the final assessment order dated March 28, 2009 the Company was held liable to pay Rs. 74,99,639/- as Central Sales Tax and demanded an amount of Rs. 5,85,203/- along with interest (from 01/06/2006 till payment) from the Company, which the company has disputed.

For the Assessment year 2006-07 our Company paid an amount of Rs. 26,92,864/- as State Trade Tax. As per the final assessment order dated March 28, 2009 the Company was held liable to pay Rs. 40,42,898/- as State Trade Tax and demanded an amount of Rs. 13,50,034/- along with interest (from 01/06/2006 till payment) from the Company, which the company has disputed.

For the Assessment year 2006-07 our Company paid an amount of Rs. 6,71,175/- as Entry Tax. As per the final assessment order dated March 28, 2009 the Company was held liable to pay Rs. 8,81,290/- as Entry Tax and demanded an amount of Rs. 2,10,115/- along with interest (from 01/06/2006 till payment) from the Company, which the company has disputed.

<i>Current Status</i>	Appeal is pending
<i>Financial implication on the Issuer of IPO</i>	If the orders are adverse, the Appellant may have to pay the balance amount of Rs. 5,85,203/- with interest as Central Sales Tax, Rs. 13,50,034/- with interest as State Trade Tax and Rs. 2,10,115/- with interest as Entry Tax.
<i>Provision made in the Financial Statement</i>	The Financial implication with respect to disputed tax liabilities are classified as Contingent liabilities, which are not provided for, in the Balance sheet of the Company but are disclosed in consolidated form in the "Notes forming parts of the Accounts".

II) Cases filed against our Company

LABOUR CASES

1. Case No. 36/2003 - Rishipal Singh v/s Kailash Paper Mills Ltd (Now known as "Genus Paper Products Ltd.)

The Company terminated services of one Mr. Rishi Pal for cause and paid him Rs. 6316/- as full and final settlement, which was refused and an industrial dispute initiated. Not satisfied with the conciliation proceedings held before the Deputy Labour Commissioner, Moradabad, Mr. Rishipal filed the present petition with Presiding Officer, Labour Court, Rampur. He has prayed for orders of reinstatement along with the complete past wages, other employment benefits and cost of litigation. The Company has filed its reply and the matter is pending.

<i>Current Status</i>	Matter is pending
<i>Financial implication on the Issuer of IPO</i>	If the orders are adverse, the Company (<i>subject to appeal and outcome thereof</i>) may have to reinstate him along with past wages and all the other employment benefits along with the cost of the litigation.
<i>Provision made in the Financial Statement</i>	None

2. C.P Case No.2005 - Munish Kumar v/s . M/s. Kailash Paper Mills before Presiding Officer, Labour Court, Rampur.

The Applicant was removed from service w.e.f 23/02/2005 on the ground of commission of theft in the factory on 22/02/2005. The Applicant raised an Industrial Dispute before the Deputy Labour Commissioner, Moradabad. The conciliation proceedings failed and the matter was referred to Labour Court, Rampur praying inter alia for reinstatement along with back wages and other costs. The Company

has disputed the claim and contends that the Applicant is not a workman as he was working under contract for service and therefore cannot raise an Industrial Dispute

<i>Current Status</i>	Matter is pending
<i>Financial implication on the Issuer of IPO</i>	If the orders are adverse, then (subject to appeal and outcome thereof) the Company may have to reinstate the Applicant with back wages and benefits.
<i>Provision made in the Financial Statement</i>	None

3. State of U.P through D.G.C. CrI. Moradabad .v. Himanshu Agarwal & Others, Cr. Revision No. 16/2007 and Misc. No. 16/2007, before District and Session Judge Moradabad.

Criminal Complaint- 10757/2005 under Sec. 92 of the Factories Act before Chief Judicial Magistrate, against Mr. Himanshu Agarwal Occupier of the company and Mr. S.P. Sinha, Manager filed by Asst. Director of Factory alleging contravention of provisions of Chapter IV "Safety" sec 32(c) of the Factory Act resulting in the death of an employee, Masoom Ali. The Learned Chief Judicial Magistrate has held both the accused guilty and accordingly punished them with fine amounting to Rs. 10,000/- each. Aggrieved by the order, the State filed the present revision petition, alleging that under section 92 of the Factories Act the minimum prescribed fine for accidental death shall not be less than Rs. 25,000/- and therefore seeks for enhancement of penalty to Rs. 25,000/- for each of the accused. Since the State's petition was beyond the time prescribed for filing of appeals, they have prayed for condonation of delay.

The Company has contended that the delay of 122 days in filing the present revision petition cannot be condoned, that no revision or appeal is maintainable against the impugned order since it is passed by Lok Adalat, under section 92 of the Factories Act there is a distinction between fine and punishment and hence the order of the Hon'ble Court was in accordance with law, and therefore the revision is not maintainable.

<i>Current Status</i>	Matter is pending
<i>Financial implication on the Issuer of IPO</i>	If the State succeeds in the matter then the Director Mr. Himanshu Agarwal and S.P Sinha will have to each pay Rs.25,000/- along with other benefits to next of the kin of the deceased
<i>Provision made in the Financial Statement</i>	None

B. Litigation involving our Promoters and Directors

Criminal Case against a Wholetime Director of the Company

Himanshu Agarwal v/s State Before the Judicial Magistrate, Moradabad.
Case No. 3775 of 2005, Crime No. 510 of 2005, Section No. 323/504

On 23 February 2005 Mr. Munish Kumar, temporarily employed to work as a DG operator of the Company at its manufacturing plant at Agwanpur, Moradabad, lodged a FIR with Aghwanpur police station alleging use of abusive language against him and beating by Mr. Himanshu Agarwal and his driver Mr. Bachi Singh resulting in serious injuries on his body. On 30 March 2005 a charge sheet was issued against Mr. Himanshu Agarwal and entered in the court of the Judicial Magistrate, Moradabad and when despite several notices issued to him he failed to present himself before court, a non bailable warrant was issued against him on 11th September 2006.

The Company understands that the FIR filed by the temporary employee was in retaliation to him being suspended from services on account of suspicion of theft of DG set parts. The Director concerned has attempted to settle the matter with the complainant. The chargesheet is still pending

C. Litigation involving our Promoter Group Companies

I. Proceedings initiated by our Group Companies

Genus Power Infrastructures Ltd. (“GPIL”)

Sr. no.	Date /Appeal no./Case no Details of court	Petitioners / applicants Defendant / respondent	Brief description of the case	Amount under consideration(Rs. in Mn.)	Current Status
Income Tax Cases					
1.	07/07/2009 518 JP/2009 Hon’ble ITAT –Jaipur Bench	GPIL v/s. Assistant Commissioner of Income TAX	Income tax due on account of disallowance of expenses of Rs. 911 lakhs paid as commission & brokeage	39.80	Pending for Order
Rajasthan Sales Tax Litigations					
2.	4069/05/JPR 3//4069/05/JP R Hon’ble Rajasthan Tax Board, Ajmer.	GPIL v/s. In charge, Check Post, Document Collection Centre, Commercial Taxes, Tavru Road, Bhiwadi.	Show cause notice u/s 78(5) of Rajasthan Sales Tax Act levying penalty for consigning goods worth Rs. 5.77 lakhs without Road Permit Form 18A The Department has filed an appeal against the order passed in favour of the company by Dy. Commissioner Commercial Taxes (Appeal-II), Jaipur	0.17	Next Hearing scheduled for 16/04/2010
3.	Dy. Commissioner Appeal-IV, Jaipur	GPIL v/s. Incharge Flying Squad-VI, Jaipur	Show Cause Notice alleging that the goods worth Rs. 2.76 lakhs were consigned without Road Permit Form VAT-47	0.08	Next hearing scheduled for 15/04/2010
4.	09.10.2009 119/A-IV/09-10/1251 117/A-IV/09-10/1254 Dy. Commissioner (Appeal-IV), Jaipur	GPIL v/s. Asstt. Commissioner Commercial Taxes, Circle SPL-IV, Jaipur	For AY 2004-05 -Additional demand u/s 30 of Rajasthan Sales Tax Act, 1994 by Asstt. Commissioner Commercial Taxes, Circle SPL-IV, Jaipur	1.43	GPIL has deposited 10% of the demanded amount and appealed for stay, which has been granted Injunction granted continuing
5.	09.10.2009 118/A-IV/09-10/1257 120/A-IV/09-10/1260	GPIL v/s. Asstt. Commissioner	For AY 2005-06 -Additional demand u/s 30 of Rajasthan Sales Tax Act, 1994 by Asstt. Commissioner Commercial Taxes, Circle SPL-IV, Jaipur	3.26	GPIL has deposited 10% of the demanded amount and

	Dy. Commissioner (Appeal-IV), Jaipur	Commercial Taxes, Circle SPL-IV, Jaipur			appealed for stay, which has been granted Injunction granted continuing
Uttar Pradesh Sales Tax Litigations					
6.	419/2009/2005-06 Tribunal	GPIL v/s. Dy. Commissioner Commercial Tax, Division -9, Moradabad	For FY 2005-06 –Demand by Dy. Commissioner in respect of short payment and collection of tax from sale of inverter	2.12	Appeal for stay by the company has been granted Injunction granted continuing
Cases under Negotiable Instruments Act, 1881					
7.	05.09.2003 Additional Civil & Judicial Magistrate (Junior Division)-16, Jaipur	GPIL v/s. Manoj K. Singh, Proprietor of M/s. Raj Enterprises, Guwahati	Dishonor of two cheques of amounted to Rs. 25000	0.05 +other costs	Next date of hearing is 06.07.2010
8.	06.05.2006 485 of 2006 Additional Civil & Judicial Magistrate (Junior Division)-16, Jaipur	GPIL v/s. Parakh Gupta, Director of M/s. Yog System (India) Limited	Dishonor of cheque of amounted to Rs. 2 lakhs	0.02 + other costs	Matter is pending
9.	25.07.2003 Additional Civil & Judicial Magistrate (Junior Division)-16, Jaipur	GPIL v/s. Manoj K. Singh, Proprietor of M/s. Raj Enterprises, Guwahati	Dishonor of three cheques amounted to Rs. 25000 and two amounted to Rs. 40000	0.16 + other costs	Next date of hearing is 06.07.2010
Civil Cases					
10.	17.08.2006 17 of 2006 Hon'ble State Consumer Dispute Redressal Commission	GPIL v/s. Central Bank of India	Refund of commission, interest and other charges, excessively charged by Central Bank of India	2.51	Matter is pending
11.	09.01.2008 22 of 2008	GPIL v/s.	GPIL lodged FIR against the J.R. Chauhan, (head of department of	Not mentioned	Pending for hearing

	Additional Civil & Judicial Magistrate (Junior Division)-Sanganer	Jagdeep Ravindra Chauhan	HIP division) under section 420, 406 and 381 of Indian Penal Code for stealing and selling of inverters		
12.	155 of 2005 Hon'ble High Court of Rajasthan, Jaipur	GPIL v/s. State of Rajasthan & Others (RSEB)	JVVNL refused to accept the energy meters supplied by the GPIL, on an appeal filed by the GPIL, the High court passed an interim order on 19.04.2006 directing JVVNL to accept 45000 meters @ of Rs. 254 per meters The company had also sort additional compensation	3.20	Final order pending

Genus Electrotech Limited (“GEL”)

Sr. no.	Date /Appeal no. /Case no Details of court	Petitioners / applicants Defendant / respondent	Brief description of the case	Amount under consideration	Current Status
1	30.9.2009 District Court, Pacnkula	Uttar Haryana Bijli Vitran Nigam Ltd., (UHBVNL) v/s. GEL	The Company has filed a case against an order dated 1/7/2009 of arbitrator and against the UHBVNL, in respect of wrongful encashment of bank guarantee in the matter of supply of 3500 kms ACSR Rabbit conductor amounting to Rs. 7.94 crs	Rs. 34.5 Mn. + value of Bank Guarantee of Rs. 7.95 Mn.	Matter is Pending

II. Proceedings initiated against our Group Companies

Genus Power Infrastructures Ltd. (“GPIL”)

Sr. no.	Date /Appeal no. /Case no Details of court	Petitioners / applicants Defendant / respondent	Brief description of the case	Amount under consideration (Rs. in Mn.)	Current Status
Income Tax Cases					
1.	30/03/2005 327/2005 Hon'ble Rajasthan High court, Jaipur Bench	Commissioner of Income Tax v/s. GPIL	For AY 2001-02 Income tax due on account of disallowance of expenses of Rs. 456 lakhs by AO. On appeal against CIT, ITAT has allowed Rs. 43.1 million and disallowed Rs. 2.5 million. CIT has appealed against this Order of ITAT	17.4	Appeal pending
Cenvat Credit (Excise) Litigation					
2.	Commission	Dy. Commissioner of	Order Dt. 28.10.09 received from	0.2	Matter is

	er (Appeals) -I Custom & Central Excise – Jaipur	the central Excise V/s GPIL	Dy. Commissioner of the central Excise Vide v(90)53/dem/04/7602 -Cenvat credit of Rs. 0.2 mn has been taken by Genus on fake invoices of PVC compound.		pending
3.	29.12.09 V(H)ST/Adj -I/61/08/361	Commissioner of the central Excise Vs GPIL	The Excise department alleged that GPIL has wrongly availed input service tax credit amounting to Rs. 13.3 mn	13.3	Matter is pending
4.	15.01.10 C.No.V(90) 69/DEM/09/ 357 Commission er (Appeals)-I	Dy. Commissioner Custom & Central Excise Vs GPIL	The Excise department alleged that the company has taken credit of Rs. 0.11mn without having proper duty paying document prescribed for the purpose	0.11	Matter is pending
5.	jpr- i/jp/ce/64/III /2007 CESTAT	GPIL vs. Commissioner (Appeals)-I Custom & central Excise	The Excise department alleged that Printed Circuit Boards were cleared without payment of duty for Job work	0.04	Matter is pending
6.	11/08/2009 04/2009 State commission er	GPIL Vs M/s Bajaj Allianz General Insurance	The service provider denied payment of the claim of loss of Meters.	9.95	Matter is pending
7.	11/08/2009 629/2009 District commission er	GPIL Vs M/s Bajaj Allianz General Insurance	The service provider denied payment of the claim of loss of Meters.	0.33	Next date of hearing 10-05-10
8.	11/08/2009 630/2009 District commission er	GPIL Vs M/s Bajaj Allianz General Insurance	The service provider denied payment of the claim of loss of Meters.	1.9	Next date of hearing 10-05-10
9.	17.07 2007 CS(OS) 993 /2007 Delhi High Court	Su-Kam Power Systems Ltd. Vs. GPIL	Applicant is seeking an order of permanent injunction against GPIL restraining it from publishing and distributing the false claim to be “India’s largest selling Sinewave Inverter” in the market	1.00	Next date of hearing 25.03.2010
10.	27.02.2007 9189 of 2007 Court of Judicature for Rajasthan, Jaipur Bench	Ram Babu Sharma Vs. GPIL	Dispute on termination of services on 11/02/2000. After failure of conciliation proceeding, the applicant filed a civil writ petition seeking prayers to refer the case to the competent Labour Court for adjudication	Not ascertainable	Matter is pending
11.	20.03.2004	Gopal Lal Sharma	Dispute on termination of	Not	Next date

	314/2004 Labour Court I st , Jaipur	Vs. GPIL	services. After failure of conciliation proceeding, the applicant filed a case seeking orders of reinstatement along with all back wages, cost of litigation.	ascertainable	of hearing 23.03.2010
12.	278 of 2001 Labour Court I st , Jaipur	Kishan Singh Vs GPIL	Dispute on termination of services. After failure of conciliation proceeding, the applicant filed a case seeking orders of reinstatement along with all back wages, cost of litigation.	Not ascertainable	Matter is pending
13.	13.04.2004 251 of 2004 Labour Court I st , Jaipur	Dinesh Singh Vs. GPIL	Dispute on termination of services. After failure of conciliation proceeding, the applicant filed a case seeking orders of reinstatement along with all back wages, cost of litigation.	Not ascertainable	Next date of hearing 22.03.10
14.	28.01.2008 3 of 2008 Labour Officer-III, Labour Court, Hyderabad	Durga Prasad Patnaik Vs. GPIL	Applicant resigned from his service of GPIL w.e.f. 06.10.2007 and demanding of legal dues including all back wages, employee benefit from 01.06.2007, the date from which applicant is absent form service.	0.34	Matter is pending
15.	04.08.2007 561 of 2008 Additional Chief Judicial Magistrate- Civil (Sr. Division)-9, Jaipur	Hythro Engineers Pvt. Ltd Vs GPIL	Dishonor of cheque case filed u/s. 138 of Negotiable Instruments Act	9. 9	Matter is pending
16.	30.04.2008 3 of 2008 Additional Chief Judicial Magistrate- Civil (Sr. Division)-4- Gaya	Ramashish Singh (Lesser) Vs. GPIL(Lessee of premises) MD of GPIL Vs. Regional Manager, The Oriental Insurance Company Ltd. (insurance Company) and other	Applicant filed for a decree of Rs. 1145739 to be passed in favour of the applicant and restrain the insurance company from making payment of assured amount to GPIL on account for fire incident occurred on the premises leased to GPIL	1.15	Matter is pending
17.	314 of 2006 Chief Judicial Magistrate, Jaipur	State (Additional Chief Inspector, Factory and Boilers, Jaipur) Vs. GPIL	Applicant filed a case against GPIL alleging missing of fire safety equipment in the factory premises	Not ascertainable	Matter is pending
18.	25.03.2008 104 of 2008 District Consumer Disputes Redressal	Sushil Kumar Vs. M/s. Banarasi Das & Sons (a dealer of GPIL's Inverters) and	The applicant not satisfied with performance of GPIL inverters after few months of its purchase from Banarasi Das & Sons complained of deficiency in service and unfair trade practice	.08 + interest @ 18% p.a	Matter is pending

	Forum, Kurukshetra	GPIL	and has sought replacement of the inverter and also cost of acquiring new battery and costs		
19.	Case no. 34 of 2009 Labour Court-1 st , Jaipur	Vijay Singh Vs GPIL	The applicant was dismissed form GPIL on grounds of being absent from duty without information / approval.	Not ascertainable	Pending for hearing 08.04.10
20.	Case no. 33 of 2009 Workmen Compensati on Court-Jaipur	Smt. Sarmina (W/oMr. Fharukh Khan) Vs. GPIL	Applicant's husband died due to electric shock, during installation of an electricity line for GPIL.	1.00 s + interest @ 24% p.a	Pending for hearing 23.03.10
21.	15.10.2009 286 of 2009 Additional Chief Judicial Magistrate-Civil (Sr. Division), Hardoi	Anil Sinha (Proprietor of M/s. Technocrates & Associates) Vs GPIL	Applicant dues were not paid on account of not carrying the work as per the contract	0.35	Pending for hearing 07.04.10
22.	15.12.2009 68 of 2009 District Legal Service, District	Kalu Ram v/s. GPIL	Applicant filed an case against GPIL, alleging them for not installing electricity meter in his house and due to this fault of company, he received the notice from Electricity Department	0.02 + other costs	Pending for hearing

D. Penalties imposed in past cases in the last five years

There are no penalties levied on our Company, its Promoters, Directors or persons forming part of our Promoter Group.

E. Pending dues of Small Scale Undertakings:

Our Company does not have any dues exceeding Rs.0.1 Mn. outstanding for more than 30 days as on March 31, 2009 to any small-scale industrial undertaking(s).

Material developments occurring after the last Balance Sheet Date

There have been no material developments after the date of the last balance sheet.

Adverse Events

There has been no adverse event affecting the operations of our Company, occurring within one year prior to the date of filing of the Draft Red Herring Prospectus .

GOVERNMENT AND OTHER APPROVALS

We have received the necessary consents, licenses, permissions and approvals from the Government and various governmental agencies required for our present business and except as mentioned below, no further material approvals are required for carrying on our present business operations.

Unless otherwise stated, these approvals are all valid as of the date of this Draft Red Herring Prospectus. The main objects clause of the Memorandum of Association and objects incidental to the main objects enable our Company to undertake its existing business activities.

APPROVALS FOR THE ISSUE

Corporate Approvals

Our Board of Directors has, pursuant to resolution passed at its meeting held on February 01, 2010 authorized the Issue, subject to the approval by the shareholders of our Company under Section 81(1A) of the Companies Act.

Our shareholders have, pursuant to a resolution dated February 26, 2010 under section 81(1A) of the Companies Act, authorized the Issue.

Approvals from Stock Exchanges

In-principle approval from the NSE dated [●].

In-principle approval from the BSE dated [●].

BUSINESS APPROVALS

IEM Registrations

The products which are manufactured by the Company are falling under exempted category of Industrial Licensing and hence no licenses are required to be obtained from the Government w.e.f 24.7.1991. The following IEM's have been obtained from the Secretariat of Industrial Approvals –

Approval No :	for Proposed Item of Manufacture	Date of Approval	Validity
73/SIA/IMO/2008	Kraft Paper	11.01.2008	Valid till date
525/SIA/IMO/2003	Kraft Paper & Paper Board	24.02.2003	Valid till date
2795/SIA/TMO/2003	MS Ingots	30.09.2003	Valid till date

Licenses / registrations obtained by the Company:

We require various approvals to carry on our business. Some of the our business related approvals may expire in ordinary course of business and application for renewal of these approvals are submitted in compliance with applicable law. Our company has received following approvals:

Act/ Statute	License/ Registration	Date obtained
Companies Act, 1956	Fresh Certificate of Incorporation issued by ROC, Kanpur in the name of M/s GENUS PAPER PRODUCTS LTD.,	06.07.2006
Contract Labour Regulation and Abolition Act, 1970	Registration No. 15/2008	04.09.2008
Secretariat For Industrial Assistance, Ministry of Commerce and Industry, GoI.	Approval No. 73/SIA/IMO/2008-for Proposed Item of Manufacture-KRAFT PAPER	11.01.2008

Secretariat For Industrial Assistance, Ministry of Commerce and Industry, GoI.	Approval No, 525/SIA/IMO/2003 –for Proposed Item of Manufacture- Kraft Paper and Manufacture of Paper Board and Press Bahn Road	24.02.2003
Secretariat For Industrial Assistance, Ministry of Commerce and Industry, GoI.	Approval No. -2795/SIA/TMO/2003 for proposed Item of Manufacture-MS INGOT	30.09.2003
Employee's Provident Fund Organization	EPF No: 24254/EPF/BLY./UP/7061	14.03.2002
Petroleum and Explosives Safety Organisation (PESO), Ministry Commerce	Letter bearing Ref No. : P/HQ/UP/15/683(P8078) for Installation of Petroleum Class B & C	29.07.2008
Electricity Regulatory & Safety Board, Lucknow, sanction for use of Turbo Generator and Transformer. (Under Indian Electricity Rules 1956.	Sanction Letter Ref No : <u>1659/Mu.E/H.T.Inspection/2007-2008</u>	11.01.2008
Tax Deduction Account Number , under Income Tax Act, 1961	TAN No : LKNK05160B	Not Mentioned
PAN (Permanent Account Number) issued by Income Tax Department.	PAN NO. AABCK9543L	31.05.2002
Central Excise Registration Certificate (Under Rule 9 of the Central Excise Rules, 2002)	FORM RC-Registration Number:- AABCK9543LXM002	11.12.2006
Certificate of Importer Exporter Code- Ministry of Commerce, GoI	IEC Number: 2902001819	28.11.2002
Central Sales Tax Act, 1957 – Registration Certificate	No: MY5012182	04.12.2002
Certificate of registration and allotment of TIN (Tax Payee's Identification Number) – UPVAT-XI, Department of Commercial Taxes, GoI, UP VAT Rules, 2007	TIN No. 09760603535	05.11.2009
STC Number- sanctioned by Central Excise Division, Moradabad	STC No: AABCK9543LST002	16.07.2008
Sanction Load by 'Electricity Supply Department, Moradabad	Sanction Letter:- 7016/C.E/S-102	26.06.08
Certificate of Approval/No Objection granted from UP Pollution Control Board, Lucknow.	Ref No: F51223/C-7/N.O.C-210/MBD/05	03.10.05
Boilers Act	Boiler No UP-6368	10-12-10

Approval for which, renewal application has been made for:

Act/ Statute	License/ Registration	Date obtained	Validity till	Date of renewal Application
Approval Letter sanctioned by UP Pollution Control Board, Lucknow in respect of Air (Pollution and Control), Act 1981, Section 21/22	Letter No: 32/ Approval(Air) Order/2009	09.04.2009	31.12.2009	01.01.2010
Approval/ Consent Letter by UP Pollution Control Board, Lucknow- Form XV-for Water Consent under Water Pollution and Control, Act, 1974, Section 25/26	Letter Ref: 33/Approval/Water Order/2009 Lucknow	09.04.2009	31.12.2009.	01.01.2010
Factories Act, 1948	Form No. 3-Licence No. 'MBD-252' obtained under section 6 of Factories Act, 1948, [Rule 7 (1)]	01.01.2009	31.12.2009	9.11.2009

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

- Our Board of Directors has, pursuant to a resolution passed at its meeting held on February 01, 2010 proposing the Issue.
- Our shareholders have, pursuant to a resolution dated February 26, 2010 under section 81(1A) of the Companies Act, authorized the Issue.
- We have received in-principle approvals from the BSE and the NSE for the listing of our Equity Shares pursuant to letters dated [●] and [●], respectively. BSE is the Designated Stock Exchange.

Prohibition by SEBI, RBI or governmental authorities

Our Company, our Directors, our Promoters, the Group Companies, companies promoted by or Promoters and companies or entities with which our company's Directors are associated as Directors / Promoters have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI. The listing of any securities of our Company has never been refused at anytime by any of the Stock Exchanges in India. Our Company, our Promoters, their relatives, Group Companies and Associate Companies has, not been detained as willful defaulters by RBI / government authorities and there are no violations of securities laws committed by them in the past or pending against them.

Eligibility for the Issue

The Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI (ICDR) Regulations, 2009, which states as follows:

“26 (1) An issuer may make an initial public offer, if:

- (b) it has net tangible assets of at least three crore rupees in each of the preceding three full years (of twelve months each), of which not more than fifty per cent. are held in monetary assets:*

Provided that if more than fifty per cent of the net tangible assets are held in monetary assets, the issuer has made firm commitments to utilise such excess monetary assets in its business or project;

- (c) it has a track record of distributable profits in terms of section 205 of the Companies Act, 1956, for at least three out of the immediately preceding five years:*

Provided that extraordinary items shall not be considered for calculating distributable profits;

- (d) it has a net worth of at least one crore rupees in each of the preceding three full years (of twelve months each);*

- (e) the aggregate of the proposed issue and all previous issues made in the same financial year in terms of issue size does not exceed five times its pre-issue net worth as per the audited balance sheet of the preceding financial year;*

- (f) if it has changed its name within the last one year, at least fifty per cent. of the revenue for the preceding one full year has been earned by it from the activity indicated by the new name.”*

We are an unlisted Company complying with the conditions specified in Regulation 26(1) of the SEBI (ICDR) Regulations, 2009

- a) Our Company has net tangible assets of at least Rs. 30 million in each of the preceding three full years (of 12 months each), of which not more than 50% is held in monetary assets;
- b) Our Company has had a pre-issue net worth of not less than Rs. 10 million in each of the three preceding full years;

- c) Our Company has had a track record of distributable profits as per Section 205 of the Companies Act for at least three out of the immediately preceding five years as specified in Regulation 26(1)(b) of SEBI (ICDR) Regulations, 2009;
- d) Our Company has not changed its name in the last one year; and
- e) Our proposed issue size would not exceed five times the pre-issue net worth as per the audited accounts for the year ended March 31, 2009.
- As certified by M/s Pradeep Hari & co., Chartered Accountants, vide certificated dated February 26, 2010 the net tangible assets, monetary assets, distributable profits and networth of the Company for the last five years as per the Company's restated stand alone financial statements are as under:

(Rs. in Mn.)

Particulars	As on November 30, 2009	As on March 31, 2009	As on March 31, 2008	As on March 31, 2007	As on March 31, 2006	As on March 31, 2005
Net tangible Assets	1339.13	1254.46	1206.90	1099.81	652.72	338.69
Monetary Assets	26.95	16.18	16.92	10.23	8.42	1.85
Monetary Assets as a percentage of Net Tangible assets	2.01%	1.29%	1.40%	0.93%	1.29%	0.55%
Distributable profits for the year	75.41	20.56	20.10	17.47	20.79	2.74
Net worth	581.20	398.77	367.97	322.32	254.09	153.48

- Net tangible assets is defined as the sum of all fixed assets (including capital work in progress and capital advances and excluding intangible assets and revaluation reserves) investments, current assets (excluding deferred tax assets) less current liabilities (including working capital loans), and short term liabilities*
- Monetary Assets include cash on hand and bank balances and investments in mutual funds.*

Hence, we are eligible for the Issue under Regulation 26(1) of the SEBI (ICDR) Regulations, 2009.

Further, in accordance with Regulation 26(4) of the SEBI (ICDR) Regulations, 2009, we shall ensure that the number of prospective Allottees to whom the Equity Shares will be allotted will be not less than 1,000, otherwise the entire application money shall be returned forthwith.

If such money is not repaid within eight days after our Company becomes liable to repay it (i.e., from the date of refusal or within 15 days from the date of Bid/Issue Closing Date, whichever is earlier), then our Company shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% *per annum* on application money, as prescribed under Section 73 of the Companies Act.

Compliance with Part A of Schedule VIII of the SEBI (ICDR) Regulations, 2009

The Company is in compliance with the provisions specified in Part A of Schedule VIII of the SEBI (ICDR) Regulations, 2009.

Disclaimer Clause of SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS BEING, MEFCOM CAPITAL MARKETS LIMITED AND EMKAY GLOBAL FINANCIAL SERVICES LTD., HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE

REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING 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 BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, MEFCOM CAPITAL MARKETS LIMITED AND EMKAY GLOBAL FINANCIAL SERVICES LTD. HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED MARCH 12, 2010 WHICH READS AS FOLLOWS:

- (1) “WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.**
- (2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**
 - (a) THE DRAFT RED HERRING PROSPECTUS FILED WITH THE SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
 - (b) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
 - (c) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
- (3) WE CONFIRM THAT BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.**
- (4) WE HAVE SATISFIED OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. – NOTED FOR COMPLIANCE.**
- (5) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAVE BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTER’S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF THE PROMOTER’S CONTRIBUTION SUBJECT TO LOCK-IN, SHALL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.**

- (6) WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.
- (7) WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (c) AND (d) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH PROCEEDS OF THE PUBLIC ISSUE – NOT APPLICABLE.
- (8) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE “MAIN OBJECTS” LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
- (9) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION.-NOTED FOR COMPLIANCE
- (10) WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE – NOT APPLICABLE
- (11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS), 2009, HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
- (12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:
- (a) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY AND
 - (b) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE SEBI FROM TIME TO TIME
- (13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS), 2009, WHILE MAKING THE ISSUE.

(14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTER'S EXPERIENCE, ETC.

(15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS), 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY,

Disclaimer from our Company and the BRLMs

Our Company, our Directors, the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisement or any other material issued by or at the instance of above mentioned entities and anyone placing reliance on any other source of information, including our website, www.genupaper.com, would be doing so at his own risk.

Caution

The BRLMs accept no responsibility, save to the limited extent as provided in the Agreement entered into among the BRLMs and our Company dated [●] and the Underwriting Agreement to be entered into between the Underwriters and our Company.

All information shall be made available by us and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centers or elsewhere.

Neither our Company nor the Syndicate shall be liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

The BRLMs and their respective associates and affiliates may engage in transactions with, and perform services for, our Company and our group companies, affiliates or associates in the ordinary course of business and have engaged, or may in future engage, in commercial banking and investment banking transactions with our Company and our group companies, affiliates or associates for which they have received, and may in future receive, compensation.

Investors who Bid in the Issue will be required to confirm and will be deemed to have represented to our Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

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 not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorized under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to permitted non residents including Eligible NRIs, Foreign Institutional Investors ("FIIs") and other eligible foreign investors (viz. Foreign Venture Capital Investors ("FVCIs"), multilateral and bilateral development

financial institutions). This Draft Red Herring Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Moradabad, U.P. only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for observations. Accordingly, our Company's Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Disclaimer Clause of the BSE

As required, a copy of this Draft Red Herring Prospectus will be submitted to the BSE. The Disclaimer Clause as intimated by BSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing with the RoC.

Disclaimer Clause of the NSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to NSE. The Disclaimer Clause as intimated by NSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing with the RoC.

Filing

A copy of this Draft Red Herring Prospectus is being filed with SEBI at Corporation Finance Department, SEBI Bhavan, Plot No. C4-A, G Block, Bandra Kurla Complex, Bandra (E), 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 to the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with RoC at the office of the Registrar of Companies, Kanpur.

Listing

Applications will be made to the Stock Exchanges for permission to deal in and for an official quotation of our Equity Shares. BSE will be the Designated Stock Exchange with which the basis of Allotment will be finalized for the Issue.

If the permission to deal in and for an official quotation of our Equity Shares is not granted by either of the Stock Exchanges mentioned above we will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Draft Red Herring Prospectus. If such money is not repaid within eight days after the Company becomes liable to repay it, i.e. from the date of refusal or within 15 days from the Bid/Issue Closing Date, whichever is earlier, then our Company and every officer in default shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within seven Working Days of finalization of the basis of Allotment for the Issue.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

“Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or
 - (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,
- shall be punishable with imprisonment for a term which may extend to five years.”

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, Bankers to the Company, the lenders and Bankers to the Issue; and (b) the BRLMs and Syndicate Member, Escrow Collection Bankers, Registrar to the Issue and the legal advisors, to act in their respective capacities, have been obtained and would be filed along with a copy of the Red Herring Prospectus with the RoC, as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

The Auditors, M/s Pradeep Hari & Co., Chartered Accountants have given their written consent to the inclusion of their report in the form and context in which it appears in “**Financial Informations**” on page 119 of this DRHP and of their report relating to tax benefits accruing to our Company in the form and context in which it appears in “**Statement of Tax Benefits**” on page 60 of this DRHP and such consent and report have not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

[●], the agency engaged by us for the purpose of obtaining IPO grading in respect of this Issue, will give its written consent to the inclusion of its report in the form and context in which it will appear in the Red Herring Prospectus and such consent and report will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus with the RoC and Designated Stock Exchange.

Expert Opinion

Except the report of [●] in respect of the IPO grading of this Issue which will be annexed with the Red Herring Prospectus and except for the Examination Report of the Auditors of our Company on the restated financial information included in this Draft Red Herring Prospectus, we have not obtained any expert opinions.

Expenses of the Issue

The total expenses of the Issue are estimated to be approximately Rs. [●] million. 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. All expenses with respect to the Issue shall be borne by our Company. The estimated Issue expenses are as under:

(Rs. in Mn.)

Sr. No.	Particulars	Amount	% of the Issue Size	% of Issue Expenses
1	Book Running Lead Manager’s fees including Underwriting commission @ [●]% & Selling commission*	[●]	[●]	[●]
2	Registrar’s fees*	[●]	[●]	[●]
3	Advertisement and Marketing expenses*	[●]	[●]	[●]
4	Stock Exchange fees for providing bidding terminals*	[●]	[●]	[●]

5	SEBI fees on filing of Offer Document*	[●]	[●]	[●]
6.	Other Miscellaneous expenses (listing fees, Legal Advisor's fees etc)*	[●]	[●]	[●]
	Total	[●]	[●]	[●]

*Will be incorporated at the time of filing of the Prospectus.

Fees payable to the BRLMs and the Syndicate Member

The total fees payable to the BRLMs and the Syndicate Member (including underwriting commission and selling commission) will be as per their respective engagement letters with the BRLMs issued by our Company, a copy of which is available for inspection at our Registered Office.

Fees payable to the Registrar to the Issue

The fees payable by the Company to the Registrar to the Issue for processing of Bid-cum-Application Forms, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the agreement dated March 10, 2010 between us and the Registrar to the Issue, a copy of which is available for inspection at our Registered Office.

The Registrar to the Issue will be reimbursed for all out of pocket expenses including cost of stationery, postage, stamp duty, and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to make refunds or send Allotment advice by registered post/speed post/under certificate of posting.

Particulars Regarding Public or Rights Issues during the Last Five Years

Our Company has not made any previous public and rights issues in India or abroad in the five years preceding the date of this Draft Red Herring Prospectus.

Previous Issues of Shares Otherwise than for Cash

Our Company has not made any previous issues of Equity Shares for consideration otherwise than for cash.

Commission or brokerage on previous issues

Since this is the initial public issue of our Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure public subscription for any of our Equity Shares since our incorporation.

Capital Issues in the Last Three Years

Our Company and Group Companies have not made any public or rights issues in the last three years.

Promise v/s Performance

Our Company and Group Companies have not made any previous rights and public issues in last 10 years.

Outstanding Debentures or Bond Issues or Redeemable Preference Shares

Our Company has no outstanding debentures or bonds or redeemable preference shares, as of the date of this Draft Red Herring Prospectus.

Partly Paid Up Shares

There are no partly paid up Equity Shares of our Company.

Stock Market Data of our Equity Shares

This being an initial public offer of the Equity Shares of our Company, hence no stock market data is available.

Mechanism for Redressal of Investor Grievances

The Memorandum of Understanding between the Registrar to the Issue and our Company will provide for retention of records with the Registrar to the Issue for a period of three years from the last date of dispatch of the letters of Allotment, or refund orders, demat credit or where refunds are being made electronically, giving of refund instructions to the clearing system, to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

Disposal of Investor Grievances by our Company

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be seven Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible. No investor complaints have been received during the immediately preceding three years prior to filing of this Draft Red Herring Prospectus with SEBI.

We have also appointed Mr. Ankit Agarwal, Company Secretary as the Compliance Officer for this Issue and he may be contacted in case of any pre-Issue or post Issue related problems, at the following address:

Genus Paper Products Limited
Aghwanpur, Kanth Road,
District - Moradabad,
Uttar Pradesh – 244 001
Tel: 91-591-2511171
Fax: 91-591-2511242
E-mail: ipo@genuspaper.com
Website: www.genuspaper.com

Change in Auditors

There has been no change in the auditors of our Company in the last three years.

Capitalization of Reserves or Profits

We have not capitalized our reserves or profits in the last five years.

Revaluation of Assets

There has been no revaluation of assets of our Company in the last five years except in the FY 2007, our Company revalued its land & building to Rs91.14 million and Rs. 52.82 million respectively and an amount of Rs. 143.96 Mn was transferred to Revaluation reserves.

SECTION IX ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

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

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of our Memorandum of Association and Articles of Association and shall rank pari-passu with the existing Equity Shares of our Company including rights in respect of dividends. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment.

For further details, please refer to “*Main Provisions of the Articles of Association*” on page 231 of this DRHP.

Mode of Payment of Dividends

We shall pay dividends to our shareholders as per the provisions of the Companies Act.

Face Value and Issue Price

The face value of the Equity Shares is Rs. 10 each and the Issue Price is Rs. [●] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares. The Floor Price is Rs. [●] per Equity Share and the Cap Price is Rs. [●] per Equity Share.

Compliance with the SEBI

Our Company shall comply with applicable disclosure and accounting norms specified by the SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and other preferential claims being satisfied;
- Subject to applicable law including any RBI rules and regulations, right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreement executed with the Stock Exchanges, and our Memorandum of Association and Articles of Association.

All our Equity Shareholders have the same voting rights. For a detailed description of the main provisions of our Articles of Association relating to voting rights, dividends, forfeiture and lien and/or consolidation/splitting, see “*Main Provisions of Our Articles of Association*” on page 231 of this DRHP.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be Allotted only in dematerialized form. As per the existing SEBI (ICDR) Regulations, 2009, the trading of our Equity Shares shall only be in dematerialized form. Since trading of our Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Issue will be only in electronic form in multiples of [●] Equity Shares, subject to a minimum Allotment of [●] Equity Shares.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint-tenants with benefits of survivorship.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/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.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as holder of Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with our Company. Nominations registered with respective DP of the applicant would prevail. If the investors want to change their nomination, they are requested to inform their respective depository participant.

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 or 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.

Bid/Issue Program*

BID/ISSUE OPENS ON	[●], 2010
BID/ISSUE CLOSES ON	[●], 2010

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue including and devolvement of Underwriters within 60 days from the Bid/Issue Closing Date, our Company shall within 70 days of Bid/Issue Closing Date refund the entire subscription amount received. If there is a delay beyond eight days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act.

Further in terms of Regulation 26(4) of the SEBI (ICDR) Regulations, 2009, our Company shall ensure that the number of prospective allottees to whom Equity Shares will be allotted will not be less than 1,000.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Moradabad, U.P. only.

Arrangement for Disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restriction on Transfer of Shares

Except for lock-in of the pre-Issue Equity Shares and Promoter's minimum contribution in the Issue as detailed in the section "Capital Structure" on page 38 of this DRHP There are no restrictions on transfers and transmission of shares/ debentures and on their consolidation/ splitting except as provided in our Articles. See "*Main Provisions of our Articles of Association*" on page 231 of this DRHP.

Option to receive Equity Shares in Dematerialised Form

In terms of Section 68B of the Companies Act, the Equity Shares shall be Allotted only in dematerialized form. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

ISSUE STRUCTURE

The present Issue of [●] Equity Shares of Rs. 10 each, at a price of Rs. [●] for cash aggregating Rs. 600 million is being made through the 100% Book Building Process.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares	Upto [●] Equity Shares will be allotted to QIBs.	Not less than [●] Shares shall be available for allocation.	Not less than [●] Equity Shares shall be available for allocation.
Percentage of Issue Size available for allocation	Upto 50% of the Issue (of which 5% shall be reserved for Mutual Funds). Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion, if any, in the Mutual Fund reservation will be available to QIBs.	Not less than 15% of the Issue	Not less than 35% of the Issue
Basis of allocation if respective category is oversubscribed	Proportionate	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs 100,000 and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Share thereafter
Maximum Bid	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder	Such number of Equity Shares per Retail Individual Bidder so as to ensure that the Bid Amount does not exceed Rs. 100,000
Mode of Allotment	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter	[●] Equity Shares and in multiples of [●] Equity Shares thereafter	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Allotment Lot	[●] Equity Shares and in multiples of one Equity Shares thereafter	[●] Equity Shares and in multiples of one Equity Shares thereafter	[●] Equity Shares and in multiples of one Equity Shares thereafter
Trading 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 and their subaccounts registered with SEBI, other than sub-accounts who are foreign corporates or foreign individuals, scheduled commercial banks, mutual funds registered with	Eligible NRIs, Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, Scientific institutions societies and trusts and subaccounts of FIIs registered with SEBI which are foreign corporates or foreign individuals	Individuals (including Eligible NRIs and HUFs in the name of karta) applying for Equity Shares such that the Bid Amount does not exceed Rs. 100,000 in value.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
	SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, FVCIs registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, the National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI published in the Gazette of India and Insurance funds set up and managed by army, navy or air force of the Union of India.		
Terms of Payment	Margin Amount applicable to QIB Bidders at the time of submission of Bid-cum-Application Form to the Member of Syndicate.	Margin Amount applicable to Non-institutional Bidder at the time of submission of Bid-cum-Application Form to the Member of Syndicate.	Margin Amount applicable to Retail Individual Bidder at the time of submission of Bid-cum-Application Form to the Member of Syndicate.
Margin Amount**	10% of the Bid Amount in respect of bids placed by QIB Bidder on Bidding.	Full Bid Amount on Bidding.	Full Bid Amount on Bidding.

**In case the Bid cum Application Form is submitted in joint names, the Bidders 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.*

***After the Bid/Issue Closing Date, depending on the level of subscription, additional Margin Amount, if any, may be called for from the QIB Bidders.*

In case of ASBA Bidders, the SCSB shall be authorised to block such funds in the bank account of the ASBA Bidder that are specified in the ASBA Bid cum Application Form.

Under subscription, if any, in any category would be met with spill-over from other categories or a combination of categories. Investors may note that in case of over subscription allotment to bidders in all categories shall be on a proportionate basis.

Withdrawal of the Issue

Our Company in consultation with the BRLMs, reserves the right not to proceed with the Issue at anytime after the Bid/Issue Opening Date but before the Allotment. If our Company withdraws the Issue, it shall issue a public notice that shall include reasons for such withdrawal, within two days of the Bid/Issue Closing Date. The notice of withdrawal shall be issued in the same newspapers where the pre-Issue advertisements have appeared and the Stock Exchanges shall also be informed promptly.

If our Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an initial public offering of Equity Shares, it shall file a fresh draft red herring prospectus with SEBI.

Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for only after Allotment and within seven Working Days of finalization of Basis of Allotment and (ii) the final RoC approval of the Prospectus after it is filed with the Stock Exchanges.

Letters of Allotment or Refund Orders

Our Company shall facilitate and shall give credit to the beneficiary account with depository participants within two Working Days of finalization of the basis of Allotment of Equity Shares. Our Company shall dispatch refund orders, if any, of value up to Rs. 1,500, by —Under Certificate of Posting□, and will dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk within 15 days of the Bid/Issue Closing Date.

Interest in case of delay in dispatch of Allotment Letters/Refund Orders

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI (ICDR) Regulations, 2009, our 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 or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions will be given to the clearing system; and
- Our 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 or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the 15 day time prescribed above.

Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue.

Refunds will be made through any of the modes as described in the Red Herring Prospectus and bank charges, if any, for encashing cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Bid/Issue Program

BID/ISSUE OPENS ON [•], 2010

BID/ISSUE CLOSES ON [•], 2010

Bids and any revision in Bids will be accepted **only between 10.00 a.m. and 3.00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned in the Bid cum Application Form **except that on the Bid/Issue Closing Date, Bids excluding ASBA Bids shall be accepted only between 10.00 a.m. and 3.00 p.m.** (Indian Standard Time) and uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders; and (ii) 5.00 p.m. which may be extended up to such time as permitted by the Stock Exchanges in case of Bids by Retail Individual Bidders where the Bid Amount is up to Rs. 100,000. Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in IPOs, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation in the Issue. If such Bids are not uploaded, the Company, the BRLMs and the Syndicate Member shall not be responsible. Bids will be accepted only on Working Days, i.e. Monday to Friday (excluding any public holiday).

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

Our Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI (ICDR) Regulations, 2009. The Cap Price shall not be more than 20% of the Floor Price. Subject to compliance with the immediately preceding sentence, the Floor Price can move up or down to the extent of 20% of the floor price originally disclosed in the RHP and the Cap Price will be revised accordingly.

In case of revision in the Price Band, the Bidding Period will be extended for three additional Working Days after revision of Price Band subject to the Bidding Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the web site of the BRLMs and at the terminals of the members of the Syndicate.

ISSUE PROCEDURE

Book Building Procedure

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

Bidders are required to submit their Bids through the Syndicate. In case of QIB Bidders, our Company in consultation with the BRLMs may reject Bids at the time of acceptance of Bid cum Application Form provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders, Retail Individual Bidders and Bids under the Employee Reservation Portion; our Company would have a right to reject the Bids only on technical grounds.

Investors should note that Allotment of Equity Shares to all successful Bidders will only be in the dematerialized form. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus. Before being issued to Bidders, the Bid cum Application Form shall be serially numbered and date and time stamped at the Bidding centers and such form shall be issued in duplicate signed by the Bidder and countersigned by the relevant member of the Syndicate. The Bid cum Application Form shall contain information about the Bidder and the price and the number of Equity Shares that the Bidder wishes to Bid. Bidders shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by 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
Resident Indians, NRIs applying on a non repatriation basis	White
ASBA Bidders	Green
FIIs and NRIs applying on a repatriation basis	Blue

ASBA Bidders shall submit an ASBA Bid cum Application Form either in physical or electronic form to the SCSB authorizing blocking funds that are available in the bank account specified in the ASBA Bid cum Application Form used by ASBA Bidders. The ASBA Bidders can only provide one Bid in the ASBA Bid cum Application Form at Cut-off Price. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the ASBA Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the ASBA Bid cum Application Form for ASBA Bidders to the SCSB, the ASBA Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the ASBA as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

Who can Bid?

- Indian nationals resident in India who are majors, or in the names of their minor children as natural/legal guardians in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: “Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*”. Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in the equity shares;
- Eligible NRIs on a repatriation basis or a non-repatriation basis subject to applicable laws. NRI’s other than Eligible NRI’s are not eligible to participate in this Issue;
- Mutual Funds registered with SEBI;
- Indian Financial Institutions, scheduled commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI (ICDR) Regulations, 2009 and regulations, as applicable);
- Venture Capital Funds registered with SEBI;
- Foreign Venture Capital Investors registered with SEBI;
- Multilateral and bilateral development financial institutions;
- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/societies and who are authorised under their constitution to hold and invest in equity shares;
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or a foreign individual;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals, only under the Non Institutional Bidders Category.
- Scientific and/or Industrial Research Organizations authorised to invest in equity shares;
- Insurance companies registered with Insurance Regulatory and Development Authority, India;
- Provident Funds with minimum corpus of Rs. 250 million and who are authorized under their constitution to hold and invest in equity shares;
- Pension Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- National investment fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India;
- Insurance funds set up and managed by army, navy or air force of the Union of India
- All other persons eligible to invest under all applicable laws, rules, regulations and guidelines.

Note: As per existing regulations, OCBs cannot participate in the Issue.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Participation by associates of the BRLMs and the Syndicate Members

The BRLMs and the Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs and the Syndicate Members are entitled to subscribe for Equity Shares in the Issue, either in the QIB Portion or in the Non-Institutional Portion, as may be applicable to such investors. Such bidding and subscription may be on their own account or their clients.

The BRLMs, Syndicate Members, their associates and affiliates shall not be allowed to subscribe in any manner except towards fulfilling their underwriting obligations.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Bids by Mutual Funds

Procedure for application by Mutual Funds

An eligible Bid by a Mutual Fund in the Mutual Fund Portion shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand in the Mutual Fund Portion is greater than 30 million, 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 QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

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

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

The Bids made by asset management companies or custodians of Mutual Funds shall clearly indicate the name of the concerned scheme for which application is being made.

Multiple applications

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made

Bids by Eligible NRIs

Eligible NRIs are required to comply with the following:

1. Bid cum application forms (blue in colour) have been made available for NRIs at our Registered Office as well as by the members of the Syndicate and the Registrar to the Issue.
2. Eligible NRI may please note that only such applications as are accompanied by payment in free foreign exchange or by debit to their NRE or FCNR accounts shall be considered for Allotment. The NRIs who intend

to make payment through Non-Resident Ordinary (NRO) accounts shall use the application form meant for Resident Indians (white in colour).

3. In accordance with the SEBI (ICDR) Regulations, 2009, NRIs cannot subscribe to this Issue under the ASBA process.

Bids by FIIs

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

The offer of Equity Shares to a single FII should not exceed 10% of our post-Issue issued capital (i.e. 10% of [●] Equity Shares). 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 our total issued capital in case such sub-account is a foreign corporate or an individual. As of now, in accordance with the foreign investment limits applicable to us, the total foreign investment including FII investment cannot exceed 24% of our total issued capital unless approved by the shareholders of the Company.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of Regulation 15A(1) of the SEBI (Foreign Institutional Investors) Regulations 1995, as amended, by the SEBI (Foreign Institutional Investors)(Amendment) Regulations, 2008 (“**SEBI FII Regulations**”), an FII, as defined in the SEBI FII Regulations, or its sub account may issue, deal or hold, off shore derivative instruments (defined under the SEBI FII Regulations, as any instrument, by whatever name called, which is issued overseas by a foreign institutional investor against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate foreign regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms. The FII or sub-account is also required to ensure that no further issue or transfer of any offshore derivative instrument issued by it is made to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations. Associates and affiliates of the underwriters including the BRLMs and the Syndicate Members that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue.

Bids by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors, respectively, registered with SEBI. Accordingly, the holding in any company 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/foreign venture capital investor. However, venture capital funds and foreign venture capital investors may invest not more than 33.33% of their respective investible funds in various prescribed instruments, including in initial public offers.

The above information is given for the benefit of the Bidders. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable investment limits under laws or regulations or maximum number of Equity Shares that can be held by them under applicable laws.

Maximum and Minimum Bid Size

- (a) **For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Share thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs. 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 Portion. The option to Bid at Cut-off Price is an option given to the Retail Individual Bidders indicating their agreement to Bid and purchase at the Issue Price as determined at the end of the Book Building Process.

- (b) **For Other Bidders (Non-Institutional Bidders and QIBs bidding in the QIB Portion):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of [•] Equity Shares thereafter. A Bid cannot be submitted for more than the Issue Size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **Under existing SEBI (ICDR) Regulations, 2009, a QIB Bidder bidding in the QIB Portion cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay the QIB Margin Amount 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 a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at "Cut-off".

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus.

Information for the Bidders:

- (a) The Red Herring Prospectus will be filed by the Company with the RoC at least three days before the Bid/Issue Opening Date.
- (b) The members of the Syndicate will circulate copies of the Bid cum Application Form to potential investors, and at the request of potential investors, copies of the Red Herring Prospectus.
- (c) Our Company and the BRLMs shall declare the Bid/Issue Opening Date and Bid/Issue Closing Date at the time of filing of the Red Herring Prospectus with the RoC and the same shall also be published in two newspapers (one in English and one in Hindi, which is also the regional newspaper).
- (d) The Members of the Syndicate shall accept Bids from the Bidder during the Bidding Period in accordance with the terms of the Syndicate Agreement.
- (e) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from our Registered Office or from any of the members of the Syndicate.
- (f) Eligible investors who are interested in subscribing to the Equity Shares should approach any of the BRLMs or the Syndicate Members or their authorised agent(s) to register their Bids.
- (g) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.

Method and Process of Bidding

- (a) Our Company and the BRLMs shall declare the Bid/Issue Opening Date and Bid/Issue Closing Date at the time of filing the Red Herring Prospectus with RoC and also publish the same in two widely circulated national newspapers (one each in English and Hindi newspaper). This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Schedule XIII of the SEBI (ICDR) Regulations, 2009.

- (b) The Price Band and the minimum Bid lot size for the Issue will be decided by our Company, in consultation with the BRLMs and advertised in two national newspapers (one each in English and Hindi), at least two Working Days prior to the Bid/Issue Opening Date. The BRLMs and the Syndicate Members shall accept Bids from Bidders during the Bidding Period in accordance with the terms of the Syndicate Agreement.
- (c) Investors who are interested in subscribing to the Equity Shares should approach any of the members of the Syndicate or their authorised agents to register their Bids, during the Bidding Period. The Members of the Syndicate shall accept Bids from all the other Bidders and shall have the right to vet the Bids, during the Bidding Period in accordance with the terms of the Syndicate Agreement and Red Herring Prospectus.
- (d) The Bidding Period shall be for a minimum of three Working Days and not exceeding 10 Working Days (including the days for which the Bid/Issue is open in case of revision in Price Band). In case the Price Band is revised, the revised Price Band and the Bidding Period will be published in an English national newspaper and a Hindi national newspaper, both with wide circulation.
- (e) Each Bid cum Application Form will give the Bidder the choice to Bid for up to three optional prices (for details see “*Bids at Different Price Levels*” below, within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.
- (f) The Bidder cannot Bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids 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 “*Build up of the Book and Revision of Bids*” on page 200 of this DRHP.
- (g) The Members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip (“**TRS**”), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.
- (h) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled “*Terms of Payment and Payment into the Escrow Account(s)*” on page 198 of this DRHP.
- (i) The identity of QIB Bidders shall not be made public.

Bids at Different Price Levels

- (a) The Price Band and the minimum bid lot will be decided by the Company in consultation with the BRLMs and will be published in [•] edition of [•] and [•] edition of [•] at least two (2) working days prior to the Bid/Issue Opening Date. The Bidders can Bid at any price within the Price Band, in multiples of Rs. [•].
- (b) Our Company in consultation with the BRLMs reserves the right to revise the Price Band, during the Bidding Period, in accordance with the SEBI (ICDR) Regulations, 2009 provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on either side i.e. floor price can move up and down to the extent of 20% of the floor price disclosed in the Red Herring Prospectus.
- (c) In case of revision in the Price Band, the Issue Period will be extended after revision of Price Band, subject to a maximum of 10 Working Days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice in two widely

circulated newspapers, one each in English and Hindi, and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate Members.

- (d) The Bidder can Bid at any price within the Price Band. The Bidder has to Bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000, may Bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB or Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.
- (e) Retail Individual Bidders who Bid at the Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders, bidding at Cut-off Price shall deposit the Bid Amount based on the Cap Price in the Escrow Account(s). In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders who Bid at Cut-off Price (i.e., the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), such Bidders shall receive the refund of the excess amounts from the Escrow Account(s).
- (f) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the revised Cap Price (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 100,000 for Retail Individual Bidders bidding at the Cut-off Price, if the Bidder wants to continue to Bid at Cut-off Price), with the Syndicate Members to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 100,000 for Retail Individual Bidders bidding at the Cut-off Price the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the Cap Price prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that the no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
- (g) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have Bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account(s).
- (h) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [•] Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.
- (i) When a Bidder has revised his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the Bidder's responsibility to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

Terms of Payment and Payment into the Escrow Account(s)

Each Bidder, shall provide the applicable Margin Amount, with the submission of the Bid cum Application Form by drawing a cheque or demand draft for the maximum amount of the Bid in favour of the Escrow Account(s) of the Escrow Collection Bank(s) (for details see the "**Payment Instructions**" on page 207 of this DRHP, and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash/ money order shall not be accepted. The Bidder may also provide the applicable Margin Amount by way of an electronic transfer of funds through the RTGS mechanism. Each QIB shall provide its Margin Amount only to the members of the Syndicate. The Margin Amount based on the Bid Amount has to be paid at the time of the submission of the Bid cum Application Form. The Margin Amount shall be entered and printed on the TRS which shall be furnished upon request.

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(s), 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. 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.

Each category of Bidders i.e., QIB Bidders, Non-Institutional Bidders, 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 “*Issue Structure*” on page 188 of this DRHP. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares transferred 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. If the payment is not made favouring the Escrow Account(s) within the time stipulated above, the Bid of the Bidder is liable to be rejected. 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 lesser number of Equity Shares than he or she had Bid for, the excess amount paid on Bidding, if any, after adjustment for allocation/ transfer, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which our Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Electronic Registration of Bids

- (a) The members of the Syndicate will register the Bids received, using the on-line facilities of the Stock Exchanges. There will be at least one on-line connectivity in each city, where the Stock Exchanges are located in India and where such Bids are being accepted.
- (b) The Stock Exchanges will offer a screen-based facility for registering such Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorised agents during the Bidding Period. The Syndicate Members can also set up facilities for off-line electronic registration of Bids subject to the condition that it will subsequently upload the off-line data file into the on-line facilities for book building on a half hourly basis.
- (c) On the Bid/Issue Closing Date, the members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the BRLMs on a regular basis. Bidders are cautioned that a high inflow of bids typically experienced on the last day of the Bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such bids that could not be uploaded will not be considered for allocation. Bids will only be accepted on Working Days, i.e., Monday to Friday (excluding any public holiday).
- (d) The aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges will be uploaded on a regular basis, consolidated and displayed on-line at all bidding centres and the website of the Stock Exchanges. A graphical representation of consolidated demand and price would be made available at the bidding centers and at the websites of each of the Stock Exchanges during the Bidding Period.
- (e) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
 - Name of the investor. Bidders should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, Bidders should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.
 - Investor Category – Individual, Corporate, Eligible NRI, FII, or Mutual Fund, QIBs, etc.
 - Numbers of Equity Shares Bid for.
 - Bid Amount.

- Bid cum Application Form number.
 - Whether Margin Amount has been paid upon submission of Bid cum Application Form.
 - Depository Participant Identification Number and Client Identification Number of the beneficiary account of the Bidder.
- (f) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated/ allotted.
- (g) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (h) In the 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, Retail Individual Bidders would not be rejected except on the technical grounds listed in the "*Issue Procedure-Grounds for Technical Rejections*" on page 210 of this DRHP.
- (i) The permission given by the Stock Exchanges to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, and/or the BRLMs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company.
- (j) It is also to be distinctly understood that the approval given by the Stock Exchanges should not in any way be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and the NSE.
- (k) Only Bids that are uploaded on the online IPO system of the NSE and the BSE shall be considered for allocation/ Allotment. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the BRLMs based on the physical records of Bid Application Forms shall be final and binding on all concerned.

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 Stock Exchanges mainframe on a regular basis.
- (b) The book gets built up at various price levels. This information will be available with the BRLMs on a regular basis.
- (c) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.
- (d) Revisions can be made in both the desired number of Equity Shares and the Bid Amount 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. 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.
- (f) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Draft Red Herring Prospectus. In case of QIB Bidders in the QIB Portion, the members of the Syndicate shall collect the payment in the form of cheque or demand draft or the electronic transfer of funds through RTGS for the incremental amount in the 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.
- (g) 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.**
- (h) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/ Allotment. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the BRLMs based on the physical records of Bid Application Forms shall be final and binding on all concerned.

Price Discovery and Allocation

- (a) After the Bid Closing Date, the BRLMs will analyze the demand generated at various price levels and discuss pricing strategy with the Company.
- (b) Our Company, in consultation with the BRLMs shall finalise the 'Issue Price', the number of Equity Shares to be allotted in each category of Bidders.
- (c) The allocation for QIBs for not more than 50% of the Net Issue to the Public, of which 5% shall be reserved for Mutual Funds, would be on a proportionate basis, subject to valid bids being received at or above the Issue Price in the manner as described in the section titled 'Basis of Allotment'. The allocation to Non-Institutional Bidders and Retail Individual Bidders of not less than 15% and 35% of the Net Issue to the Public, respectively, would be on proportionate basis, in the manner specified in the SEBI (ICDR) Regulations, 2009, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
- (d) Under subscription, if any, in QIBs, Non-Institutional and Retail categories would be allowed to be met with spill over from any of the other categories at the discretion of our Company and the BRLMs. However, if the aggregate demand by Mutual Funds is less than Rs. 30 million the balance Equity Shares from the portion specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.
- (e) Our Company in consultation with the BRLMs, reserves the right to reject any Bid procured from QIB Bidders, by any or all members of the Syndicate. Rejection of Bids by QIBs bidding in the QIB Portion, if any will be made at the time of submission of Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing.
- (f) The Allotment details shall be put on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and RoC Filing

- (a) Our Company, the BRLMs and the 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 updated Red Herring Prospectus will be filed by the Company with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.
- (c) We will file a copy of the Red Herring Prospectus and the Prospectus with the RoC in terms of Sections 56, 60 and 60B of the Companies Act.

Announcement of pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall after filing of the Red Herring Prospectus, publish an advertisement, in the form prescribed by the SEBI (ICDR) Regulations, 2009 in two widely circulated newspapers (in English and Hindi, which is also the regional newspaper).

Advertisement regarding Issue Price and Prospectus

Our Company will issue a statutory advertisement in a widely circulated English national newspaper and Hindi national newspaper (which is also the regional newspaper) after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of CAN

- (a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLMs 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 Allotment for the Retail Individuals and Non-Institutional Bidders. However, investors should note that our Company shall ensure that the Equity Shares are allotted to all investors in this Issue on the same date.
- (b) The BRLMs or the Syndicate Members 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 or as may be applicable, for all the Equity Shares allocated to such Bidder. QIB Bidders who have not paid the entire Bid Amount into the Escrow Account(s) at the time of bidding shall pay in full the amount payable into the Escrow Account(s) by the Pay-in Date specified in the CAN.
- (c) Bidders who have been allocated Equity Shares and who have already paid the Bid Amount into the Escrow Account(s) at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realization of his or her cheque or demand draft paid into the Escrow Account(s). 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 as set forth below

Allotment/Transfer Reconciliation and Revised CAN

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 systems. This shall be followed by a physical book prepared by the Registrar on the basis of the Bid cum Application Form received. Based on the electronic book or the Physical book as the case may be, QIBs may be sent a CAN, within two Working Days of the Bid/Issue Closing Date, indicating the number of Equity Shares that may be allocated to them. This provisional CAN and the final allocation and is subject to (a) the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar, (b) physical application being valid in all respects along with stipulated documents being received by the Registrar to the Issue, and (c) allotment by the Board of Directors. Subject to the SEBI (ICDR) Regulations, 2009, 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 shall 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. Any revised CAN, if issued, will supersede in entirety the earlier CAN.

Designated Date and Allotment of Equity Shares

- (a) Our Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account(s) to the Public Issue Account on the Designated Date, our Company will ensure the credit to the successful Bidders depository account within two Working Days of the date of Allotment.
- (b) In accordance with the SEBI (ICDR) Regulations, 2009, Equity Shares will be issued, transferred and Allotment shall be made only in the dematerialized form to the Allottees. Allottees will have the option to rematerialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted to them pursuant to this Issue.

General Instructions

Do's:

- (a) Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable laws, rules and regulations;
- (b) Ensure that you have Bid within the Price Band;
- (c) 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;
- (d) Ensure that the details about Depository Participant and Beneficiary Account are correct (and activated) as Allotment of Equity Shares will be in the dematerialized form only;
- (e) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
- (f) Ensure that you have been given a TRS for all your Bid options;
- (g) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- (h) Except for Bids (i) on behalf of the Central or State Government and the officials appointed by the courts, and (ii) (subject to SEBI circular dated April 3, 2008) from the residents of the state of Sikkim, each of the Bidders should mention their Permanent Account Number (PAN) allotted under the I.T. Act. Applications in which the PAN is not mentioned will be rejected;
- (i) Ensure that the Demographic Details (as defined below) are updated, true and correct in all respects;
- (j) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

Don'ts:

- (a) Do not Bid for lower than the minimum Bid size;
- (b) Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;
- (c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- (d) Do not pay the Bid Amount in cash, by money order or by postal order or by stockinvest;
- (e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;
- (f) Do not Bid at Cut-off Price (for QIB Bidders and Non-Institutional Bidders);
- (g) Do not fill up the Bid cum Application Form such that the Equity Shares Bid exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- (h) Do not submit the Bid without the applicable Margin Amount;
- (i) Do not Bid for amount exceeding Rs. 100,000 in case of a Bid by Retail Individual Bidders.
- (j) **Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.**

Instructions for Completing the Bid cum Application Form

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate or the Registered Office of the Company or the Registrar to the Issue.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

- (a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white for Resident Indians and Eligible NRIs applying on a non-repatriation basis, Blue for Eligible NRIs and FIIs applying on a repatriation basis, Green for ASBS Bidders.
- (b) 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.
- (c) For Retail Individual Bidders (including Eligible NRIs) the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter, subject to a maximum Bid Amount of 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 Cut-off option is an option given only to the Retail Individual Bidders and purchase at the final Issue Price as determined at the end of the Book Building Process.
- (d) For Non-Institutional Bidders and QIB Bidders (including Eligible NRIs), Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or equal to Rs. 100,000 and in multiples of [●] Equity Shares thereafter. Bids cannot be made for more than the Issue Size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.

- (e) Bids by NRIs, FIIs and foreign venture capital funds registered with SEBI on a repatriation basis shall be in the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
- (f) 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 a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at Cut off Price.
- (g) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- (h) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as Demographic Details'). These Bank Account details would be used for giving refunds (including through physical refund warrants, direct credit, ECS, NEFT and RTGS) to the Bidders. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in dispatch/ credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs nor the Registrar to the Issue nor the Escrow Collection Banks nor our Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

Bidders Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER 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 SUCH JOINT NAMES ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders /CANs /Allocation Advice and printing of Bank particulars on the refund order or making refunds electronically and the Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue. Hence the Bidders are advised to update their Demographic Details as provided to the DP and ensure they are true and correct.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund orders (where refunds are not being made electronically)/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/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders.

Please note that any such delay shall be at the Bidders sole risk and neither our Company, Escrow Collection Bank(s) nor the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in the Red Herring Prospectus, Bidders may note that refunds may get delayed if bank particulars obtained from the Depository Participant are incorrect.

In case no corresponding record is available with the Depositories, which matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity ("DP ID") and the beneficiary's identity, then such Bids are liable to be rejected.

Our Company in its absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice, 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, Eligible NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis

Bids and revision to Bids must be made in following manner:

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. 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.

Eligible NRIs for a Bid Amount of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation; by other eligible Non Resident Bidders for a minimum of such number of Equity Shares and in multiples of [•] thereafter that the Bid Amount exceeds Rs. 100,000.

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.

As per the RBI regulations, OCBs are not permitted to participate in the Issue.

There is no reservation for Eligible NRIs, FIIs and Foreign Venture Capital Funds and all Eligible NRIs, FIIs 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 (including ASBA Bids) made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, FIIs or FVCIs, Mutual Funds, insurance companies, provident funds with minimum corpus of Rs. 250 million a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/or bye laws

must be lodged 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 therefor. In addition to the above, certain additional documents are required to be submitted by following entity:

For Bids made by FIIs, FVCIs and mutual fund, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form.

For Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form..

For Bids made by provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form.

Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application form, subject to such terms and conditions that our Company, the BRLMs may deem fit.

Payment Instructions

Escrow Mechanism

Our Company and the members of the Syndicate shall open Escrow Account(s) with the Escrow Collection Bank(s) for the collection of the Bid Amount payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation/Allotment in the Issue.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Bank(s), for and on behalf of the Bidders, shall maintain the monies in the Escrow Account. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection 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 and Refund Account as per the terms of the Escrow Agreement, the Red Herring Prospectus and Prospectus. The balance amount after transfer to the Public Issue Account shall be held for the benefit of the Bidders who are entitled to refunds. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Red Herring Prospectus and Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Payment into Escrow Account(s)

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation/ Allotment as per the following terms:

1. The Bidders for whom the applicable Margin Amount is equal to 100%, shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account(s) and submit the same to the members of the Syndicate.
2. In case of QIBs bidding in the QIB Portion, where the margin is less than 100% of the Bid Amount, the balance amount shall be paid by the Bidders into the Escrow Account(s) within the period specified in the CAN. If the payment is not made in favour of the Escrow Account within the stipulated time, the Bid is liable to be rejected.
3. The payment instruments for payment into the Escrow Account should be drawn in favour of:

- In case of resident QIB Bidders: **“Escrow Account – GPPL Public Issue – QIB – R”**
 - In case of non-resident QIB Bidders: **“Escrow Account – GPPL Public Issue – QIB– NR”**
 - In case of Resident Bidders: **“Escrow Account – GPPL Public Issue - R”**
 - In case of Non Resident Bidders: **“Escrow Account – GPPL Public Issue – NR”**
4. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External(NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO)Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account maintained with banks authorised to deal in foreign exchange in India.
 5. In case of Bids by FIIs or FVCIs, the payment should be made out of funds held in Special Rupee Account long with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to Special Rupee Account.
 6. Where a Bidder has been allocated/ Allotted a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated will be refunded to the Bidder from the Refund Account.
 7. The monies deposited in the Escrow Account(s) will be held for the benefit of the Bidders till the Designated Date.
 8. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account(s) as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.
 9. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation/Allotment to the Bidders.
 10. Payments should be made by cheque, or demand draft drawn on any bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ stockinvest/Money Orders/Postal orders will not be accepted.
 11. Bidders are advised to mention the number of application form on the reverse of the cheque / demand draft to avoid misuse of instruments submitted along with the Bid cum Application Form.
 12. In case clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Banks, such Bids are liable to be rejected.

Payment by Stockinvest

In terms of the RBI Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

Submission of Bid Cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate 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 payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories. In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- a. All applications with the same name and age will be accumulated and taken to a separate process file, which would serve as a multiple master.
- b. In this master, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master.
- c. The Registrar will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid-cum-Application Form and create an address master.
- d. The addresses of all the applications in the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names. The applications with same name and same address will be treated as multiple applications.
- e. The applications will be scrutinized for DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.
- f. Subsequent to the aforesaid procedures, a print out of the multiple master will be taken and the applications physically verified to tally signatures as also father's/ husband's names. On completion of this, the applications will be identified as multiple applications.

Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number or PAN

Except for Bids (i) on behalf of the Central or State Government and the officials appointed by the courts, and (ii) (subject to the SEBI circular dated April 3, 2008) from residents of the state of Sikkim, each Bidder should mention his/her Permanent Account Number (“PAN”) allotted under the Income Tax Act, 1961 (“IT Act”).

Applications without this information will be considered incomplete and are liable to be rejected.

It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.

Unique Identification Number (“UIN”)

Pursuant to circulars dated April 27, 2007 (No. MRD/DoP/Cir-05/2007) and June 25, 2007 (No. MRD/DoP/Cir-08/2007) issued by SEBI, the requirement of UIN under the SEBI (Central database of Market Participants) Regulations, 2005 has been discontinued and irrespective of the amount of transaction, PAN has been made the sole identification number for all participants in the securities market.

Right to Reject Bids

In case of QIB Bidders, our Company in consultation with the BRLMs may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company has a right to reject Bids based on technical grounds. Consequent refunds shall be made through any of the modes described in the Red Herring Prospectus and will be sent to the Bidder’s address at the Bidder’s risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected *inter alia* on the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for;
2. Age of First Bidder not given;
3. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
4. Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
5. PAN not stated or GIR number stated instead (except for Bids on behalf of the Central or State Government and the officials appointed by the courts);
6. Bids for lower number of Equity Shares than specified for that category of investors;
7. Bids at a price less than the Floor Price;
8. Bids at a price more than the Cap Price;
9. Bids at Cut off Price by Non-Institutional Bidders and QIB Bidders;
10. Bids for number of Equity Shares which are not in multiples of [●];
11. Category not ticked;
12. Multiple Bids as described in the Red Herring Prospectus;

13. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
14. Bids accompanied by stockinvest/money order/postal order/cash;
15. Signature of sole and/or joint Bidders missing;
16. Bid cum Application Forms does not have the stamp of the BRLMs or the Syndicate Members;
17. Bid cum Application Forms does not have Bidder's depository account details or the details given are incomplete;
18. Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms;
19. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
20. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
21. Bids by QIBs not submitted through the Syndicate;
22. Bids by OCBs;
23. Bids by FVCIs and Bids by multilateral and bilateral development financial institutions;
24. Bids by persons in the United States;
25. Bids where clear funds are not available in the Escrow Accounts as per the final certificate from the Escrow Collection Banks;
26. Bids not uploaded in the Book would be rejected;
27. Bids or revision thereof by QIB Bidders and Non-Institutional Bidders where the Bid Amount is in excess of Rs. 100,000 uploaded after [●] P.M. on the Bid/Issue Closing Date;
28. Bank account details for the refund not given;
29. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
30. Bids by persons who are not eligible to acquire Equity Shares of the Company in terms of all applicable laws, rules, regulations, guidelines and approvals;
31. Bids that do not comply with the securities laws of their respective jurisdictions;
32. Bids by any persons outside India if not in compliance with applicable foreign and Indian laws; and
33. Bids by any persons located in the United States other than "qualified institutional buyers" as defined in Rule 144A under the Securities Act.

Equity Shares in Dematerialized Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in a de-materialized form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar and Share Transfer Agent:

a) Agreement dated [●] with NSDL, our Company and **Link Intime India Pvt. Ltd.**;

b) Agreement dated [●] with CDSL, our Company and **Link Intime India Pvt. Ltd.**

All Bidders can seek Allotment only in dematerialised mode. Bids from any Bidder without relevant 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 either 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) Allotment to a successful 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 account details in the Depository.
- e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.
- f) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
- g) Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- h) The trading of the Equity Shares of our Company would be in dematerialized form only for all investors in the demat segment of the respective Stock Exchanges.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of transferred shares in the respective beneficiary accounts, refunds, etc.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

“Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or
- (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years.”

Basis of Allotment

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The 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 valid Bids in this category is less than or equal to Rs. 210 million at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.
- If the valid Bids in this category is greater than Rs. 210 million at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. For the method of proportionate basis of Allotment, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less Allotment to QIBs Bidders and Retail Institutional Bidders shall be available for allotment to Non-Institutional Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the valid Bids in this category is less than or equal to Rs. 90 million at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the valid Bids in this category is greater than Rs. 90 million at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. For the method of proportionate basis of Allotment refer below.

C. For QIBs

- Bids received from the QIB Bidders, at or above the Issue Price, shall be grouped together to determine the total demand under this portion. The Allotment to all the QIB Bidders will be made at the Issue Price.

- The QIB Portion shall be available for Allotment to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
 - (a) In the first instance allocation to Mutual Funds for 5% of the QIB 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 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 Bidders shall be determined as follows:
 - (i) In the event of an oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
 - (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
 - (iii) Under-subscription below 5% of the QIB Portion, if any, in the Mutual Fund Portion, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

Method of Proportionate Basis of Allotment in the Issue

The executive director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs 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 Allotment to Bidders shall be made in marketable lots, on a proportionate basis as explained below:

- a) Bidders will be categorized according to the number of Equity Shares applied for.
- b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- d) In all Bids where the proportionate Allotment is less than [•] Equity Shares per Bidder, the allotment shall be made as follows:
 - Each successful Bidder shall be Allotted a minimum of [•] 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 [●] but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that number is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. All Bidders in such categories would be Allotted Equity Shares arrived at after such rounding off.
- f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the Allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Payment of Refund

Bidders must note that on the basis of name of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid-cum-Application Form, the Registrar will obtain, from the Depositories, the Bidders' address, bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither our Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the BRLMs shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

Mode of making refunds

The payment of refund, if any, would be done through various modes in the following order of preference:

1. ECS – Payment of refund would be done through ECS for applicants having an account at any of the centres specified by the RBI. 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 for applicants having a bank account at any of the abovementioned 68 centers, except where the applicant, being eligible, opts to receive refund through Direct Credit, NEFT or RTGS.
2. Direct Credit – Applicants having bank accounts with the Refund Banker(s), in this case being, [●] shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) or the same would be borne by our Company.
3. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank branch is NEFT enabled and has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR) code of that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date prior to the date of payment of refund, duly mapped with MICR code. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency and the past experience of the Registrars to the Issue. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in this section.
4. RTGS – Applicants having a bank account at any of the centres specified by the RBI 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 our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the Bidder.

5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value 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 centers will be payable by the Bidders.³

Disposal of applications and application moneys and interest in case of delay

Our Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within two Working Days of date of Basis of Allotment of Equity Shares.

In case of applicants who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 15 days from the Bid/Issue Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within 15 days of Bid/Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within seven Working Days of the finalization of Basis of Allotment of the Equity Shares.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI (ICDR) Regulations, 2009, Our Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialized form within 15 (fifteen) days of the Bid/Issue Closing Date;
- Dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 (fifteen) days of the Bid/Issue Closing Date would be ensured; and

Our Company shall pay interest at 15% per annum for any delay beyond the 15 day time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the 15 day time prescribed above as per the SEBI (ICDR) Regulations, 2009.

Letters of Allotment or Refund Orders

Our Company shall credit Equity Shares Allotted to the beneficiary account with depository participants within 15 days of the Bid/Issue Closing Date, and shall dispatch refund orders, if any, of value up to Rs. 1,500, by “Under Certificate of Posting”, and will dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder’s sole risk within 15 days of the Bid/Issue Closing Date. Applicants residing at sixty eight centers where clearing houses are managed by the RBI, will get refunds through ECS subject to adequate details being available in the demographic details received from the depositories, except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI (ICDR) Regulations, 2009, our 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 refunds will be done within 15 days from the Bid/Issue Closing Date; and
- Our Company will pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund instruction are not given and/or demat credits are not made to investors within the 15 day time prescribed above.

Our Company will provide adequate funds required for dispatch of refunds orders or Allotment advice to the Registrar to the Issue.

Refunds will be made through any of the modes described above and bank charges, if any, for encashing Cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Interest in case of delay in dispatch of Allotment letters/refund orders

We agree that Allotment of securities offered to the public shall be made not later than 15 days from the Bid/Issue Closing Date. We further agree that we shall pay interest at 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 the Bid/Issue Closing Date.

In case of revision in the Price Band, the Bidding Period will be extended after revision of Price Band provided that the Bidding Period shall not exceed 10 Working Days. Any revision in the Price Band and the revised Bid Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the web site of the BRLMs and at the terminals of the Syndicate.

Utilization of Issue proceeds

The Board of Directors declares that:

- All monies received out of this 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;
- Details of all monies utilized out of the Issue shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised;
- Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

Undertakings by our Company

Our Company undertakes the following:

- that the complaints received in respect of this Issue shall be attended by the Company expeditiously and satisfactorily. Our Company has authorised our Company Secretary Ankit Agarwal as the Compliance Officer to redress all complaints, if any, of the investors participating in this Issue;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven Working Days of finalization of the basis of Allotment;
- that the funds required for making refunds to unsuccessful applicants as per mode(s) disclosed shall be made available to the Registrar to the Issue by the Company;

- that where the refunds are effected through the electronic transfer of funds, 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 the refund;
- that the promoter's contribution in full, wherever required, shall be brought in advance before the Issue opens for public subscription;
- that the certificates of the securities or refund orders to the non-resident Indians shall be dispatched within specified time;
- that no further issue of securities shall be made until the Equity Shares offered through this Draft Red Herring Prospectus are listed or till the application monies are refunded on account of non-listing, under-subscription etc;
- that adequate arrangements shall be made to collect all Applications Supported by Blocked Amount (ASBA) and to consider them similar to non-ASBA applications while finalizing the Basis of Allotment; and
- that we shall pay interest of 15% per annum (for any delay beyond 15 days) if allotment has not been made and refund orders have not been dispatched within aforesaid dates.

Issue procedure for ASBA Bidders

This section is for the information of investors proposing to subscribe to the Issue through the ASBA process. Our Company, the BRLMs are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. ASBA Bidders are advised to make their independent investigations and to ensure that the ASBA Bid cum Application Form is correctly filled up, as described in this section.

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

ASBA Process

A Resident Retail Individual Investor shall submit his Bid through an ASBA Bid cum Application Form, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Bidder or bank account utilised by the ASBA Bidder (“**ASBA Account**”) is maintained. The SCSB shall block an amount equal to the Bid Amount in the bank account specified in the ASBA Bid cum Application Form, physical or electronic, on the basis of an authorization to this effect given by the account holder at the time of submitting the Bid. The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalization of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount against the allocated shares to the Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Bid, as the case may be. The ASBA data shall thereafter be uploaded by the SCSB in the electronic IPO system of the Stock Exchanges.

Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant bank accounts and for transferring the amount allocable to the successful ASBA Bidders to the Public Issue Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the BRLMs.

ASBA Bid cum Application Form

ASBA Bidders shall use the ASBA Bid cum Application Form bearing the stamp of the Syndicate Members and/or the Designated Branch of SCSB, as the case may be, for the purpose of making a Bid in terms of the Red Herring Prospectus. ASBA Bidders are required to submit their Bids, either in physical or electronic mode. In case of application in physical mode, the ASBA Bidder shall submit the ASBA Bid cum Application form at the Designated

Branch of the SCSB. In case of application in electronic form, the ASBA Bidder shall submit the ASBA Bid cum Application Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for bidding and blocking funds in the ASBA account held with SCSB, and accordingly registering such Bids. The ASBA Bidders can submit only one Bid option in the ASBA Bid cum Application Form which shall be at Cut-off Price.

Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the ASBA Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the ASBA Bid cum Application Form to the Designated Branch of the SCSB, the ASBA Bidder is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

The prescribed colour of the ASBA Bid cum Application Form shall be green.

Who can Bid?

In accordance with the SEBI (ICDR) Regulations, 2009, only Resident Retail Individual Investor can submit their application through ASBA process to bid for the Equity Shares of our Company.

Maximum and Minimum Bid Size for ASBA Bidders

The ASBA Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. The maximum ASBA Bid cannot exceed [●] Equity Shares in order to ensure that the total Bid Amount blocked in respect of the ASBA Bidder does not exceed Rs. 100,000. The ASBA Bidders shall Bid only at the Cut-off Price indicating their agreement to Bid and purchase Equity Shares at the final Issue Price as determined at the end of the Book Building Process.

Information for the ASBA Bidders:

- a. The BRLMs shall ensure that adequate arrangements are made to circulate copies of the Red Herring Prospectus and ASBA Bid cum Application Form to the SCSBs and the SCSBs will then make available such copies to investors applying under the ASBA process. Additionally, the BRLMs shall ensure that the SCSBs are provided with soft copies of the abridged prospectus and the ASBA Bid cum Application Form and that the same are made available on the websites of the SCSBs.
- b. ASBA Bidders, under the ASBA process, who would like to obtain the Red Herring Prospectus and/or the ASBA Bid cum Application Form can obtain the same from the Designated Branches of the SCSBs or the BRLMs. ASBA Bidders can also obtain a copy of the abridged prospectus and/or the ASBA Bid cum Application Form in electronic form on the websites of the SCSBs.
- c. The Bids should be submitted on the prescribed ASBA Bid cum Application Form if applied in physical mode. SCSBs may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and locking funds in the accounts of the respective eligible investors.
- d. ASBA Bid cum Application Forms should bear the stamp of the Syndicate Members and/or Designated Branch of the SCSB. ASBA Bid cum Application Forms which do not bear the stamp will be rejected.
- e. ASBA Bidders shall bid for Equity Shares only at the Cut-off Price, with a single bid option as to the number of Equity Shares.
- f. ASBA Bidders shall correctly mention the bank account number in the ASBA Bid cum Application Form and ensure that funds equal to the Bid Amount are available in the bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch.

- g. If the ASBA Account holder is different from the ASBA Bidder, the ASBA Bid cum Application Form should be signed by the account holder as provided in the ASBA Bid cum Application Form.
- h. ASBA Bidders shall correctly mention their DP ID and Client ID in the ASBA Bid cum Application Form. For the purpose of evaluating the validity of Bids, the demographic details of ASBA Bidders shall be derived from the DP ID and Client ID mentioned in the ASBA Bid cum Application Form.
- i. ASBA Bidders shall not be allowed to revise their Bid and shall not bid under any reserved category.

Method and Process of Bidding

- a. ASBA Bidders are required to submit their Bids, either in physical or electronic mode. ASBA Bidders submitting their Bids in physical mode should approach the Designated Branches of the SCSBs. ASBA Bidders submitting their Bids in electronic form shall submit their Bids either using the internet enabled bidding and banking facility of the SCSBs or such other electronically enabled mechanism for bidding and blocking funds in the accounts of the respective eligible investors, and accordingly registering such Bids. Every Designated Branch of the SCSB shall accept Bids from all such investors who hold accounts with them and desire to place Bids through them. Such SCSBs shall have the right to vet the Bids, subject to the terms of the SEBI (ICDR) Regulations, 2009 and Red Herring Prospectus.
- b. The Designated Branches of the SCSBs shall give an acknowledgment specifying the application number to the ASBA Bidders as a proof of acceptance of the ASBA Bid cum Application Form. Such acknowledgment does not in any manner guarantee that the Equity Shares bid for shall be allocated to the ASBA Bidders.
- c. Each ASBA Bid cum Application Form will give the ASBA Bidder only one option to bid for the Equity Shares at the Cut-off Price i.e. at the Cap Price of the Price Band and specify the demand (i.e. the number of Equity Shares Bid for) in such option. After determination of the Issue Price, the number of Equity Shares bid for by the ASBA Bidder at the Cut-off Price will be considered for allocation along with the Non-ASBA Retail Bidders who have bid for Equity Shares at or above the Issue Price or at Cut-off Price.
- d. Upon receipt of the ASBA Bid cum Application Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges.
- e. If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges.
- f. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form. The Designated Branch shall thereafter enter the Bid details from the prescribed ASBA Bid cum Application Form, if submitted in physical mode, or the Bid information submitted through the electronic mode made available by the SCSBs, as the case may be, into the electronic bidding system of the Stock Exchanges and generate a Transaction Registration Slip (“TRS”). The TRS shall be furnished to the ASBA Bidder on request.
- g. An ASBA Bidder cannot bid, either in physical or electronic mode, on another ASBA Bid cum Application Form or a non-ASBA Bid cum Application Form after bidding on one ASBA Bid cum Application Form, either in physical or electronic mode, has been submitted to the Designated Branches of SCSBs or uploaded by the ASBA Bidder, as the case may be. Submission of a second ASBA Bid cum Application Form or a Non-ASBA Bid cum Application Form to either the same or to another Designated Branch of the SCSB will be treated as multiple Bids and will be liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the Allocation or Allotment of Equity Shares in this Issue. ASBA Bidders are cautioned that Bids for Equity Shares made in the Issue through the ASBA Bid cum Application Form cannot be revised.

Bidding

- a. The Price Band has been fixed at Rs. [●] to Rs. [●] per Equity Share of Rs. 10 each, Rs. [●] being the Floor Price and Rs. [●] being the Cap Price. The ASBA Bidders can submit only one Bid in the ASBA Bid cum Application Form, that is, at Cut-off Price with single option as to the number of Equity Shares.
- b. In accordance with the SEBI (ICDR) Regulations, 2009, our Company reserves the right to revise the Price Band during the Bidding Period, in consultation with the BRLMs. 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.
- c. In case of revision in the Price Band, the Bid/Issue Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 Working Days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a public notice in two national newspapers (one each in English and Hindi) and a regional newspaper and also by indicating the change on the websites of the BRLMs, SCSBs and at the terminals of the members of the Syndicate.
- d. Our Company in consultation with the BRLMs can finalize the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation to, the ASBA Bidders.
- e. ASBA Bidders agree that they shall purchase the Equity Shares at any price within the Price Band. In the event the Bid Amount is higher than the subscription amount payable (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the ASBA Account shall be unblocked to the extent to such excess of Bid Amount over the subscription amount payable.
- f. In case of an upward revision in the Price Band, announced as above, the number of Equity Shares bid for shall be adjusted downwards (to the previous multiple lot) for the purpose of allotment, such that no additional amount is required to be blocked in the bank account of the ASBA Bidder and the ASBA Bidder is deemed to have approved such revised Bid at Cut-off Price.

Mode of Payment

Upon submission of an ASBA Bid cum Application Form with the SCSB, whether in physical or electronic Mode, each ASBA Bidder shall be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount, in the bank account maintained with the SCSB.

Bid Amounts paid in cash, by money order or by postal order or by stockinvest, or ASBA Bid cum Application Form accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted.

After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form till the Designated Date. On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Bidders from the respective ASBA Account, in terms of the SEBI (ICDR) Regulations, 2009, into the Public Issue Account. The balance amount, if any against the said Bid in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

The entire Bid Amount, as per the Bid cum Application Form submitted by the respective ASBA Bidders, would be required to be blocked in the respective ASBA Accounts from the time of the submission of the ASBA Bid cum Application Form, whether in physical or electronic mode, until finalization of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount against allocated shares to the Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Bid, as the case may be.

Electronic registration of Bids by SCSBs

- a. In case of ASBA Bid cum Application Forms, whether in physical or electronic mode, the Designated Branch of the SCSBs will register the Bids using the online facilities of the Stock Exchanges. SCSB shall not upload any ASBA Application Form in the electronic bidding system of the Stock Exchange(s) unless
 - i. it has received the ASBA in a physical or electronic form; and
 - ii. it has blocked the application money in the bank account specified in the ASBA or has systems to ensure that Electronic ASBAs are accepted in the system only after blocking of application money in the relevant bank account opened with it.
- b. The Stock Exchanges offer a screen-based facility for registering Bids for the Issue which will be available on the terminals of Designated Branches during the Bid/Issue Period. The Designated Branches can also set up facilities for offline electronic registration of Bids subject to the condition that they will subsequently upload the offline data file into the online facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges. ASBA Bidders are cautioned that high inflow of bids typically received on the last day of the bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such bids that are not uploaded may not be considered for allocation.
- c. The aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges will be displayed online at all the Designated Branches of the SCSBs and on the websites of the Stock Exchanges. A graphical representation of consolidated demand and price would be made available at all the Designated Branches of the SCSBs during the Bidding Period.
- d. At the time of registering each Bid, the Designated Branches of the SCSBs shall enter the information pertaining to the investor into the online system, including the following details:
 - Name of the Bidder(s);
 - Application Number;
 - Permanent Account Number;
 - Number of Equity Shares Bid for;
 - Depository Participant identification no.; and
 - Client identification No. of the Bidder's beneficiary account.
- e. In case of electronic ASBA, the ASBA Bidder shall himself fill in all the above mentioned details, except the application number which shall be system generated. The SCSBs shall thereafter upload all the abovementioned details in the electronic bidding system provided by the Stock Exchange(s).
- f. A system generated TRS will be given to the ASBA Bidder upon request as proof of the registration of the Bid. It is the ASBA Bidder's responsibility to obtain the TRS from the Designated Branches of the SCSBs. The registration of the Bid by the Designated Branch of the SCSB does not guarantee that the Equity Shares bid for shall be allocated to the ASBA Bidders.
- g. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- h. It is to be distinctly understood that the permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company or the BRLMs or the Designated Branches of the SCSBs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements; nor does it

take any responsibility for the financial or other soundness of our Company, our management or any scheme or project of our Company.

- i. It is also to be distinctly understood that the approval given by the Stock Exchanges should not in any way be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that our Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
- j. The SCSB may reject the ASBA Bid upon receipt of ASBA Bid cum Application Form, if the bank account maintained with the SCSB as mentioned in the ASBA Bid cum Application Form does not have sufficient funds equivalent to the Bid Amount. Subsequent to the acceptance of the Bid by the Designated Branch, our Company would have a right to reject the Bids only on technical grounds.
- k. Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/ Allotment. In case of discrepancy of data between the BSE or NSE and the Designated Branches of the SCSBs, the decision of the Registrar, in consultation with the BRLMs, our Company and the Designated Stock Exchange, based on the physical records of the ASBA Bid cum Application Forms shall be final and binding on all concerned.

Build up of the book and revision of Bids

- a. Bids registered through the Designated Branches of the SCSBs shall be electronically transmitted to the BSE or the NSE mainframe on a regular basis.
- b. The book gets built up at various price levels. This information will be available with the BRLMs, the BRLM, the Stock Exchanges and the Designated Branches of the SCSBs on a regular basis.
- c. ASBA Bidders shall not revise their Bids.
- d. The SCSBs shall provide aggregate information about the numbers of ASBA Bid cum Application Forms uploaded, total number of Equity Shares and total amount blocked against the uploaded ASBA Bid cum Application Form and other information pertaining to the ASBA Bidders. The Registrar to the Issue shall reconcile the electronic data received from the Stock Exchanges and the information received from the SCSBs. In the event of any error or discrepancy, the Registrar to the Issue shall inform the SCSB of the same. The SCSB shall be responsible to provide the rectified data within the time stipulated by the Registrar to the Issue. Further the decision of the Registrar to the Issue in consultation with the BRLMs, our Company and the Designated Stock Exchange, in this regard shall be final and binding.
- e. Only Bids that are uploaded on the online IPO system of the BSE and the NSE shall be considered for allocation/ Allotment.

Price Discovery and Allocation

After the Bid losing Date, the BRLMs shall aggregate the demand generated under the ASBA process and which details are provided to them by the Registrar to the Issue with the Retail Individual Investor applied under the non ASBA process to determine the demand generated at different price levels. For further details, refer to the “*Issue Procedure -Price Discovery and Allocation*” on page 200 of this DRHP

Signing of Underwriting Agreement and RoC Filing

- (a) We, the BRLMs and the Syndicate Members shall enter into an Underwriting Agreement upon finalization of the Issue Price.

- (b) After signing the Underwriting Agreement, we shall update and file the updated Red Herring Prospectus with the RoC, which then would be termed the 'Prospectus'. The Prospectus would contain details of the Issue Price, and no of Equity Share Issued.

Advertisement regarding Issue Price and Prospectus

After filing of the Prospectus with the RoC, a statutory advertisement will be issued by our Company in a widely circulated English national newspaper and a Hindi national newspaper of wide circulation. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of CAN

- (a) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches of the SCSBs, a list of the ASBA Bidders who have been allocated Equity Shares in the Issue. Investors should note that our Company shall endeavour to ensure that the demat credit of Equity Shares pursuant to Allotment shall be made on the same date to all investors in this Issue; and
- (b) The ASBA Bidders shall directly receive the CAN from the Registrar. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the ASBA Bidder.

Unblocking of ASBA Account

On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Bidder to the Public Issue Account and shall unblock excess amount, if any in the ASBA Account. However, the Bid Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch of the SCSB regarding finalization of the Basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or rejection of the ASBA Bid, as the case may be.

Allotment of Equity Shares

- a. Our Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the bank account of the ASBA Bidders to the Public Issue Account on the Designated Date, to the extent applicable, our Company would ensure the credit of the Allotted Equity Shares to the depository accounts of all successful ASBA Bidders' within two Working Days from the date of Allotment.
- b. As per the SEBI (ICDR) Regulations, 2009, **Equity Shares will be issued, transferred and allotted only in the dematerialized form to the Allottees.** Allottees will have the option to re-materialize the Equity Shares so Allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

GENERAL INSTRUCTIONS for ASBA BIDDERS

Do's:

- (a) Check if you are a Resident Retail Individual Investor and eligible to Bid under ASBA process.
- (b) Ensure that you use the ASBA Bid cum Application Form specified for the purposes of ASBA process.
- (c) Read all the instructions carefully and complete the ASBA Bid cum Application Form (if the Bid is submitted in physical mode, the prescribed ASBA Bid cum Application Form is green in colour).
- (d) Ensure that your Bid is at the Cut-off Price.
- (e) Ensure that you have mentioned only one Bid option with respect to the number of equity shares in the ASBA Bid cum Application Form.

- (f) Ensure that the details of your Depository Participant and beneficiary account are correct and that your beneficiary account is activated, as Equity Shares will be allotted in dematerialized form only.
- (g) Ensure that your Bid is submitted at a Designated Branch of an SCSB, with a branch of which the ASBA Bidder or a person whose bank account will be utilized by the ASBA Bidder for bidding has a bank account and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to our Company or Registrar or Lead Manager to the Issue.
- (h) Ensure that the ASBA Bid cum Application Form is signed by the account holder in case the applicant is not the account holder.
- (i) Ensure that you have mentioned the correct bank account No. in the ASBA Bid cum Application Form.
- (j) Ensure that you have funds equal to the number of Equity Shares Bid for at Cut-off Price available in your bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch of the SCSB.
- (k) Ensure that you have correctly checked the authorization box in the ASBA Bid cum Application Form, or have otherwise provided an authorization to the SCSB via the electronic mode, for the Designated Branch to block funds equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form in your ASBA Account maintained with a branch of the concerned SCSB.
- (l) Ensure that you receive an acknowledgement from the Designated Branch of the concerned SCSB for the submission of your ASBA Bid cum Application Form.
- (m) Ensure that you have mentioned your Permanent Account Number (“PAN”) allotted under the I.T.Act.
- (n) Ensure that the name(s) and PAN(s) given in the ASBA Bid cum Application Form is exactly the same as the name(s) and PAN(s) in which the beneficiary account is held with the Depository Participant. In case the ASBA Bid is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the ASBA Bid cum Application Form.
- (o) Ensure that the Demographic Details are updated, true and correct, in all respects.

Don'ts:

- (a) Do not submit an ASBA Bid if you are not a Resident Retail Individual Investor.
- (b) Do not submit an ASBA Bid if you are applying under any reserved category.
- (c) Do not revise your Bid.
- (d) Do not Bid for lower than the minimum Bid size.
- (e) Do not Bid on another ASBA or Non-ASBA Bid cum Application Form after you have submitted a Bid to a Designated Branch of the SCSB.
- (f) Payment of Bid Amounts in any mode other than blocked amounts in the bank accounts maintained by SCSBs, shall not be accepted under the ASBA process.
- (g) Do not send your physical ASBA Bid cum Application Form by post; instead submit the same to a Designated Branch of the SCSB only.
- (h) Do not fill up the ASBA Bid cum Application Form such that the bid amount against the number of Equity Shares Bid for exceeds Rs. 100,000.

- (i) Do not submit the GIR number instead of the PAN.
- (j) Do not instruct your respective banks to release the funds blocked in the bank account under the ASBA process.

Bids by ASBA Bidders must be:

- i. Made only in the prescribed ASBA Bid cum Application Form, which is green in colour if submitted in physical mode, or electronic mode.
- ii. In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- iii. Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the ASBA Bid cum Application Form.
- iv. The Bids must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter subject to a maximum of [●] Equity Shares such that the Bid Amount does not exceed Rs. 100,000.
- v. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

ASBA Bidder's depository account and bank details

ALL ASBA BIDDERS SHALL RECEIVE THE EQUITY SHARES ALLOTTED TO THEM IN DEMATERIALIZED FORM. ALL ASBA BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER, BENEFICIARY ACCOUNT NUMBER AND PERMANENT ACCOUNT NUMBER IN THE ASBA BID CUM APPLICATION FORM. ASBA BIDDERS MUST ENSURE THAT THE NAME GIVEN IN THE ASBA BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. ADDITIONALLY, THE PERMANENT ACCOUNT NUMBER IN THE ASBA BID CUM APPLICATION FORM SHOULD BE EXACTLY THE SAME AS PROVIDED WHILE DEPOSITORY ACCOUNT. IN CASE THE ASBA BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE ASBA BID CUM APPLICATION FORM.

ASBA Bidders should note that on the basis of name of the ASBA Bidders, PAN, Depository Participant's name and identification number and beneficiary account number provided by them in the ASBA Bid cum Application Form, the Registrar to the Issue will obtain from the Depository, demographic details of the ASBA Bidders including address, ("Demographic Details"). Hence, ASBA Bidders should carefully fill in their Depository Account details in the ASBA Bid cum Application Form.

As these Demographic Details would be used for all correspondence with the ASBA Bidders they are advised to update their Demographic Details as provided to their Depository Participants.

By signing the ASBA Bid cum Application Form, the ASBA Bidder is deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

CAN/Allocation advice and letters intimating unblocking of bank account of the respective ASBA Bidder would be mailed at the address of the ASBA Bidder as per the Demographic Details received from the Depositories. ASBA Bidders may note that delivery of CAN/Allocation advice or letters intimating unblocking of bank account may be delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Note that any such delay shall be at the sole risk of the ASBA Bidders and neither of the Designated Branches of the SCSBs, the

members of the Syndicate, or our Company shall be liable to compensate the ASBA Bidder for any losses caused to the ASBA Bidder due to any such delay or be 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 ASBA Bidders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such Bids are liable to be rejected.

ASBA Bidders are required to ensure that the beneficiary account is activated, as Equity Shares will be Allotted in dematerialized form only.

Payment mechanism under ASBA

The ASBA Bidders shall specify the bank account number in the ASBA Bid cum Application Form and the SCSB shall block an amount equivalent to the application money in the bank account specified in the Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal/rejection of the ASBA Bid or receipt of instructions from the Registrar to the Issue to unblock the Bid Amount. In the event of withdrawal or rejection of Bid cum Application Form or for unsuccessful Bid cum Application Forms, the Registrar to the Issue shall give instructions to the Controlling Branch of the SCSB to unblock the application money in the relevant bank account. The Bid Amount shall remain blocked in the ASBA Account until finalization of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Bid, as the case may be.

ASBA Bids under Power of Attorney

In case of ASBA Bids made pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the ASBA Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs, reserves the right to reject such ASBA Bids.

Our Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the ASBA Bid cum Application Form, subject to such terms and conditions that we, in consultation with the BRLMs may deem fit.

OTHER INSTRUCTIONS

Withdrawal of ASBA Bids

In case an ASBA Bidder wants to withdraw the ASBA Bid cum Application Form during the Bid/Issue Period, the ASBA Bidder shall submit the withdrawal request to the SCSB, which shall do the necessary, including deletion of details of the withdrawn ASBA from the electronic bidding system of the Stock Exchange(s) and unblocking of funds in the relevant bank account.

In case an ASBA Bidder wants to withdraw the ASBA cum Application Form after the Bid/issue Closing Date, the ASBA Bidder shall submit the withdrawal request to the Registrar to the Issue. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file. The instruction for and unblocking of funds in the relevant bank account, in such withdrawals, shall be forwarded by the Registrar to the Issue to the SCSB on finalization of the Basis of Allotment.

Joint ASBA Bids

ASBA Bids may be made in single or joint names (not more than three). In case of joint ASBA Bids, all communication will be addressed to the first Bidder and will be dispatched to his address.

Multiple ASBA Bids

An ASBA Bidder should submit only one Bid for the total number of Equity Shares desired. Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is one and the same. In this regard, the procedures which

would be followed by the Registrar to the Issue to detect multiple applications are described in “*Issue Procedure- Multiple Bids*” on page 208 of this DRHP

Permanent Account Number

For details, see “*Permanent Account Number or PAN*” on page 208 of this DRHP.

Right to Reject ASBA Bids

The Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder’s bank account, the respective Designated Branch ascertains that sufficient funds are not available in the Bidder’s bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds.

Further, in case any DP ID, Client ID or PAN mentioned in the ASBA Bid cum Application Form does not match with one available in the depository’s database, such ASBA Bid shall be rejected by the Registrar to the Issue.

GROUNDINGS FOR TECHNICAL REJECTIONS UNDER THE ASBA PROCESS

In addition to the grounds listed under “*Grounds for Technical Rejection*” on page 210 of this DRHP , applications under the ASBA process are liable to be rejected on, *inter alia*, the following technical grounds:

- a. Application on plain paper or on split form;
- b. Amount mentioned in the ASBA Bid cum Application Form does not tally with the amount payable for the value of Equity Shares Bid for;
- c. Bids at a price other than at the Cut-off Price;
- d. Age of first Bidder not given;
- e. Bid made by categories of investors other than Resident Retail Individual Investors;
- f. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors and persons of unsound mind;
- g. PAN not stated, or GIR number furnished instead of PAN. See “*Issue Procedure – Permanent Account Number or PAN*” on page 208 of this DRHP;
- h. Bids for number of Equity Shares, which are not in multiples of [●];
- i. Authorization for blocking funds in the ASBA Bidder’s bank account not ticked or provided;
- j. Multiple Bids as defined in this Draft Red Herring Prospectus;
- k. In case of Bid under power of attorney, relevant documents are not submitted;
- l. ASBA Bids accompanied by stockinvest/money order/postal order/cash;
- m. Signature of sole and/or joint Bidders missing in case of ASBA Bid cum Application Forms submitted in physical mode;
- n. ASBA Bid cum Application Form does not have the stamp of the SCSB and/or a member of the Syndicate;
- o. ASBA Bid cum Application Form does not have the Bidder’s depository account details;
- p. ASBA Bid cum Application Form is not delivered, either in physical or electronic form, by the Bidder within the time prescribed and as per the instructions provided in the ASBA Bid cum Application Form and the Red Herring Prospectus;
- q. Inadequate funds in the ASBA Account to block the Bid Amount specified in the ASBA Bid cum Application Form at the time of blocking such Bid Amount in the ASBA Account;
- r. 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 DP ID and the beneficiary account number; and
- s. If the ASBA Bid in the Issue is revised.

Bidders are advised that ASBA Bids not uploaded in the electronic book of the Stock Exchanges, due to any of the grounds mentioned above, would be rejected.

COMMUNICATIONS

All future communication in connection with ASBA Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First ASBA Bidder, ASBA Bid cum Application Form number, details of Depository Participant, number of Equity Shares applied for, date of ASBA Bid cum Application Form, name and address of the Designated Branch of the SCSB where the ASBA Bid was submitted, bank account number in which the amount equivalent to the Bid amount was blocked and a copy of the acknowledgement slip. The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances. The SCSB shall be responsible for any damage or liability resulting from any errors, fraud or willful negligence on the part of any employee of the concerned SCSB, including its Designated Branches and the branches where the ASBA Accounts are held. The Company, the BRLMs, the Syndicate Members and the Registrar accept no responsibility for errors, omissions, commissions or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI (ICDR) Regulations, 2009.

ASBA Investors can contact the Compliance Officer, the Designated Branch of the SCSB where the ASBA Bid cum Application Form was submitted, or the Registrar to the Issue in case of any pre- or post-Issue related problems such as non-receipt of credit of Allotted Equity Shares in the respective beneficiary accounts, unblocking of excess Bid Amount, etc.

Disposal of Investor Grievances

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked on application, bank account number and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY IN INSTRUCTIONS TO SCSBs BY THE REGISTRAR TO THE ISSUE

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI (ICDR) Regulations, 2009, we undertake that:

- Allotment and transfer shall be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
- Instructions for unblocking of the ASBA Bidder's Bank Account shall be made within 15 days from the Bid/Issue Closing Date; and
- We shall pay interest at 15% per annum for any delay beyond the 15 day period mentioned above, if Allotment is not made, instructions for unblocking of ASBA Bidder's Bank Account are not dispatched and/or demat credits are not made to investors within the 15 day period prescribed above.

Basis of Allocation

Bids received from ASBA Bidders will be considered at par with Bids received from non-ASBA Bidders. The basis of allocation to such valid ASBA and non-ASBA Bidders will be that applicable to Retail Individual Bidders. For details, see "*Issue Procedure- Basis of Allotment*" on page 211 of this DRHP.

Method of Proportionate basis of allocation in the Issue

ASBA Bidders, along with non-ASBA Bidders, will be categorized as Retail Individual Bidders. No preference shall be given vis-à-vis ASBA and non-ASBA Bidders.

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 or prohibited, 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. The Government body responsible for granting foreign investment approvals are the Foreign Investment Promotion Board of Government of India (FIPB) and the RBI. As per current foreign investment policies, foreign direct investment in the sector in which our Company operates (paper industry) is allowed upto 100% under the automatic route.

RBI, vide its circular A.P (DIR Series) Circular No. 53 dated December 17, 2003, permitted FIIs to subscribe to shares of an Indian Company in the public issue without prior approval of 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.

The above information is given for the benefit of the Bidders and neither our Company nor the BRLMs are liable for any changes in the regulations after the date of the Draft Red Herring Prospectus.

SECTION X – DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

II. CAPITAL

3. The Authorised Share Capital of the Company is as mentioned in clause V of the Memorandum of Association of the Company with power of the Board of Directors to Sub-divide, consolidate and increase and with power from time to time, issue any shares of the original capital with and subject to any preferential, qualified or special rights, privilege or conditions as may be, thought fit, and upon the sub-division of shares apportion the right to participate in profits in my manner as between the shares resulting from sub-division.
4. The Company shall have the power to increase or reduce the capital for the time being of the Company and to divide the shares in the capital into several classes with rights, privileges or conditions as may be determined. The Company may issue preference shares which shall, or at the option of the Company, shall be liable to be redeemed.

III. SHARES

5. 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 them of such person, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of section 79 of the Act) at a discount and at such time as they may from time to time think fit and with 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 right to call for any shares either at par or premium during such time and to 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 not be given to any person or persons without the sanction of the Company in the General Meeting.
- 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, either out of unissued capital or out of the increased share capital, then:
- (a) Such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the company, in proportion, as nearly as circumstances admit, to the capital paid-up on those shares at that date;
 - (b) The offer aforesaid shall be made by 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) hereof, shall contain a statement of this right; PROVIDED that the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the share offer to him.

- (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 of them in such manner as they think most beneficial to the company.
2. Notwithstanding anything contained in clause (1), the further shares aforesaid may be offered to any persons [whether or not those persons include the persons referred to in sub-clause (a) of clause (1) hereof] in any manner whatsoever-
- (a) if a special resolution to that effect is passed by the company in general meeting, or
- (b) Where no such special resolution is passed, if the votes cast (whether on a show of hands, or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the chairman) by members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the company.
3. Nothing in sub-clause (c) of (1) hereof, shall be deemed-
- (a) To extend the time within which the offer should be accepted, or
- (b) To authorize any person to exercise the right of remuneration for a second time, on the ground that the person in whose favour the remuneration 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 a public company caused by the exercise of an option attached to debentures issued or loans raised by the company:
- (i) To convert such debentures or loans into shares in the company, or
- (ii) To subscribe for shares in the company (whether such option is conferred in these Articles or otherwise).

Provided that the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- (a) Either has been approved by the Central Government before the issue of debentures or the raising of the loans, or is in conformity with the rules, if any, made by that Government in this behalf; and
- (b) In the case of debentures or loans other than debentures issued to, or loans obtained from, the Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the company in general meeting before the issue of the debentures or the raising of the loans.
- 5.(B) Any debentures, debentures-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.

IV. PAYMENT OF COMMISSION AND BROKERAGE

6. (1) The company may exercise the powers of paying commissions conferred by Section 76 of the Act, provided that the rate percent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section.
- (2) The rate of the commission shall not exceed the rate of five percent of the price at which the shares in respect whereof the same is paid are issued or an amount equal to five percent of such price, as the case may be, and in case of debentures two and half percent of the price at which debentures are issued.
- (3) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or debentures or partly in one way and partly in the other.
- (4) The company may also pay such brokerage as may be lawful on any issue of shares or debentures.

VI. MODIFICATION OF RIGHTS

- 8.(1) If 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 subject to the provisions of sections 106 and 107 and whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of the class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.
- (2) To every such separate meeting, the provisions of these Articles relating to general meetings, shall mutatis mutandis apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class in question.
9. The rights conferred upon the holders of shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

VII. SHARES CERTIFICATES

10. The certificates or title to the shares shall be issued under the seal of the Company in the manner prescribed in that behalf under the rules framed under the Act.
11. Every member shall be entitled to one certificate for the shares registered in his name or if the Board of Directors so approves, upon paying such fees as the Board of Directors from time to time determine, to several certificates, for one or more of such shares.
12. The Certificate of Shares registered in the name of two or more persons may be delivered to any one of several joint-holders named in the register and this shall form a sufficient delivery to all such holders. The company shall not be bound to register more than three person as the joint-holders of any shares.
13. 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 certificates 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, as 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 certificated 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 Regulations 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 provision of this Article shall mutatis mutandis apply to debenture of the Company.

13(A). Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder.

VIII. CALLS

14. Subject to the provisions of the Act, the Board of Directors may from time to time make such calls on uniform basis as it thinks fit, upon the members in respect of all moneys unpaid on the shares (whether on account of the nominal value of the shares or by way of premium) held by them and not by conditions of allotment thereof made payable at fixed time and each such member shall pay the amount of every call so made on him to the person and at the time and place appointed by the Board of Directors. A call may be made payable by installments.

15. The joint holders of shares shall severally as well as jointly be liable for payment of all installments and calls due in respect of such shares.

16.(1) A call shall be deemed to have been made at the time when the resolution of the Board of Directors authorizing such call was passed unless the same is expressly made effective on any other date under such resolution.

(2) Not less than fourteen days' notice of any call shall be given specifying the place and time of payment and to whom such call shall be paid provided that Board of Directors may, subject to Section 91 of the Act, by notice in writing to a member, revoke the call or extend the time for payment thereof.

17. If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by installments at fixed times, whether on account of the share or by way of premium, every such amount of installment shall be payable as if it were a call duly made by Board of Directors and of which due notice had been given and provisions herein contained in respect of calls for future or otherwise shall relate to such amount or installment accordingly.

18. If the sum payable in respect of any call or installment be not paid on or before the day appointed for payment thereof the holder for the time being of the share in respect of which the call shall have been made or the installment shall be due shall pay interest for the same at the rate of twelve per cent per annum (or at such other rate as the Board of Directors may determine) from the day appointed for the payment thereof to the time of actual payment but the Board of Directors shall be at liberty to waive payment of the interest wholly or in part.

19. The Directors may, if they think fit, subject to the provisions of section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the money due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time exceeds the amount of the calls then made upon the share in respect of which such advance has been made, the company may pay interest at such rate not exceeding six percent per annum or 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 advance.

IX. FORFEITURE

20. If any members fails to pay the whole or any part of any call, or installment or any money due in respect of any shares either by way of principal or interest on or interest on or before the day appointed for the payment of the same, the Board of Directors may at any time thereafter during such time as the call or installment or other money remains unpaid, serve a notice on such member or on the persons (if any) entitled to the share by transmission, requiring him to pay the same together with any interest that may have accrued and all the expenses that may have been incurred by the Company by reason of such non-payment.
21. The notice shall name a day (not being less than 14 days from the date of notice) and a place on and at which such call or installment 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 appointed, the share in respect of which such call was made or installments is payable will be liable to be forfeited.
22. If the requirement of any such notice as aforesaid are not complied with any shares in respect of which such notice has been given may at any time thereafter, before payment of calls or instalment, interest and expenses due in respect thereof, be forfeited by a resolution of the Board Of Directors to that effect and the forfeiture shall be recorded in the Board of Directors minute book. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.
23. When any shares shall have been so forfeited, notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture and entry to the forfeiture with date thereof shall forth-with be made in the register of the members.
24. Any share so forfeited shall be deemed to be the property of the Company and the Board of Directors may sell, re-allot or otherwise dispose of the same in such manner as they think fit. The Board of Directors may, at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of annul the forfeiture thereof upon such conditions as it thinks fit.
25. Any member whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares, but shall notwithstanding the forfeiture remain liable to pay to the Company all calls, instalments, interest and expenses owing upon or in respect of such shares at the date of the forfeiture together with interest thereon from the time to time of forfeiture until payment at the rate of twelve percent per annum and the Board of Directors may enforce the payment thereof, if they think fit.
26. The forfeiture of a share shall involve the extinction of all interest in and of all claims and demands against the Company in respect of the shares, and all other rights incidental to the shares, except only such of those rights as by the Articles are expressly saved.
27. A duly certified declaration in writing that the declarant is a Director of the Company and that certain shares in the Company have duly been 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 share and such declaration and the receipt of the Company for the consideration, shall constitute a good title to such shares and the person to whom the shares are sold shall be registered as holder thereof and shall not be bound to see to the application of the purchase money, nor shall his title to such shares be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition.

X. LIEN ON SHARES

28. 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 share/debentures shall operate as a waiver of the company's lien if any, on such shares/debentures shall operate as a waiver of the company's lien if any, on such shares/debentures. The Director may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.

29. No members shall exercise any voting right in respect any shares registered in his name on which any calls or other sums, presently payable by him, have not been paid or in regard to which the Company has exercised any right of lien.
30. The Company may sell, in such manner as the Board of Directors thinks fit, any shares on which the Company has a lien.
 - (a) Unless a sum in respect of which the lien exists is partly payable, or
 - (b) Until the expiration of fourteen days, after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.
31. The net proceeds of any such sale shall be applied in or towards satisfaction of the debts, liabilities or engagements of such member, his executors, administrators or representative and the shares before the sale be paid to the person entitled to the shares at the sale.
32. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board of Directors may cause the purchaser's name to be entered in the register of members in respect of the shares sold, and the purchaser shall not be bound to see to the regularity of the proceedings, nor to the application of the purchase money and after his name has been entered in the register in respect of such shares invalidity of the sale not be impeached by any persons, and the remedy of any person aggrieved by the sale be in damages only.

XI. TRANSFER

33. Save as provided in Section 108 of the Act, no transfer of shares in or debentures of the Company shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferee has been delivered to the Company together with the certificate or if no such certificate is in existence, the Letter of Allotment of the shares. The instrument of transfer of any shares in or debentures of the Company shall specify the name, father's/husband's name, address, occupation, nationality both of the transferor and transferee is entered in the Register of members. Each signature shall be duly attested by the signature of one witness who shall add his address and occupation.
34. Application for the registration of the transfer of a share may be made either by the transferor or the transferee. Where such application is made by the transferor and relate to a partly paid share, no registration shall be effected unless the company gives notice of application to the transferee in the manner prescribed by Section 110 of the Act. Subject to the provisions of Article hereof, if the transferee makes no objection within two weeks from the date of receipt of the notice, the Company shall enter in the register of members the name of the transferee in the same manner and subject to the same conditions as if application for registration was made by the transferee.
35. Before registering any transfer tendered for registration the Company may, if it 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 made the transfer will be registered and if such registered holder fails to lodge an objection in writing at the office of the company within ten days from the posting of such notice to him he shall be deemed to have admitted the validity of the said transfer. Where no notice is received by the registered holder the Company shall be deemed to have decided not to give notice and in any event the non-

receipt by the registered holder of any notice shall not entitle him to make any claim of any kind against the Company or the Board of Directors in respect of such non-receipt.

36. Neither the company nor the Board of Directors shall incur any liability for registering or effecting a transfer of share apparently made by competent parties, although the same may, by reason of any fraud or other cause not known to the Company or its Board of Directors, be legally inoperative or insufficient to pass the property in the shares or debentures proposed or professed to be transferred and although the transfer may as between the transferor and transferee be liable to be set aside and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blanks as to the name of transferee or the particulars of the person registered as transferee, his executors, administrators or assigns alone shall be entitled to be recognized as the holder of such share or debenture and the previous holder of such share or debentures shall, so far as nature and the previous holder of such share or debentures shall, so far as the Company is Concerned, be deemed to have transferred his whole title thereto.
37. Transfer shall be made to minor or person of unsound mind through his legal guardian.
38. Every instrument of transfer shall be left at the office for Registration, accompanied by the certificate of the shares or if no such certificate is in existence, by the Letter of Allotment of the shares to be transferred and such other evidence as the Board of Directors may require to prove the title of the transferor or his right to transfer the shares, the transferee shall (subject to the right of the Board of Directors to decline to register herein-after mentioned) be registered as a member in respect of such shares. The Board of Directors may waive the production of any certificate upon evidence satisfactory to it of loss or destruction.
39. All instrument of transfer which shall be registered shall be retained by the Company but any instrument of transfer which the Board of Directors may decline to register shall be returned to the person depositing the same.
40. Subject to the provision of Section 111A of the Act and the provisions of the Securities Contracts (Regulation) Act 1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of share whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the company but in such cases, the directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or person indebted to the company on any account whatsoever except when the Company has a lien on the shares. Transfer of Shares/debentures in whatever lot shall not be refused.
41. The registration of transfer may be suspended after giving due notice at such times and for such periods as the Board of Directors may from time to time determine:

Provided that such registration shall not be suspended for more than forty-five days in any year and not exceeding thirty days at any one time.
42. Shares in the Company shall be transferred in the form for the time being prescribed under the rules framed under the Act.
- 42A. No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.

XII. TRANSMISSION

43. The executors or administration 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 persons (whom the Company shall recognize as having any title to the shares registered in the name of such member and, in case of the

death of any one or more of the joint-holder of any registered shares, the survivors shall be the only persons recognized by the Company as having any title to or interest in such shares but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person. Before recognizing any executor or administrator or legal heir, the Board of Directors may require him to obtain a grant of probate or letter of administration or succession certificate or other legal representation, as the case may be, from a competent Court.

Provided also that the holder of a succession certificate shall not be entitled to receive any dividends already declared but not paid to the deceased member unless the succession certificate declares that holder thereof is entitled to receive such dividends.

44. Any person becoming entitled to a share in consequences of the death, lunacy or insolvency of a member may, upon producing such evidence of his title as may, subject to the regulation as to transfer herein-before contained, transfer such shares.
45. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meeting of the Company.

Provided that the Board of Directors may, at any time, give notice requiring any such person to elect, either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board of Directors may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share, until the requirements of the notice have been complied with.

46. If the person so becoming entitled to share under preceding Articles shall elect to be registered 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 the shares to some other person he shall execute an instrument of transfer in accordance with the provision of these Articles relating to the transfer of shares. All the limitations, restriction and provisions of these Articles relating to the right of transfer and the registration of transfer of shares shall be applicable to any such notice or transfer as aforesaid.
47. The Articles providing for transfer and transmission of shares, shall mutatis mutandis apply to the transfer and transmission of debentures of the Company.

XIII. ALTERATION IN CAPITAL

48. The Company in General Meeting may:
 - (a) Increase its authorized share capital by an amount as it thinks expedient by creating new shares.
 - (b) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares.
 - (c) Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its capital by the amount of the shares so cancelled.
 - (d) Subdivided its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association subject to the provisions of Section 94 (1)(d) of the Act.
 - (e) Reduce its capital in any manner authorized by Section 100 of the Act.

The powers conferred by this Article may be exercised by an ordinary resolution, except in the case of reduction of capital when the exercise of the power in that behalf shall be by a special resolution. The Company shall give due notice to the Registrar of any such alteration in capital.

XVI.GENERAL MEETINGS

57. All general meetings other than annual general meetings shall be called extra-ordinary general meetings.
- 58.(1)The Board of Directors may, whenever it thinks fit, call an extra-ordinary general meeting.
- (2)If at any time, there are not within India, Directors capable of acting who are sufficient in number to form a quorum, any Director of the Company may call an extra-ordinary general meeting in the same manner or as nearly as possible, as that in which such a meeting may be called by the Board of Directors.

XVIII.VOTES OF MEMBERS

66. Subject to any rights or residents for the being attached to any class or classes of shares:
- (a) On a show of hands, every member present in person shall have one vote, and
 - (b) On a poll, the voting rights of members shall be as laid down in Section 87 of the Act.
67. In the case of joint-holder, the vote of senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote of the other joint-holders.
- For this purpose, seniority shall be determined by the order in which the name stands in the register of members.
68. A member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote whether on a show of hands or on a poll vote by his committee or other legal guardian, and any such committee or guardian may on a poll vote by proxy.
69. No member shall be entitled to vote at any general meeting unless at calls or other sums presently payable by him in respect of shares in the Company has been paid.
- 70.(1)No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes.
- (2) Any such objection made in due time shall be referred to the Chairman of the meeting, whose decision shall be final and conclusive.
71. The instrument appointing proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the registered office of the Company not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in instrument to vote, or in the case of a poll, not less than twenty-four hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid.
- a. An instrument appointing a proxy shall be in either of the forms in Schedule IX to the Companies Act, 1956 or a form as near thereto as circumstances admit.

- b. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given.

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

XIX.DIRECTORS

75. Unless otherwise determined by the Company in General Meeting, number of Directors shall not be less than three and more than twelve, inclusive of nominee Directors.
76. Unless otherwise determined by the Company in General Meeting, Directors shall not be required to hold any qualification shares.
- 77.(1) Remuneration of Directors shall be a fee not exceeding Rs.250/- [Rupees two Hundred and Fifty] for each Director for each meeting of Board of Directors attended by him and in addition, subject to the provisions of Section 309 and 314 of the Act, all the Directors may receive a commission upto three per cent (3%) on the net profit of the Company as computed under the provisions of the Companies Act, 1956 and such commission shall be divided amongst them equally or as the Board of Directors may determine. The Directors may waive or reduce their fee for any meeting or period.
- (2) Any Director performing extra services or making any special exertion for any one of the purpose of the Company or who is a Managing Director or wholetime Director, may be paid such fixed sum or remuneration either by way of monthly payment or a specified percentage of profit or in any other manner as the Company may determine, subject to the provisions of Section 314 of the Companies Act, 1956.
- (3) The remuneration of the Directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day to day.
- (4) In addition to the remuneration payable to them in pursuance of these Articles, the Directors may be paid all traveling and other expenses properly incurred by them.
- (a) In attending and returning from meetings of the Board of Directors or any committee thereof, or
- (b) In connection with the business of the Company.
78. The Board of Directors may pay all expenses incurred in registering the Company.
79. The Company may exercise the powers conferred on it by Section 157 and 158 of the Act with regard to keeping of a register; and the Board of Directors may (subject to the provisions of those Sections) make and vary such regulations as it may fit, respecting the keeping of any such register.
80. All cheques, promissory notes, drafts, hundies, bills of exchange and other negotiable instruments, and all receipts for moneys paid to the Company, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, by the Managing Director or by such person and in such manner as the Company in General Meeting or the Board of Directors shall from time to time, determine by resolution.
81. Every Director present at any meeting of the Board of Directors or of a committee thereof shall sign his name in a book to be kept for that purpose.

- 82.(1)The Board of Directors shall have power at any time, and from time to time, to appoint a person as an additional Director provided the number of the Director and additional Directors together shall not at any time exceed the maximum strength fixed for the Board of Directors by Article 75 above.
- (2) Such person shall hold office only upto the date of the next annual general meeting of the Company but shall be eligible for reappointment by the Company as a Director at that meeting, subject to the provisions of the Companies Act,1956.
- 83.(1)The Board of Directors shall also have power to fill a casual vacancy in the Board of Directors. Any Director so appointed shall hold office only so long as the vacating Director would have held the same if no such vacancy had occurred.
- (2) The Board of Directors may appoint any person to act as an alternate Director for a Director during the latter's absence for a period of not less than three months from the State in which meetings of the Board of Directors 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 and to attend and vote thereat accordingly; but the "ipso facto" vacates office, if and when the absent Director returns to the State in which meetings of the Board of Directors are ordinarily held or the absent Director vacates office as Director.
84. If it is provided by any agreement, deed or other document securing otherwise in connecting with any loan taken by the Company or in connection with taking of any shares by any person that any such person or persons shall have power have power to nominate one or more Directors on the Board of Directors of the Company then and in case of taking of such loan or share or entering into such agreement the person or persons having such power may exercise his power from time to time and appoint one or more Directors accordingly. Such Director may be removed from office at any time by the person or persons in whom the power under which he was appointed is vested and another Director may be appointed in his place but while holding such office he shall not be liable to retire by rotation nor hold any qualification shares, if there be any.

XXI.POWERS OF DIRECTORS

92. Subject to the provisions of the Companies Act, 1956 the control of the Company shall be vested in the Board of Directors who shall be entitled to exercise all such powers and to do all such acts and things as the Company is authorized to exercise and do; provided that the Board of Directors shall not exercise any power or do any act or thing which is directed or required, whether by the Companies Act,1956 or any other Statute or by the Memorandum of the Company or by these Articles or otherwise, to be exercised or done by the Company in General Meeting.

Provided further that in exercising any such power or doing any such act or thing, the Board of Directors shall be subject to the provisions in that behalf contained in the Companies Act,1956 or any other statutory or in the Memorandum of the Company or in these Articles, or in any regulations not inconsistent therewith and duly made thereunder, including regulations made by the Company in General Meeting and no such regulations shall invalidate any prior act of the Board of Directors which would have been valid if that regulations had not been made.

93. Subject to and in accordance with the provisions of the Companies Act, 1956, the Board of Directors shall retain and employ such staff as may be necessary for carrying on the business of the Company. The salary or other remuneration of such staff shall be defrayed by the Company, or jointly with other concerns.

XXII.BORROWING POWERS

- 96.(1)Subject to the Provisions of Sections 58-A,292,293 and 370 of the Companies Act,1956 the Board of Directors may from time to time at its discretion, raise or borrow, either from the Directors or from

elsewhere and secure the payment of any payment of any sum or sums of money for the purposes of the Company.

- (2) The Board of Directors may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respect as it thinks fit, and in particular, by the issue of bonds, perpetual or redeemable, debenture or debenture stock or any mortgage, charge or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.
97. If any uncalled capital of the Company is included in or charged by the mortgage or other security the Board of Directors may by instrument under the Company's seal authorize the person in whose favour such mortgage or security is executed or any other person in trust for him to collect money in respect of calls made by the Board of Directors or member in respect of such uncalled capital and the provisions hereinbefore contained in regard to call shall mutatis mutandis apply to calls made under such authority; and such authority may be made exercisable either conditionally, or unconditionally either presently or contingently and either to the exclusion of the Director's powers or otherwise and shall be assignable if expressed so to be.
98. Debentures, debenture-stock, bonds and other securities may be ade assignable, free from any equities, between the Company and he persons to whom the same may be issued.
99. Subject to the provisions of the Companies Act, 1956 any debentures, bonds or other securities may be issued by the Company at a discount, premium or otherwise, with any special privilege as to redemption, surrender, drawings, allotment of shares, appointment of Directors or other debentures and bonds with right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in general meeting and compliance of provisions of the Companies Act, 1956.

XXIII.MANAGING DIRECTORS, MANAGER AND SECRETARY

100. Subject to the provisions of the Companies Act, 1956, the Company may, at any time, appoint one or more Directors as Managing Director or whole time Director on such remuneration, terms and conditions as may be decided by them in such meeting. A whole time Director or Managing Director shall not be liable to retire by rotation.
101. Subject to the provision of the Companies Act, 1956 a Manager or secretary may be appointed by the Board of Directors for such term and on such remuneration and upon such conditions as it may deem it, and Manager or Secretary so appointed may be removed by the Board of Directors.
102. A Director may be appointed as Manager or Secretary, subject to the provisions of Section 314 and 383-A of the Companies Act, 1956 and rules made thereunder.
103. A provisions of the Companies Act, 1956 or these Articles requiring or authorizing a thing to be done by a Director and the Manager or Secretary shall not be satisfied by its being done by the same person acting both as Director and as, or in place of the manager or secretary.

XXIV. THE SEAL

- 104.(1) The Board of Directors shall provide for the safe custody of the seal.
 - (2) The seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board of Directors or of a committee of the Board of Directors authorized by it in that behalf, and except in the presence of at least one Director and Secretary or such other person as the Board of Directors may appoint for the purpose and the Director or Secretary or other person aforesaid shall sign on every instrument to which the seal of the Company is so affixed in his presence.

(3) The Company may exercise the powers conferred by Section 50 with regard to having an official seal for use abroad, and such powers shall be vested in the Board of Directors.

(4) The share certificate shall be sealed and signed in accordance with Rule 6 of the Companies (issue of share certificate) Rules, 1960.

XXV.DIVIDENDS AND RESERVES

105.The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board of Directors.

106.The Board of Directors may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the Company.

107.(1)The Board of Directors may, before recommending any dividends set aside out of the profit of the Company such as it thinks proper as a reserves which shall, at the discretion of the Board of Directors, be applicable for any purpose to which the profits of the Company may be properly applied, including provisions for meeting contingencies or for equalizing dividends, and pending such application, may at like discretion, either be employed in the business of the Company or be invested in such investments (other than shares in the Company) as the Board of Directors may, from time to time, think fit, subject to the provisions of the Companies Act,1956.

(2) The Board of Directors may also carry forward any profits which it may think prudent not to divide without setting them aside as a reserve.

108.(1) Subject to the rights of person, if any, entitled to shares with special; rights as to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividends is paid but if and so long as nothing is paid upon any of the shares in the Company dividends may be declared and paid according to the nominal amounts of the shares.

(2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this Article as paid on the share.

(3) Unless otherwise decided by the Board of Directors all dividends shall be appointed and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

109.The Board of Directors may deduct from any dividend payable to any member all sums of money, if any, presently by him to the Company on account of calls or otherwise in relation to the shares in the Company.

110.All dividend, unclaimed should be deposited according to the provisions of the Companies Act, 1956. The provisions of Section 205- A and 205-B shall be complied with in this regard.

111.(1)Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or in the case of joint-holders, to the registered address of that one of the joint-holders who is first named on the register of members or to such person and to such address as the holder or joint-holder may in writing direct.

(2)Every such cheque or warrant shall be payable to the order of the person to whom it is sent.

112.Any one of two or more joint-holders of a share may give effectual receipts for any dividends, bonuses or other moneys payable in respect of such shares.

113. Notice of any dividend that may have been declared shall be given to the person entitled to share therein in the manner mentioned in the Companies Act, 1956.

114. No dividend shall bear interest against the Company.

XXVI. ACCOUNTS

115.(1) The Board of Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall open for the inspection of members not being Directors

(2) No member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorised by the Board of Directors or by the Company in general meeting.

XXVII. CAPITALISATION OF PROFITS

116.(1) The Company in general meeting may, upon the recommendation of the Board of Directors, resolve:

- (a) That it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or the credit of the profit and loss account or otherwise available for distribution, and
- (b) That such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

(2) The sum aforesaid shall not be paid in cash but shall be applied subject to the provisions contained in clause

(3) either in or towards:

- I. paying up any amounts for the time being unpaid on any shares held by such members respectively; or
- II. paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid, or
- III. paying up partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii)

(3) A share premium account and a capital redemption reserve fund may, for the purpose of these Articles, be applied only in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.

(4) The Board of Directors shall give effect to the resolution passed by the Company in pursuance of this Article.

117.(1) Whenever such a resolution as aforesaid shall have been passed, the Board of Directors shall:

- (a) make all appropriations of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares, and
- (b) generally do all acts and things required to give effect thereto.

(2) The Board of Directors shall have full power:

- (a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, in the case of shares becoming distributable in fractions; and also
 - (b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment of them respectively credited as fully paid up, of any further shares to which they may be entitled upon such capitalisation, or (as the case may require) for the payment by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing shares.
- (3) Any agreement made under such authority shall be effective and binding on all such members.

XXVIII.WINDING-UP

118.(1) If the Company shall be wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required by the Companies Act, 1956, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company whether they shall consist of property of the same kind or not.

(2) For the purpose aforesaid the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

(3) The liquidator may, with the like sanction, vest the whole or any part or such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

XXIX.MEMBERS

119. Every person who is a subscriber to the Memorandum and Articles and/or who intends to be or becomes a member of the Company shall, subject to the provisions of any law in force, be bound by the provisions of the Memorandum and Articles of the Company and any matter or dispute arising between the Company and any such person as regards mutual rights, obligations or otherwise shall be subject to the jurisdiction of the court having jurisdiction over the registered office of the Company in respect to the disputed matter.

XXX.INDEMNITY

120. Subject to Section 201 of the Companies Act, 1956 every officer or agent for the time being of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 633 in which relief is granted to him by the Court.

XXXI.SECRECY

121. Subject to the provisions of these Articles and the Companies Act, 1956, no member shall be entitled to inspect the Company's Books without permission of the Board of Directors or to require discovery of or any information respecting any detail of the Company's trading or any matter which may relate to the conduct of the business of the Company and which in the opinion of the Board of Directors, will not be expedient in the interest of the members of the Company to communicate to the public.

SECTION XI –OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which have been attached to the copy of this Draft Red Herring Prospectus, delivered to the Registrar of Companies for registration and also the documents for inspection referred to hereunder, may be inspected at our Registered Office situated at Village Aghwanpur, Kanth Road, District - Moradabad, Uttar Pradesh – 244 001 from 10.00 am to 4.00 pm Indian Standard Time on any Business Day from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

Material Contracts

1. Engagement Letter for appointment of Mefcom Capital Markets Limited & Emkay Global Financial Services Limited as BRLMs.
2. Memorandum of Understanding dated March 12, 2010 between our Company and the BRLMs.
3. Memorandum of Understanding dated March 10, 2010 executed between our Company and the Registrar to the Issue.
4. Escrow Agreement dated [•] between our Company, the BRLMs, Escrow Collection Banks, and the Registrar to the Issue.
5. Syndicate Agreement dated [•] between our Company, the BRLMs and Syndicate Members.
6. Underwriting Agreement dated [•] between our Company, the BRLMs and Syndicate Members.

Material Documents

1. Our Memorandum and Articles of Association as amended till date.
2. Our certificate of incorporation dated *June 14, 1996 and certificates in respect subsequent changes in name*
3. Resolutions of the Board dated February 1, 2010 authorising the Issue.
4. Shareholders' resolutions dated February 26, 2010 in relation to the Issue and other related matters.
5. Copies of resolutions for appointment and remuneration of our Directors.
6. Report of the Auditors on the restated financial statements, prepared as per Indian GAAP and mentioned in this Draft Red Herring Prospectus and letters from the auditors dated February 26, 2010.
7. Copies of annual reports of our Company for the past five financial years.
8. Statement of Tax Benefits dated February 26, 2010 from the auditor, Pradeep Hari & Co.,Chartered Accountant
9. Consents of the Auditors for inclusion of their report on accounts and Statement of Tax Benefits in the form and context in which they appear in this Draft Red Herring Prospectus.
10. General Powers of Attorney executed by the Directors of our Company in favour of person(s) for signing and making necessary changes to this Draft Red Herring Prospectus and other related documents.
11. Consents of the IPO Grading Agency, Auditors, Bankers to our Company, BRLMs, Syndicate Members, Registrar to the Issue, Banker to the Issue, Legal Counsel to our Company, Directors of our Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.

12. IPO Grading Letter by [•] dated [•].
13. Applications dated March 15, 2010 and March 15, 2010 for in-principle listing approval from BSE and NSE, respectively.
14. In-principle listing approval dated [•] and [•] from BSE and NSE, respectively.
15. Agreement between NSDL, our Company and the Registrar to the Issue
16. Agreement between CDSL, our Company and the Registrar to the Issue.
17. Due diligence certificate dated March 12, 2010 to SEBI from the BRLMs.
18. SEBI observation letter [•] dated [•] and our *in-seriatim* reply to the same dated [•].

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

SECTION XII –DECLARATION

All the relevant provisions of the Companies Act, 1956 and the guidelines issued by the GoI or the guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines issued thereunder, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

Signed by all Directors

Ishwar Chand Agarwal

Kailash Chandra Agarwal

Himanshu Agarwal

Bhairon Singh Solanki

Rameshwar Pareek

Surendra Agarwal

Mr. Ankit Agarwal
Company Secretary

Mr. Rakesh Kumar Agarwal
Chief Finance Officer

Date: March 12, 2010

Place: New Delhi