



## PARAMOUNT PRINTPACKAGING LTD.

Our Company was formed originally as a partnership firm in the name and style of M/s. Paramount Printing Press on November 13, 1985. M/s. Paramount Printing Press was converted into a private limited company under Part IX of the Companies Act 1956, with the name of "Paramount Printing Press Private Limited" pursuant to certificate of incorporation dated March 24, 2006 bearing CIN U22200MH2006PTC160735, issued by the Registrar of Companies, Maharashtra, Mumbai. The name of our Company was changed to "Paramount Printpackaging Private Limited" pursuant to a fresh certificate of incorporation consequent upon change of name dated June 2, 2010, issued by the Registrar of Companies, Maharashtra, Mumbai. Our Company was converted to a public limited company and the name of our Company was changed to "Paramount Printpackaging Limited" pursuant to a fresh certificate of incorporation consequent upon change of name dated July 21, 2010 issued by the Registrar of Companies, Maharashtra, Mumbai.

**Registered Office and Corporate Office:** A/309, TTC Industrial Estate, Mahape Road, Navi Mumbai, Maharashtra 400 701.

For more information on our change in name and registered office, refer to "History and Other Corporate Matters" on page 73 of the Red Herring Prospectus.

**Tel:** +91 22 4162 7777; **Fax:** +91 22 2778 2743

**Contact Person:** Ms. Ashwini Rao, Company Secretary and Compliance Officer

**E-mail:** pppl.ipo@pppltd.in; **Website:** www.pppltd.in

**PROMOTERS OF OUR COMPANY:** MR. ASHWIN BABULAL SUKHADIA, MR. ANUJ VIPIN SUKHADIA, MR. DHARMESH ASHWIN SUKHADIA, MR. DIVYESH ASHWIN SUKHADIA, MR. KETAN VIPIN SUKHADIA AND MR. VIPUL ASHWIN SUKHADIA

**PUBLIC ISSUE OF 1,30,94,175 EQUITY SHARES OF RS. 10/- EACH ("EQUITY SHARES") OF PARAMOUNT PRINTPACKAGING LIMITED ("PPL" OR "OUR COMPANY") OR THE "ISSUER") FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF RS. [●] PER EQUITY SHARE), AGGREGATING RS. [●] (THE "ISSUE"). THE ISSUE SHALL CONSTITUTE 49.04% OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF OUR COMPANY.**

**THE FACE VALUE OF THE EQUITY SHARES IS RS. 10/-**

**PRICE BAND: RS. 32 TO RS. 35 PER EQUITY SHARE OF FACE VALUE OF RS. 10 EACH**

**THE FLOOR PRICE IS 3.2 TIMES OF THE FACE VALUE AND THE CAP PRICE IS 3.5 TIMES OF THE FACE VALUE**

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

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

### RISK IN RELATION TO THE FIRST ISSUE

This being the first public issue of Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is Rs. 10/- each and the Floor Price is 3.2 times of the face value and the Cap Price is 3.5 times of the face value. The Issue Price (has been determined and justified by the Book Running Lead Manager and our Company as stated in "Basis for Issue Price" on page 37 of the Red Herring Prospectus) should not be taken to be indicative of the market price of the Equity Shares after Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of our Company or regarding the price at which the Equity Shares will be traded after listing.

### IPO GRADING

This Issue has been graded by ICRA Limited as 2/5 indicating below average fundamentals. The IPO grading is assigned on a five point scale from 1 to 5 wherein an "IPO Grade 5" indicates strong fundamentals and an "IPO Grade 1" indicates poor fundamentals. For more information please refer to "General Information" on page 10 of the Red Herring Prospectus.

### GENERAL RISKS

Investment in equity and equity related securities involve a high 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 section titled "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 risks involved. The securities have not been recommended or approved by Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of the Red Herring Prospectus. Specific attention of the investors is invited to the statement of "Risk Factors" on page xi of the Red Herring Prospectus.

### ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that the Red Herring Prospectus contains all information with regard to the Issuer and the Issue which is material in the context of this Issue, that the information contained in the Red Herring Prospectus is true and correct in all material respects 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 the Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

### LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the NSE and the BSE. Our Company has received an 'in-principle' approval from the NSE and the BSE, for the listing of the Equity Shares pursuant to their letters dated January 21, 2011 and January 12, 2011, respectively. For the purposes of this Issue, the Designated Stock Exchange shall be the Bombay Stock Exchange Limited.

LEAD MANAGER TO THE ISSUE		REGISTRAR TO THE ISSUE	
	<b>ONELIFE CAPITAL ADVISORS LIMITED</b> 96-98, Mint Road Mumbai - 400 001 Tel: +91 22 4333 3000 Fax: +91 22 4333 3011 E-mail: pppl.ipo@onelifecapital.in Investor Grievance Email: redressal@onelifecapital.in Website: www.onelifecapital.in Contact Person: Mr. Sumit Gupta/ Mr. Tatsat Mehta SEBI Registration No.: INM000011633		<b>SHAREPRO SERVICES (INDIA) PRIVATE LIMITED</b> 13/A-B, Samitha Warehousing Complex, 2nd Floor Near Sakinaka Tel. Exchange, Sakinaka, Andheri (East) Mumbai - 400 072 Tel: +91 22 6772 0300 Fax: +91 22 2850 8927 Email: paramount.ipo@shareproservices.com Website: www.shareproservices.com Contact Person: Mr. Subhash Dhingreja/ Mr. Kumresan V SEBI Registration No.: INR000001476
BID/ISSUE PROGRAMME			
BID/ISSUE OPENS ON : APRIL 20, 2011		BID/ISSUE CLOSES ON : APRIL 25, 2011	

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## SECTION I – DEFINITIONS AND ABBREVIATIONS

In the Red Herring Prospectus, unless the context otherwise requires, the following terms shall have the meaning given below.

### CONVENTIONAL AND GENERAL TERMS

Term	Description
Act or Companies Act	Companies Act, 1956, as amended from time to time.
AGM	Annual General Meeting.
AS	Accounting Standard as issued by The Institute of Chartered Accountants of India.
AY	Assessment Year.
BSE	Bombay Stock Exchange Limited.
CAGR	Compounded Annual Growth Rate.
CARO	Companies (Auditors Report) Order, 2003.
CDSL	Central Depository Services (India) Limited.
CHF	Swiss Franc.
DP/ Depository Participant	A depository participant as defined under the Depositories Act, 1996.
DP ID	Depository Participant's Identity.
Depository	A depository registered with SEBI under the SEBI (Depository and Participant) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depositories Regulations	The SEBI (Depository and Participant) Regulations, 1996, as amended from time to time.
DER	Debt Equity Ratio.
EBIDTA	Earnings before Interest Depreciation, Tax and Amortization.
ECS	Electronic Clearing Service.
EGM	Extra-Ordinary General Meeting.
EPF Act	Employees Provident Funds and Miscellaneous Provisions Act, 1952.
EPS	Unless otherwise specified, Earnings Per Share, i.e., profit after tax for a fiscal year divided by the weighted average outstanding number of Equity Shares during that fiscal year.
Euro	Currency of European Union
FCNR	Foreign Currency (Non Residential) accounts.
FDI	Foreign Direct Investment.
FEMA	Foreign Exchange Management Act, 1999, and the subsequent amendments thereto.
FEMA Regulations	FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 and amendments thereto.
FII(s)	Foreign Institutional Investor as defined Under SEBI (Foreign Institutional Investors) Regulations, 1995 registered with SEBI and as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 and under other applicable laws in India.
FIPB	Foreign Investment Promotion Board.
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000, as amended from time to time.
FY/ Fiscal	Year ended March 31.
GDP	Gross Domestic Product.
GoI/ Government	Government of India.
HNI	High Net worth Individual.
HUF	Hindu Undivided Family.
IFRS	International Financial Reporting Standards.

<b>Term</b>	<b>Description</b>
ISIN	International Securities Identification Number allotted by the Depository.
IST	Indian Standard Time.
IT	Information Technology.
Income Tax Act or the I. T. Act	The Income Tax Act, 1961, as amended from time to time.
Indian GAAP	Generally Accepted Accounting Principles in India.
IPO	Initial Public Offer.
KVA	Kilo Volt Ampere.
MAT	Minimum Alternate Tax.
Mn	Million.
MoU	Memorandum of Understanding.
NAV	Net Asset Value.
NEFT	National Electronic Fund Transfer.
NR	Non Resident.
N. A.	Not applicable.
NECS	National Electronic Clearing Service.
NRE	Non- Resident (External) Rupee Account Scheme.
NRO	Non-Resident Ordinary Rupee Account Scheme.
NRI	Non Resident Indian, is a person resident outside India, who is a citizen of India or a person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time.
NSDL	National Securities Depository Limited.
NSE	The National Stock Exchange of India Limited.
OCB(s)	A company, partnership, society or other corporate body owned directly or indirectly to the extent of up to 60% by NRIs including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted to OCBs under the FEMA. OCBs are not allowed to invest in this Issue.
PBT	Profit before tax.
p.a.	per annum.
P/E ratio	Price to Earnings Ratio.
PAN	Permanent Account Number.
PAT	Profit after Tax.
PBT	Profit Before Tax.
PIO	Persons of Indian Origin.
PLR	Prime Lending Rate.
RBI	The Reserve Bank of India.
Re.	One Indian Rupee.
RoC	The Registrar of Companies, Maharashtra, Mumbai.
ROI	Return on Investment.
RONW	Return on Networth.
Rs.	Indian Rupees.
RTGS	Real Time Gross Settlement.
SAT	Securities Appellate Tribunal.
SICA	Sick Industries (Special Provisions) Act, 1985.
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time.
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992.
SEBI Act	Securities and Exchange Board of India Act 1992, as amended from time to

<b>Term</b>	<b>Description</b>
	time.
SEBI Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009
SENSEX	Bombay Exchange Sensitive Index.
STT	Securities Transaction Tax.
Stamp Act	The Indian Stamp Act, 1899, as amended from time to time.
State Government	The Government of a State of India.
Stock Exchanges	BSE and/or NSE as the context may refer to.
UIN	Unique Identification Number.
U.S./ USA	United States of America.
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America.
USD/ US\$	United States Dollars.
VAT	Value Added Tax.
VCF(s)	Venture Capital Funds as defined and registered with SEBI under the SEBI (Venture Capital Fund) Regulations, 1996, as amended from time to time.
WCA	Workmen Compensation Act, 1923.

### ISSUE RELATED TERMS

<b>Term</b>	<b>Description</b>
Allotment	Unless the context otherwise requires, the allotment of Equity Shares pursuant to the Issue.
Allottee	A successful Bidder to whom the Equity Shares are allotted.
Application Supported by Blocked Amount/ ASBA	An application, whether physical or electronic, used by a Resident Retail Individual Bidder to make a Bid authorising a SCSB to block the Bid Amount in their specified bank account maintained with the SCSB.
ASBA Bidder	Any Bidder who intends to apply through ASBA and, (a) is bidding at Cut-off Price, with single option as to the number of shares; (b) is applying through blocking of funds in a bank account with the SCSB; (c) has agreed not to revise his/her bid; and (d) is not bidding under any of the reserved categories.
ASBA Bid cum Application Form or ASBA BCAF	The 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 purposes of the Red Herring Prospectus and the Prospectus.
ASBA Public Issue Account	A bank account of our Company, under Section 73 of the Act where the funds shall be transferred by the SCSBs from the bank accounts of the ASBA Bidders.
Bankers to the Issue/ Escrow collection Bank(s)	The banks registered with SEBI as Banker to the Issue with whom the Escrow Account will be opened, in this case being HDFC Bank Limited and IndusInd Bank Limited.
Basis of Allotment	The basis on which Equity Shares will be Allotted to Bidders under the Issue and which is described in “ <i>Basis of Allotment</i> ” forming a part of “ <i>Issue Procedure</i> ” on page 181 of the Red Herring Prospectus.
Bid	An indication to make an offer 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.  For the purposes of ASBA Bidders, it means an indication to make an offer during the Bidding Period by a Retail Resident Individual Bidder to subscribe to the Equity Shares of our Company at Cut-off Price.
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form.
Bid /Issue Closing Date	The date after which the Syndicate will not accept any Bids for the Issue, which shall be notified in an English national newspaper and a Hindi national newspaper and a Marathi newspaper, each with wide circulation.

<b>Term</b>	<b>Description</b>
Bid /Issue Opening Date	The date on which the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in an English national newspaper and a Hindi national newspaper and a Marathi newspaper, each with wide circulation.
Bid cum Application Form	The form used by a Bidder to make a Bid and which will be considered as the application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form.
Bidding/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/Method	Book building route as provided in Chapter XI of the SEBI Regulations in terms of which this Issue is being made.
BRLM/ Book Running Lead Manager	Book Running Lead Manager to the Issue, in this case being Onelife Capital Advisors Limited.
BRLM Memorandum of Understanding	The agreement entered into on August 24, 2010 between our Company and the Book Running Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Issue.
Business Day	Any day, other than a Saturday or a Sunday, on which commercial banks in Mumbai are open for business.
CAN/ Confirmation of Allocation Note	Note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process.
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted.
Controlling Branches	Such branches of the SCSB which coordinates with the BRLM, the Registrar to the Issue and the Stock Exchanges.
Cut-off Price	Issue Price, finalised by our Company in consultation with the BRLM. Only Retail Individual Bidders whose Bid Amount does not exceed Rs. 2,00,000 are entitled to Bid at the Cut Off Price. QIBs and Non- Institutional Bidders are not entitled to Bid at the Cut-off Price.
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Bid cum Application Form used by ASBA Bidders and a list of which is available on <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a> .
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account or the amount blocked by the SCSB is transferred from the bank account of the ASBA Bidder to the ASBA Public Issue Account, as the case may be, after the Prospectus is filed with the RoC, following which the Board of Directors shall Allot Equity Shares to successful Bidders.
Designated Stock Exchange	Bombay Stock Exchange Limited.
Draft Red Herring Prospectus	The Draft Red Herring Prospectus dated September 24, 2010 issued in accordance with Section 60B of the Companies Act, which does not contain complete particulars of the price at which the Equity Shares are issued and the size (in terms of value) of the Issue.
Eligible NRI	NRIs from jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares Allotted herein.
Equity Shares	Equity Shares of our Company having a face value of Rs. 10 each, unless otherwise specified.
Escrow Account	Account opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder (excluding the ASBA Bidders) will issue cheques

<b>Term</b>	<b>Description</b>
	or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Collection Bank(s)	The banks with whom Escrow Agreement will be entered into, for collection of the Bid Amounts and where applicable, refunds of the amounts collected to the Bidders (excluding the ASBA Bidders).
Escrow Agreement	Agreement to be entered into by our Company, the Registrar to the Issue, the BRLM, the Syndicate Members and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable, refunds of the amounts collected to the Bidders (excluding the ASBA Bidders) on the terms and conditions thereof.
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form or the ASBA Bid cum Application Form.
Floor Price	The lower end of the Price Band, at or above which the Issue Price will be finalised and below which no Bids will be accepted.
Issue	Public issue of 1,30,94,175 Equity Shares of our Company for cash at a price of Rs. [●] per Equity Share (including a share premium of Rs. [●] per Equity Share) aggregating Rs. [●].
Issue Closing Date	April 25, 2011.
Issue Opening Date	April 20, 2011.
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of the Red Herring Prospectus. The Issue Price will be decided by our Company in consultation with the BRLM on the Pricing Date.
Issue Proceeds	The proceeds of the Issue that are available to our Company.
Mutual Fund Portion	5% of the QIB Portion or 3,27,354 Equity Shares available for allocation to Mutual Funds only, out of the QIB Portion.
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996.
Net Proceeds	The Issue Proceeds less the Issue expenses. For further information about use of the Issue Proceeds and the Issue expenses, please refer to “ <i>Objects of the Issue</i> ” on page 30 of the Red Herring Prospectus.
Non-Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 2,00,000 (but not including NRIs other than eligible NRIs).
Non-Institutional Portion	The portion of the Issue being not less than 19,64,126 Equity Shares available for allocation to Non-Institutional Bidders.
Non-Resident	A person resident outside India, as defined under FEMA and includes a Non Resident Indian.
Objects of the Issue	The objects for which the money is being raised through this Issue. For details, please refer to page 30 of the Red Herring Prospectus.
Pay-in Date	Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders, as applicable.
Pay-in-Period	The period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date.
Pre – IPO Placement	The private placement to certain selected investors of 19,05,825 Equity Shares for cash consideration, issued on a preferential allotment basis.
Price Band	Price Band of a minimum price of Rs. 32 (Floor Price) and the maximum price of Rs. 35 (Cap Price) and include revisions thereof. Bids can be made for a minimum of [●] equity shares and in multiples of [●] equity shares thereafter.
Pricing Date	The date on which our Company, in consultation with the BRLM, finalizes the Issue Price.
Prospectus	The Prospectus to be filed with the RoC in accordance with Section 60 of the Companies Act, containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information.



<b>Term</b>	<b>Description</b>
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account on the Designated Date.
QIB Portion	The portion of the Issue being not more than 65,47,088 Equity Shares of Rs. 10 each to be Allotted to QIBs.
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual fund registered with SEBI, FIIs and sub-account registered with SEBI, other than which is a foreign corporate or foreign individual, multilateral and bilateral development financial institution, venture capital fund registered with SEBI, foreign venture capital investor registered with SEBI, state industrial development corporation, insurance company registered with IRDA, provident fund with minimum corpus of Rs. 25 crores, pension fund with minimum corpus of Rs. 25 crores and National Investment Fund set up by Government of India, insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India.
Red Herring Prospectus or RHP	This Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus will be filed with the RoC at least three (3) days before the Bid Opening Date and will become a Prospectus upon filing with the RoC after the Pricing Date.
Refund Account(s)	The account opened with Escrow Collection Bank(s), from which refunds, if any, of the whole or part of the Bid Amount (excluding to the ASBA Bidder) shall be made.
Refund Banker	HDFC Bank Limited
Refunds through electronic transfer of funds	Refunds through ECS, Direct Credit, NEFT, RTGS or the ASBA process, as applicable.
Registrar/Registrar to the Issue	Sharepro Services (India) Private Limited.
Resident Retail Individual Investor or RRII	Retail Individual Bidder who is a person resident in India as defined in the Foreign Exchange Management Act, 1999 and who has not Bid for Equity Shares for an amount more than Rs. 2,00,000 in any of the bidding options in the Issue.
Retail Individual Bidder(s)	Individual Bidders (including HUFs applying through their karta, Eligible NRIs and Resident Retail Individual Bidders) who have not Bid for Equity Shares for an amount more than Rs. 2,00,000 in any of the bidding options in the Issue.
Retail Portion	The portion of the Issue being not less than 45,82,961 Equity Shares of Rs. 10 each available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders, excluding 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).
SCSB Agreement	The agreement to be entered into between the SCSBs, the BRLM, the Registrar to the Issue and our Company only in relation to the collection of Bids from the ASBA Bidders.
Self Certified Syndicate Bank or SCSB	The Banks that are registered with SEBI under SEBI (Bankers to an Issue) Regulations, 1994 and offers services of ASBA, including blocking of bank account and a list of which is available on <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a> .
Stock Exchanges	The BSE and the NSE.
Syndicate	The BRLM and the Syndicate Members (if any).
Syndicate Agreement	The agreement to be entered into between the Syndicate and our Company in relation to the collection of Bids in this Issue (excluding Bids from the ASBA Bidders).
Syndicate Members	Sunidhi Securities and Finance Limited and Hem Securities Limited.

<b>Term</b>	<b>Description</b>
Takeover Code	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended.
TRS/Transaction Registration Slip	The slip or document issued by a Syndicate Member or the SCSB (only on demand), as the case may be, to the Bidder as proof of registration of the Bid.
Underwriters	The BRLM and the Syndicate Members.
Underwriting Agreement	The agreement among the Underwriter and our Company to be entered into on or after the Pricing Date.

#### ISSUER RELATED TERMS

<b>Term</b>	<b>Description</b>
AOA/ Articles / Articles of Association	Articles of Association of our Company.
Auditors	M/s. M.V. Damania & Co., the statutory auditors of our Company.
Board / Board of Directors	The Board of Directors of our Company or a Committee authorized to act on their behalf.
Compliance Officer	Ms. Ashwini Rao.
Director(s)	A director on the Board of our Company.
MOA / Memorandum / Memorandum of Association	Memorandum of Association of our Company.
Paramount Printpackaging Limited / Company / PPL / Issuer Company / the Issuer / we / us / our	Unless the context otherwise requires, refers to Paramount Printpackaging Limited, a public limited company incorporated under the Companies Act.
Promoter Group Entities	Unless the context otherwise requires, refers to our promoter group entities as enumerated in “ <i>Our Promoter Group Entities</i> ” on page 94 of the Red Herring Prospectus.
Promoter(s)	Unless the context otherwise requires, refers to Mr. Ashwin Babulal Sukhadia, Mr. Anuj Vipin Sukhadia, Mr. Dharmesh Ashwin Sukhadia, Mr. Divyesh Ashwin Sukhadia, Mr. Ketan Vipin Sukhadia and Mr. Vipul Ashwin Sukhadia.
Registered Office	A/309, TTC Industrial Estate, Mahape Road, Navi Mumbai, Maharashtra 400701.
ROC / RoC	Registrar of Companies, Maharashtra, Mumbai.

#### INDUSTRY RELATED TERMS

<b>Term</b>	<b>Description</b>
ADAST	ADAST printing presses
BOBST	Bobst SA
BODHI	Bodhi-Professional Solutions Private Ltd.
EPCG	Export Promotion Capital Goods scheme.
ESKO	EskoArtwork
FIBC	Flexible Intermediate Bulk Container.
FMCG	Fast Moving Consumer Goods.
HDPE	High Density Polyethylene.
IIP	Indian Institute of Packaging.
PET	Polyethylene Terephthalate.
PVC	Poly Vinyl Chloride.

## PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

### Certain conventions

All references to “India” contained in the Red Herring Prospectus are to the Republic of India. All references to the “US”, “USA” or “United States” are to the United States of America. All references to the “UK” are to the United Kingdom.

### Financial Data

Unless stated otherwise, the financial data in the Red Herring Prospectus is derived from the restated financial statements of our Company, prepared in accordance with Indian GAAP and the Companies Act, and restated in accordance with the SEBI Regulations and Indian GAAP.

There are significant differences between Indian GAAP, IFRS and US GAAP. The Red Herring Prospectus does not contain a reconciliation of our financial statements to IFRS or U.S. GAAP nor does it include any information in relation to the differences between Indian GAAP, IFRS and U.S. GAAP.

Accordingly, the degree to which the Indian GAAP financial statements included in the Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices, Indian GAAP and the Companies Act. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP and the Companies Act on the financial disclosures presented in the Red Herring Prospectus should accordingly be limited. Our Company urges you to consult your own advisors regarding such differences and their impact on our Company’s financial data.

Any percentage amounts, as set forth in “*Risk Factors*”, “*Business Overview*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages xi, 57 and 144 respectively, and elsewhere in the Red Herring Prospectus, unless otherwise indicated, have been calculated on the basis of the restated financial statements of our Company.

The fiscal year of our Company commences on April 1 of each year and ends on March 31 of the next year. All references to a particular fiscal year are to the 12 month period ending March 31 of that year.

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

### Currency and units of Presentation

All references to “Rupees” or “Rs.” are to Indian Rupees, the official currency of the Republic of India. All references to “Euro” are to Euros, the lawful currency of certain nations within the European Union. All references to “US\$”, “USD” or “US Dollars” are to United States Dollars, the official currency of the United States of America.

In the Red Herring Prospectus our Company has presented certain numerical information in “lacs” and “crores” units. One lac represents 1,00,000 and one crore represents 1,00,00,000.

### Exchange Rates

The Red Herring Prospectus contains translations of certain Euro, US Dollar and other currency amounts into Indian Rupees that have been presented solely to comply with the requirements of the SEBI Regulations. Unless, otherwise stated, our Company has used a conversion rate of Rs. 63.43 for one Euro and Rs.45.09 for one USD, Rs. 49.95 for one CHF being the RBI reference rate as of March 18, 2011, in the Red Herring Prospectus. Such conversions should not be considered as a representation that such amounts have been, could have been or could be converted into Rupees at any particular rate, the rates stated above or at all.

## **Industry and Market Data**

Unless stated otherwise, industry and market data used throughout the Red Herring Prospectus has been obtained from industry publications and Government data. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although our Company believes that industry data used in the Red Herring Prospectus is reliable, it has not been independently verified. The extent to which the market and industry data used in the Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

## FORWARD LOOKING STATEMENTS

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

Important factors that could cause actual results to differ materially from expectations include, but are not limited to, the following:

- General economic and business conditions in India;
- Our ability to manage our growth and expansion effectively and successfully launch the expansion project for which funds are being raised through this Issue;
- Our ability to meet out capital expenditure requirements;
- Contingent liabilities, environmental problems etc;
- Government approvals;
- Changes in government policies and regulatory actions that apply to or affect our business;
- Any adverse outcome in the legal proceedings in which our Company is involved;
- The loss or shutdown of operations of our Company at any times due to strike or labour unrest or any other reason; and
- Changes in political and social conditions in India.

For further discussion of factors that could cause our actual results to differ, please refer to “*Risk Factors*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on page xi and 144 of the Red Herring Prospectus.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

Neither our Company nor the BRLM, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the BRLM will ensure that investors in India are informed of material developments until such time as the grant of trading permission by the Stock Exchanges for the Equity Shares allotted pursuant to the Issue.

## SECTION II – RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all of the information in the Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Company’s Equity Shares. To obtain a complete understanding of our business, you should read this section in conjunction with “*Business Overview*” on page 57 and “*Management’s Discussion and Analysis on Results of Operations and Financial Conditions*” on page 144 of the Red Herring Prospectus. Any of the following risks as well as other risks and uncertainties discussed in the Red Herring Prospectus could have a material adverse impact on our business, financial condition and results of our operation and could cause the trading price of our Equity Shares to decline which could result in the loss of all or part of your investment.

The Red Herring Prospectus also contains forward looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in the Red Herring Prospectus.

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

### Materiality:

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

- Some risks may not be material individually but may be material when considered collectively.
- Some risks may have an impact which is qualitative though not quantitative.
- Some risks may not be material at present but may have a material impact in the future.

### A. Internal Risk Factors

#### 1. *Our Company has incurred loss of Rs. 1.88 Lacs and Rs. 1.52 Lacs in fiscal 2007 and 2009, respectively.*

Our Company had incurred a loss (after tax) of Rs. 1.88 lacs and Rs. 1.52 lacs in the years ended March 31, 2007 and March 31, 2009, respectively, For further details please refer to “*Auditor’s Report on Financial Information*” on page 101 of the Red Herring Prospectus.

#### 2. *Our Promoter Group entities M/s. Parapack and Paramount Nourishment Private Limited have incurred aggregate net losses of Rs. 20.55 lacs and Rs.41.79 lacs respectively, in the last three financial years.*

Some of our Promoter Group entities have incurred losses during the last three (3) financial years as given below:

Name of the Entities	Loss for the year ended March 31,		
	2008	2009	2010
M/s. Parapack	-	20.55	-
Paramount Nourishment Private Limited	3.28	1.66	36.85

(Rs. in lacs)

If our Promoter Group entities incur losses in the future, it may have an adverse impact on our Promoters and consequently affect our Company.

#### 3. *There are 4 outstanding legal proceedings aggregating to approximately Rs.107.59 lacs against our Company and 2 outstanding legal proceedings aggregating to approximately Rs. 0.75 lacs against our Promoter Group entity “Trim Plastics Limited”, which if decided against us could have material adverse effect on our business, financial condition and results of operations.*

Our Company is involved in certain legal proceedings and claims in relation to certain civil and tax matters incidental to its business and operations. The details of these proceedings are given below:

### ***Cases filed against our Company***

<b>Type of Legal Proceedings</b>	<b>Total Number of Pending Cases</b>	<b>Amount Involved</b>
Value Added Tax matters	2	Rs. 2,000 with daily fine of Rs. 100
Sales Tax matter	2	Rs. 1,07,57,203

Our group company Trim Plastics Limited, is also involved in certain legal proceedings. The details of these proceedings are given below:

### ***Cases filed against our group company Trim Plastics Limited***

<b>Type of Legal Proceedings</b>	<b>Total Number of Pending Cases</b>	<b>Amount Involved (Rs. in lacs)</b>
Income Tax matters	2	0.75

These legal proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers and appellate tribunals and authorities. There may be new developments, such as additional proceedings, a change in law or rulings against us by appellate courts or tribunals. We can give no assurance that these legal proceedings will be decided in our favour and we may incur significant expenses and management time in such proceedings. If such claims are determined against us, and Group Companies, there could be a material adverse effect on our reputation, business, financial condition and results of operations, which could adversely affect the trading price of our Equity Shares. Any adverse decision may render us liable and may adversely affect our business and results of operations.

For further details regarding these legal proceedings, please refer to “*Outstanding Litigations, Defaults and Material Developments*” on page 156 of the Red Herring Prospectus.

#### ***4. We have limited experience in the manufacturing of shippers and printed corrugated boxes***

As a part of our expansion plans, we propose to engage in the manufacture of shippers, high end duplex boxes and printed corrugated boxes. The manufacturing of shippers, high end duplex boxes and printed corrugated boxes are part of our current line of business and would increase our Company’s product portfolio. We believe that there is a demand for these products from our existing customers. Further, we have also been procuring shippers, high end duplex boxes and printed corrugated boxes in the past from third party suppliers, when required, to fulfill customer requirements. With a view to increase our existing product portfolio to our clients and reduce the costs incurred in procuring shippers, high end duplex boxes and printed corrugated boxes from third party suppliers, our Company proposes to engage in the manufacture of shippers, high end duplex boxes and printed corrugated boxes. We propose to import new machines from China for the manufacture of the corrugated cartons. We are of the belief that the machinery identified by us for import from China offers us the required technical capability while being cost effective. We have no prior experience in the manufacture of these products and the usage of the new technology. It cannot be assured that we shall be able to successfully manufacture and market the new products and this may adversely affect our growth plans, business and profitability.

#### ***5. Our proposed expansion plans are fully dependent on the success of this Initial Public Offer.***

Implementation of the Objects of the issue is entirely dependent on receipt of the Issue proceeds. Any delay in the Issue process or any under-subscription of equity shares offered as part of this issue could adversely affect our growth plans and hence our business. Further, in the event there is an increase in the expenditure required to be incurred by us in respect of our objects, consequent to increase in cost, change in laws, or for any other reasons and we are not able to meet the cost overruns, it could adversely affect our growth plans and profitability.

6. ***Our Promoter Group entity M/s. Parapack is engaged in the printing and manufacturing of cartons, labels, dispensers and related articles which could lead to a conflict of interest. The operations and financials of our Company may be negatively affected, in case this group company provide any competitive services or expand their presence in the business in which we are already present or offer services to companies in direct competition with us.***

Our Promoter Group entity, M/s. Parapack is engaged in the printing and packaging business. M/s. Parapack is engaged in the business of printing and manufacturing of cartons, labels, dispensers and related articles. To the extent of printing of corrugated cartons, there may be a conflict of interest with the existing and proposed business of our Company. There is no assurance that M/s. Parapack will not provide competitive services or expand their presence in the business in which we are already present or offer services to companies in direct competition with us.

7. ***Delay/inability in acquiring land required for our proposed project may affect our profitability.***

Our Company has earmarked land for acquisition and is in the process of acquiring the land situated at Bhilad, Gujarat admeasuring 4.00 acres. The acquisition of the land is critical to the Objects of the Issue. Any delay in the acquisition of land may delay our project, which in turn will have an adverse effect on our results of operations.

Further, we have not entered into any definitive agreement for the purchase of the said land and we cannot assure you that we will be able to acquire the said land. If we are unable to acquire the said piece of land, it may impact our fund requirement and schedule of implementation of the Objects of the Issue.

8. ***We have not yet placed orders for 100% of our total plant and machinery, equipment etc. for which funds are being raised through this Issue. Any delay in procurement of necessary plant and machinery, equipment etc. may delay the implementation schedule which may also lead to increase in prices of these equipments, further affecting our cost, revenue and profitability.***

The Net Proceeds of the Issue are proposed to fund the proposed expansion plans as explained in “Objects of the Issue” on page 30 of the Red Herring Prospectus. We have not yet placed orders for any plant and machinery or equipment for our proposed expansion plans. Any delay in placing the orders or procurement of plant and machinery, equipment, etc. may delay the implementation schedule. Such delays may also lead to increase in prices of these equipments, further affecting our cost, revenue and profitability. However, our Company has confirmed the order of three machines (CD 102-6+L Heidelberg Speedmaster, High Speed Cutter POLAR 115X and Suprasetter A 105) to Heidelberg India Private Limited by paying them token money of Rs.34.68 Lacs.

9. ***Substantial portion of our revenues come from limited number of customers.***

Substantial portion of our revenues is derived from small number of customers. Our top ten customers contributed 80% of our sales for financial year 2009-10. Similarly, for financial years 2007-08 and 2008-09, the sales to the top ten customers were 89% and 73% respectively. We believe that we are dependent on a few customers for substantial part of our sales. In the event, any of these top ten customers decide to procure their packing material requirements from other suppliers, our revenues and profitability may get adversely affected. Our management keeps on developing new customers for increasing our sales as well as to reduce the dependence on few customers.

10. ***We have not made contributions to the Provident Fund and Employees State Insurance funds as on December 31, 2010. Our Company had also incurred professional tax liability as on December 31, 2010.***

We have not made the contributions to the extent of Rs. 20.114 lacs and Rs. 4.47 lacs to the Provident Fund and the Employees State Insurance fund, for which penalty of an amount not exceeding Rs. 20.15 lacs may be imposed upon our Company, which may affect our financial condition. Our Company had also incurred a professional tax liability of Rs. 1.45 lacs as on December 31, 2010 for which penalty of an amount not exceeding Rs. 0.15 lacs may be imposed upon our Company, which may affect our financial condition.

11. ***We have in the past entered into certain transactions with related parties for an aggregate amount of Rs. 54.40 lacs for the period ended December 31, 2010 and may continue to do so in the future. There could***



***be no assurance that in future such transactions will not have any adverse effect on our financial condition and results of operation.***

We have in the normal course of our business entered into certain transactions with related parties including our Promoters, Promoter Group and associates as detailed under:

*(Rs. In lacs)*

Particulars	Year ended					Nine Months ended December 31, 2010
	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	
Transaction with entities where significant influence exists of the company or key managerial personnel	113.51	148.45	753.36	363.97	142.45	16.10
Transaction with key managerial personnel and relatives	38.72	431.32	447.44	126.47	201.38	38.30

We have significant number of job work transactions with our Promoter Group entity, M/s. Parapack. Although we believe that all such transactions have been conducted on an arms-length basis, there can be no assurance that we could not have achieved more favorable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we will enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operation.

For more information, please refer to “*Related Party Transactions*” forming a part of “*Auditor’s Report on Financial Information*” on page 101 of the Red Herring Prospectus.

**12. *Our funds requirements are based on internal management estimates and on the basis of quotations obtained, wherever possible, and have not been appraised by any bank or financial institution. Any increase in the actual deployment of funds may cause an additional burden on our finance plans. We have not entered into definitive agreements to utilize our Issue proceeds.***

The fund requirement mentioned as a part of the Objects of the Issue is based on internal management estimates and on the basis of quotations obtained, wherever possible, and has not been appraised by any bank or financial institution. These are based on current conditions and are subject to change in light of changes in external circumstances or costs or in other financial conditions, business strategy, etc. With increase in costs, our actual deployment of funds may exceed our estimates and may cause us an additional burden on our finance plans. As on the date of the Red Herring Prospectus, we have not entered into any definitive agreements for implementing the Objects of the Issue or incurred any expenses towards the same.

For more information, please refer to “*Objects of the Issue*” on page 30 of the Red Herring Prospectus.

**13. *The implementation of the project is at very preliminary stage. There can be delay in the schedule of deployment of the expansion plans for which the funds are being raised in this Issue. This may affect our financial condition and results of operation.***

Our proposed expansion plans are dependent on the timely deployment of the proceeds of this Issue. However, timely commencement of commercial operations of our expansion plans will have a critical bearing on our financial performance. We have estimated the cost and drawn the implementation schedule based on our experience. As on the date of the Red Herring Prospectus, we have not initiated any activities towards the Objects of the Issue and there can be a delay in the schedule of implementation on account of delay in the deployment of funds will increase the capital cost and also affect the realization of returns from the project. This may adversely affect our operations and profitability.

- 14. *Our business is dependent on the availability/supply and cost of raw materials. Any significant increase in the prices or decrease in the availability of these raw materials may adversely affect our results of operations.***

Our main raw material includes duplex board/folding box board, art card, ink, varnish and lamination film which we procure from domestic suppliers. These raw materials form approximately 53.20% of our net sales, for the nine month period ended December 31, 2010.

We currently do not have any long term tie-ups or agreements for supply of these raw materials. Any decrease in the availability, cost and quality of these raw materials which we need for manufacturing of our products. The prices and supply of raw materials depend on factors not under our control, including domestic and international general economic conditions, competition, and availability of quality suppliers, production levels, transportation costs and import duties. If, for any reason, our primary suppliers of raw materials should curtail or discontinue the delivery of such materials to us in the quantities we need, provide us with raw materials that do not meet our specifications, or at prices that are not competitive or not expected by us, our ability to meet our material requirements for our projects could be impaired, our manufacturing schedules could be disrupted and our results of operations and business could suffer.

- 15. *There are no long term supply agreements for the supply of raw materials required for manufacturing of our products. Volatility in the prices of the raw material may also have an adverse impact on our business and financial operations.***

Our major raw materials include duplex board/ folding box board, art cards, ink, varnish and lamination films. Further, we also use specialized chemicals such as PVC and BOPPE in our manufacturing process. We procure all our raw materials from third parties. We do not have any long-term supply contracts with respect to the raw materials used in the manufacture of our products. Any significant increase in the prices of these raw materials due to changes in global demand and supply, increase in price of paper pulp and fuel and our inability to pass on increased costs of raw material to our customers may increase our total cost of production, in turn adversely affecting our profitability. In the event of any disruption in raw material supply in terms of requisite quantities and qualities, our production schedule may also be adversely affected.

- 16. *The shortage or non-availability of power may adversely affect the manufacturing processes and our performance may be affected adversely.***

The manufacturing processes of our Company require substantial amount of power and fuel. Our manufacturing facilities may face power interruptions due to power cuts and as a result our operations or financial condition may be adversely affected. We have experienced power shortages during the period from May to July in the past. Further, there is a regular power cut every Friday, in the locality where our manufacturing unit is located. Our Company has installed a 380 KVA generator to counter the problem of power shortage based on the above factors. However, any increased shortage of electricity supply may further increase our dependency on the usage of this generator and may also require us to increase our back-up power capacity. The same can increase our cost of power and may have an adverse impact on our profitability.

- 17. *Any loss of or breakdown of operations at any of our manufacturing facilities may have a material adverse effect on our business, financial condition and results of operations.***

Our manufacturing facilities are subject to operating risks, such as the breakdown or failure of equipment, processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities. The occurrence of any of these risks could significantly affect our operating results. We are required to carry out planned shutdowns of our plants for maintenance, statutory inspections and testing. Our Company has maintenance agreements with the suppliers of the machinery being used in our manufacturing unit to ensure regular check-ups. Further, our Company endeavours to ensure that the machinery is operated and supervised by trained personnel and supervisors to prevent any accidents and failures. Although these precautions are taken to minimize the risk of any significant operational issues at our manufacturing facilities, our business, financial condition and results of operations may be adversely affected by any disruption of operations at our facilities, including due to any of the factors mentioned above.

**18. *Our Company does not have any long-term contracts with our customers which may adversely affect our results of operations.***

Our Company does not have any long-term contracts with any of our customers. Any change in the buying pattern of our end users can adversely affect the business of our Company. Moreover, our sales are affected by factors like capacity constraints and competition in terms of competitive prices provided by our competitors. Our inability to sell our existing products as well as products to be produced after our proposed expansion, may adversely affect our business and profitability in future.

**19. *Our Company is dependent on third party transportation providers for the supply of raw materials and delivery of products.***

In the past, we have faced transportation failure from third parties which impacted supply of raw materials and delivery of finished products to our customers. Due to repeated occurrences of such delays, we have purchased four vehicles of different capacities to be used for transportation of products and raw materials. However, the vehicles owned by us are not sufficient for the scale of operations carried on by our Company, and we continue to use services of third party transportation providers for supply of certain raw materials and for delivery of finished products to our customers. Any non availability of these services due to strike or any other reason may have an adverse impact on the receipt of supplies and delivery of the finished products thereby adversely affecting our operations.

**20. *Our business requires high working capital. Our Company has not yet tied-up for debt component for enhanced working capital needs for the objects of the Issue. In case there are insufficient cash flows to meet our requirement or our inability to arrange the same from other sources, there may be an adverse impact on the results of our operations.***

Our business demands substantial fund and non-fund based working capital facilities. Our projected level of working capital borrowings for the fiscal year 2012 are of Rs. 3,495.82 lacs, out of which we propose to meet Rs 2,450.00 lacs from bank borrowings and Rs. 495.82 lacs from issue proceeds and the balance internal accruals. As on date we have not tied up this additional borrowing from the banks. In case there is insufficient cash flows to meet our working capital requirement or our inability to arrange the same from other sources or due to other factors including delay in disbursement of arranged funds, resulting in our inability to finance our working capital needs when needed or there is any increase in interest rate on our borrowings, it may adversely affect our operations and profitability.

**21. *Our Company may require additional capital resources to achieve our expansion plans.***

The rate of our expansion will depend to an extent on the availability of adequate debt and equity capital. Our cash flow requirements will be based on cash flows generated by our business. Further, the actual expenditure incurred may be higher than current estimates owing to but not limited to, implementation delays or cost overruns. We may, therefore, primarily try to meet such cost overruns through our internal generations and in case if the same is not adequate, we may have to raise additional funds by way of additional term debt from banks/ financial institutions and unsecured loans from Promoter and Promoter Group, which may have an adverse effect on our business and results of operations.

**22. *Technological obsolescence may result in our operation as unviable or may require capital investments which may have an adverse effect on our performance.***

Although we regularly update the software and machinery used in our operations and manufacturing processes and we do not expect the technological obsolescence of the machinery and software currently used by us, we cannot assure you that the same will not happen. Further, we are of the belief that technological improvements are not very frequent and give us sufficient time to upgrade and adapt to technological advances, when they occur. However the possibility of major changes in technology which may render our existing plant and machinery or even our proposed plant and machinery obsolete cannot be denied. Consequently, we may have to incur substantial capital investment to upgrade our plant and machinery, which may adversely affect the performance and profitability of our Company.

Further, if we are not able to respond to such technological advancement ahead of or in time with our competitors, we may lose our competitiveness.

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

Our Company intends to use the Net Proceeds of the Issue for proposed capital expenditure as described in “*Objects of the Issue*” on page 30 of the Red Herring Prospectus. Pending utilization of the Net Proceeds for the Issue may be temporarily invested in interest bearing liquid instruments including deposits with banks and investments in mutual funds and other financial products, such as principal protected funds, derivative linked debt instruments, other fixed and variable return instruments, listed debt instruments and rated debentures in accordance with the policies established by the Board. The management of our Company will have significant flexibility in temporarily investing the Net Proceeds of the Issue. The management may also determine that it is appropriate to revise its estimated fund requirements and deployment schedule owing to factors such as geological assessments, exchange or interest rate fluctuations, any other preoperative expenses and other external factors which may not be within the control of management of our Company but may affect the use of Net Proceeds.

**24. *Our Company’s inability to effectively manage its growth or to successfully implement its business plan and growth strategy could have an adverse effect on our Company’s operations, results and financial condition.***

Our Company expects that its growth strategy will place significant demands on its management, financial and other resources. In particular, continued expansion increases the challenges involved in financial and technical management, recruitment, training and retaining sufficient skilled technical and management personnel, and developing and improving its internal administrative infrastructure. Our Company intends to continue expansion in the foreseeable future to pursue existing and potential market opportunities. Our Company’s inability to manage its business plan effectively and execute its growth strategy could have an adverse effect on its operations, results, financial condition and cash flows.

In order to manage growth effectively, our Company must implement and improve operational systems, procedures and internal controls on a timely basis. If our Company fails to implement these systems, procedures and controls on a timely basis, or if there are weaknesses in its internal controls that would result in inconsistent internal standard operating procedures, our Company may not be able to meet its customers’ needs, hire and retain new employees, pursue new business, complete future strategic agreements or operate its business effectively. There can be no assurance that our Company’s current or future management, operational and financial systems, procedures and controls will be adequate to support future operations or establish or develop business relationships beneficial to future operations.

**25. *Our business requires us to obtain and renew certain registrations, licenses and permits from government and regulatory authorities and the failure to obtain and renew them in a timely manner may adversely affect our business operations***

Our business operations require us to obtain and renew from time to time, certain approvals, licenses, registrations and permits, some of which may expire and for which we may have to make an application for obtaining the approval or its renewal. We will be applying for certain approvals relating to our business. Further, our proposed plant at Gujarat will require us to obtain, *inter alia*, the following licenses and approvals:

- License under the Factories Act, 1948
- Environmental clearances by the Gujarat State Pollution Board
- Registrations under the Gujarat VAT Act, 2005, Excise Act, etc.

If we fail to maintain such registrations and licenses or comply with applicable conditions, or a regulatory authority claims we have not complied, with these conditions, our certificate of registration for carrying on a particular activity may be suspended and/or cancelled and we will not then be able to carry on such activity. This could materially and adversely affect our business, financial condition and results of operations.

We cannot assure you that we will be able to obtain approvals in respect of such applications or any application made by us in the future. For more information about the licenses required in our business and the licenses and approvals applied for, please refer to “*Other Regulatory and Statutory Declarations*” and “*Government/Statutory and Other Business Approvals*” on page 156 and 162 respectively of the Red Herring Prospectus.

**26. *Our Company is dependent on our senior management team and the loss of team members may adversely affect our business or results of operations***

Our Company is dependent on our executive Directors and the key managerial personnel for its operations. Our executive Directors have been associated with our Company since incorporation and were also part of the partnership firm M/s. Paramount Printing Press, which was converted to our Company under Part IX of the Companies Act. We believe that the continued association and active involvement of our executive Directors is key to our business due to their knowledge of the industry, customers, potential business opportunities and our Company’s operations, which they have gained through their involvement in the business of our Company and the partnership firm M/s. Paramount Printing Press. Further, our key managerial personnel are essential for executing the operations of our Company.

In order to retain our key managerial personnel, we believe we offer adequate salaries and cash incentives based on performance reviews conducted from time to time. We also endeavour to maintain a positive work environment. Presently, our attrition rate is negligible. However, we cannot assure you that we will be able to retain our key managerial personnel and that our executive Directors will continue their involvement, actively or at all. There can be no assurance that we will be successful in recruiting and retaining personnel with requisite skills to replace any personnel who leave.

Given the substantial experience of our senior management team, in the event any or all of them leave or are unable to continue to work with us, it may be difficult to find suitable replacements in a timely manner or at all. Our ability to retain experienced personnel as well as senior management will also in part depend on us maintaining appropriate staff remuneration and incentive schemes. We cannot be sure that the remuneration and incentive schemes we have in place will be sufficient to retain the services of our senior management and skilled people. The loss of any of the members of our senior management or other key personnel may adversely affect our business or results of operations.

**27. *Our name and logo is not registered trademark and any misuse of the same may result in loss of our business***

Our Company has made an application to register the name and logo of our Company. Till the time we do not receive a registration certificate from the concerned authority, any misuse of the name and logo of our Company may result in the loss of our business.

**28. *The utilisation of our Issue proceeds will be not be monitored by any external, independent or a Monitoring Agency but through our Board of Directors.***

There will be no external, independent or a monitoring agency which would monitor the utilization of our Issue proceeds. However, our Board will monitor the utilization of the proceeds of the Issue. We will disclose the details of the utilisation of the Issue proceeds, including interim use, under a separate head in our financial statements specifying the purpose for which such proceeds have been utilized or otherwise disclose as per the disclosure requirements of our listing agreements with the Stock Exchanges and in particular clause 49 of the listing agreement.

**29. *If we are unable to source business opportunities effectively, we may not achieve our financial objectives.***

Our ability to achieve our financial objectives will depend on our ability to identify, evaluate and accomplish business opportunities. Further, our failure to source business opportunities effectively, especially for our expanded capacity and product portfolio pursuant to the Objects of the Issue, could have a material adverse effect on our

business, financial condition and results of operations. Additionally, the success of the business strategies followed by us will depend upon our success in analyzing and correctly interpreting market and other data. It also is possible that the strategies used by us in the future may be different from those presently in use. No assurance can be given that our analysis of market and other data or the strategies we use or plan to use in the future will be successful under various market conditions.

**30. *We do not have a track record for payment of dividend on Equity Shares***

We have not declared and hence paid any dividend on our Equity Shares since inception as we had been deliberately pursuing the policy of ploughing back our profits to fund our expansion plans. The future payment of dividends, if any, would be based on the then available distributable profits and the recommendations of our Board of Directors.

**31. *Our Board of Directors and management may change our operating policies and strategies without prior notice or shareholder approval.***

Our Board of Directors and management has the authority to modify certain of our operating policies and strategies without prior notice (except as required by law) and without shareholder approval. However, without shareholder approval, we may not change the nature of our business. We cannot predict the effect that any changes to our current operating policies or strategies would have on our business, operating results and the price of our Equity Shares.

**32. *Quality concerns could adversely impact our business.***

The business of our Company is dependent on the trust our customers have in the quality of our packaging. Our manufacturing process contains various quality tests of our products at different stages of production which includes:

- Busting strength of corrugated boxes and sandwich board;
- Stiffness of a board;
- Color fastener of the ink;
- Scuff test;
- Cobb value of a board;
- Peel tester for lamination film;
- Grammage tester for GSM measurement;
- Oven testing for lamination;
- Fordcup measuring viscosity of chemical and ink; and
- Varniercaliper and micrometer gauge for measuring caliper of the board, ink roller and rubber roller.

Although we undertake the above quality tests, we cannot be assured that our products will be free of quality defects at all times. If any goods sold by us to our customers do not comply with the quality specifications or standards prevalent in the business or market segment, it may result in customer dissatisfaction, which may have an adverse effect on our sales and profitability.

**33. *Work stoppages, slowdowns and other labour problems could delay our projects or result in increased operating costs.***

Our Company has not faced any instances of work stoppages or slowdowns till date. We have entered into a memorandum of settlement dated July 20, 2007 under the Industrial Disputes Act, 1947 covering general demands raised by Sarva Shramik Sanghatana on behalf of its members who are workmen employed with our Company. The settlement is valid for a period of 5 years from the date of signing. We evaluate the wages and other working conditions of our labour force and renew the agreement every five years in order to minimize the possibility of labour problems. However, we operate in a labour-intensive industry and we or our contractors may hire casual labour in relation to our projects. Also, we may rely on external agencies, contractors and sub-contractors to meet our labour requirements. Accordingly, the time and quality of our products may often depend on the availability and skill of such labour. Any strained relations with these agencies would severely affect our business requirements, as we may not be able to compensate for labour shortages. Additionally, our operations may also be affected by

circumstances beyond our control, which may be due to work stoppages, labour disputes, and shortage of qualified skilled labour and lack of adequate infrastructure services. In addition, it may be difficult to procure the required labour for existing or future projects. Any factors affecting the availability or quality of labour could adversely affect our business, financial position, results of operations and cash flows.

**34. *We may suffer uninsured losses or losses exceeding our insurance limits.***

We generally maintain insurance on property and equipment in amounts that we believe to be consistent with industry practices and our insurance policies cover physical loss or damage to our property and equipment arising from a number of specified risks including burglary, fire, landslides and other perils. Currently, we have availed of insurance policies covering stocks, building, furniture, plant and machinery, vehicles and key man policies for a total cover of Rs. 3,601.97 lacs. The insurance cover availed by our Company is based on the market values or depreciated value of the insured property. For details of the insurance policies availed by our Company, please refer to “*Business Overview*” on page 57 of the Red Herring Prospectus.

Notwithstanding the insurance coverage that we carry, we may not be fully insured against some business risks and the occurrence of an accident that causes losses in excess of limits specified under the relevant policy, or losses arising from events not covered by insurance policies, could materially harm our financial condition and future operating results.

We face the risk of losses in our operations arising from a variety of sources, including, among others, risks related to catastrophic events, terrorist attacks, accidents and theft of construction supplies.

We may suffer uninsured losses from time to time. If we suffer any losses, damages and liabilities in the course of our operations, we may not have sufficient insurance or funds to cover such losses, damages or liabilities or to replace any property that has been destroyed. In addition, any payment we make to cover any uninsured losses, damages or liabilities could have a material adverse effect on our business, financial condition and results of operations.

Furthermore, in the future we may not be able to maintain insurance of the types or at levels which we deem necessary or adequate. Moreover, any payments we make to cover any losses, damages or liabilities or any delays we experience in receiving appropriate payments from our insurers could have an adverse effect on our financial condition and results of operations.

**35. *Our Promoters have given personal guarantees in relation to certain debt facilities provided to us.***

Mr. Divyesh Ashwin Sukhadia, Mr. Dharmesh Ashwin Sukhadia and Mr. Anuj Vipin Sukhadia, Mr. Vipul Ashwin Sukhadia, and Mr. Ashwin Babulal Sukhadia have given personal guarantees in relation to majority of our unconsolidated secured debt facilities. In the event that our Promoters withdraw or terminate their guarantees, the lenders for such facilities may ask for alternate guarantees, repayment of amounts outstanding under such facilities, or even terminate such facilities. We may not be successful in procuring guarantees satisfactory to the lenders, and as a result may need to repay outstanding amounts under such facilities or seek additional sources of capital, which could adversely affect our financial condition. For further information, please refer to “*Financial Indebtedness*” on page 153 of the Red Herring Prospectus.

**36. *Our Lenders have imposed certain restrictions under our financing arrangement.***

As of December 31, 2010, our total indebtedness was Rs. 3,195.81 lacs and we may incur additional indebtedness in the future. As of December 31, 2010, we had Rs. 288.63 lacs of unsecured loans and Rs. 2,907.18 lacs of secured loans (not including the non-fund based letters of credit taken from various banks). Our indebtedness could have several consequences, including but not limited to the following:

- a portion of our cash flow will be used towards repayment of our existing debt, which will reduce the availability of cash to fund working capital needs, capital expenditures, acquisitions and other general corporate requirements;

- our ability to obtain additional financing in the future at reasonable terms may be restricted; and
- fluctuations and increase in prevailing interest rates may affect the cost of our borrowings, with respect to existing floating rate obligations and new loans.

We have entered into agreements with certain banks and financial institution for term loans and working capital loans, which contain restrictive covenants, including, but not limited to, requirements that we obtain consent from the lenders prior to altering the capital structure, implement any scheme of expansion, diversification or modernisation, effecting any scheme of amalgamation or reconstitution or making any corporate investments. There can be no assurance that we will be able to comply with these financial or other covenants or that we will be able to obtain consents necessary to take the actions that we believe are required to operate and grow our business. Furthermore, a default, including our inability to service our debt, on some of our loans may also trigger cross-defaults under some of the other loan agreements. In such event, we may have to raise large amounts of money to refinance these obligations. This requirement to refinance loans at short notice may have a material and adverse effect on our business operations and financial condition.

Furthermore, our ability to make payments on and refinance our indebtedness will depend on our ability to generate revenues from our future operations. We may not be able to generate sufficient revenues from operations or obtain enough capital to service our debt. In addition, we may need to refinance some or all of our indebtedness on or before maturity and we cannot assure you that we shall be able to do so at commercially reasonable terms, or at all. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants which could further restrict our business operations. We may not be able to refinance our debt, if necessary, on commercially reasonable terms or at all. If we cannot successfully refinance our debt, we may be required to take actions such as selling assets, seeking additional equity financing or reducing or delaying capital expenditures, including development of our planned and/or ongoing projects.

**37. *In the past 12 months we have issued Equity Shares at a price which may be lower than the Issue Price.***

Our Company has made preferential allotments at a price which may be lower than the Issue Price, in the 12 months preceding the date of the Red Herring Prospectus. For further details, please refer to “*Capital Structure*” on page 18 of the Red Herring Prospectus.

**38. *Our Company’s aggregate export obligations under the EPCG scheme as on December 31, 2010, amounting US \$ 93 lacs, may not be fulfilled, which could result in a retrospective levy of import duty with penalty which may adversely affect our Company’s financial results.***

We have obtained licenses under Export Promotion Capital Goods scheme (“EPCG”). As per the licensing requirement under the said scheme, we are required to export goods of a defined amount, failing which, we have to make payment to the Government of India equivalent to the duty benefit enjoyed by us under the said scheme along with interest. As on December 31, 2010, the total outstanding export obligations under EPCG scheme are US \$ 93 lacs and the duty saved thereon is Rs. 529.42 Lacs. In case we fail to fulfil these export obligations in full, we will have to pay duty proportionate to unfulfilled obligation along with the interest. Further, some new plant and machinery will be imported under the then EPCG scheme and will result in further export obligations. We cannot guarantee that these export obligations will be met.

For further details on our Export Obligations please refer to “*Business Overview*” on page 57 of the Red Herring Prospectus.

**39. *We outsource some of our manufacturing activities.***

We outsource printing jobs to M/s. Parapack of approximately 0.3% of our total expenses in Fiscal 2010, which is our Promoter Group entity. The revenue contribution from this outsourcing to the over-all revenue of our Company is 0.3%. To the extent, the work is outsourced, we are dependent on them and any delay in delivery in time or failure to maintain quality standards on their part may adversely affect our turnover, time schedule and our business reputation.



**40. *Our current manufacturing facility is geographically located at one place at Navi Mumbai, Maharashtra and the loss or shutdown of operations at the facility would have a material adverse effect on us.***

Our existing manufacturing facility is based in Navi Mumbai, Maharashtra. As a result, any local social unrest, natural disaster or break down of services and utilities in that area could have material adverse effect on the business, financial position and results of operation of our Company. We do not have any back-up systems which would enable us to continue our business operations if any of the events stated above do occur.

**41. *Our limited experience of managing corporate affairs of widely held companies.***

Till date, our Promoters were running their businesses through closely held companies and partnership firms. Our Promoters have no experience in managing compliance requirements applicable to widely held companies. Inability of our Promoters to respond appropriately to the changed regulatory environment applicable to widely held companies may adversely affect our Company.

**42. *We may face operational risk of project.***

Our Company has embarked upon a Rs. 3,194.27 lac expansion plan, which is fairly large in size in view of our current operations. Our management may face the problem in managing the day-to-day affairs of our Company after the completion of project and increased scale of operations. An equity investor is therefore faced with an uncertainty of performance by the management.

**43. *Under-utilisation of capacity of our present manufacturing facilities or proposed project may adversely affect our business, results of operations and financial condition.***

Our Company currently has a manufacturing facility for manufacturing 20 lacs cartons per day. We propose to set up a manufacturing facility to manufacture shippers, printed-corrugated and high end duplex board cartons in Gujarat. We will incur significant capital expenditure pursuant to the same, and it cannot be assured that we shall be able to completely utilize these production capacities. Our capacity utilization for the fiscal year 2008 was 89.52%, for fiscal year 2009 was 46.29% and for fiscal year 2010 was 69.79%. Our capacity utilization may vary depending upon the size of cartons. Hence, it cannot be taken as a true indicator of capacity utilization.

Use of production capacity is subject to several variables like availability of raw material, power, water, proper working of machinery, orders on hand, etc. It cannot be assured that we shall be able to utilize our existing or proposed manufacturing facilities to their full capacity or up to an optimum capacity, and non-utilisation of the same may lead to loss of profits or can result in losses, and may adversely affect our business, results of operations and financial condition.

**44. *Delays or defaults in client payments could adversely affect our operations.***

We may be subject to working capital shortages due to delays or defaults in payment by clients. Such shortages are not considered by our Company while evaluating and arranging for funds required for our working capital requirements. Such shortages may restrict our ability to procure raw materials and make payments due from our Company. Such defaults/delays by our customers in meeting their payment obligations to us, for which we may have devoted significant resources, could have a material adverse effect on our business, financial condition and results of operations.

**B. External Risk Factors**

**45. *Our Promoters will continue to hold a significant portion of our Equity Shares after the Issue and can significantly influence our corporate action.***

Following the completion of the Issue, our Promoters will own an aggregate of 40.18% of our post issue paid-up Equity Share capital. They have, and will continue to have, considerable influence over our business and may take actions that do not reflect the will or best interests of the other shareholders. Our Promoters have the ability to control our business including matters relating to any sale of all or substantially all of its assets, the timing and

distribution of dividends and the election or termination or appointment of its officers and directors. By virtue of their shareholding, our Promoters can exercise substantial influence over the Board and over matters that are subject to a shareholder vote. This control could delay, defer or prevent a change in control of our Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our Company even if it is in the best interest of its shareholders.

Our Promoters and/or the members of our Promoter Group will also continue to have the ability to cause us to take actions that are not in, or may conflict with, our interests and/or the interests of our minority shareholders, and there can be no assurance that such actions will not have an adverse effect on our future financial performance and the price of our Equity Shares.

For further information, please refer to “*Capital Structure*”, “*History and Other Corporate Matters*”, “*Our Promoters and their Background*” and “*Our Promoter Group Entities*” on page 18, 73, 89 and 94 respectively of the Red Herring Prospectus.

**46. *Being a growing company, we may require further equity issuance, which will lead to dilution of equity and may affect the market price of our Equity Shares or additional funds through incurring debt to satisfy our capital needs, which we may not be able to procure and any future equity offerings by us.***

Our growth is dependent on having a strong balance sheet to support our activities. In addition to the Net Proceeds and our internally generated cash flow, we may need other sources of financing to meet our capital needs which may include entering into new debt facilities with lending institutions or raising additional equity in the capital markets. We may need to raise additional capital from time to time, dependent on business conditions. The factors that would require us to raise additional capital could be business growth beyond what the current balance sheet can sustain; additional capital requirements imposed due to changes in regulatory regime or significant depletion in our existing capital base due to unusual operating losses.

Any fresh issue of shares or convertible securities would dilute existing holders, and such issuance may not be done at terms and conditions, which are favourable to the then existing shareholders of our Company. If our Company decides to raise additional funds through the incurrence of debt, our interest obligations will increase, and we may be subject to additional covenants, which could further limit our ability to access cash flows from our operations. Such financings could cause our debt to equity ratio to increase or require us to create charges or liens on our assets in favor of lenders. We cannot assure you that we will be able to secure adequate financing in the future on acceptable terms, in time, or at all. Our failure to obtain sufficient financing could result in the delay or abandonment of our expansion plans. Our business and future results of operations may be adversely affected if we are unable to implement our expansion strategy.

Any future issuance of Equity Shares by our Company may dilute shareholding of investors in our Company; and hence adversely affect the trading price of our Company’s Equity Shares and its ability to raise capital through an issue of its securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Company’s Equity Shares.

Additionally the disposal, pledge or encumbrance of Equity Shares by any of our Company’s major shareholders, or the perception that such transactions may occur may affect the trading price of the Equity Shares. No assurance may be given that our Company will not issue Equity Shares or that such shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

**47. *The price of our Company’s Equity Shares may be volatile, and investors may be unable to resell their Equity Shares at or above the Issue Price, or at all.***

The price of the Equity Shares may fluctuate after this Issue as a result of several factors, including, among other things, volatility in the Indian securities markets, the results of our operations and performance, the performance of our competitors, developments in the Indian retail and consumption-led sectors, changing perceptions in the market about participation in these sectors, adverse media reports on us or the Indian consumption-led sectors, 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.

Indian financial markets have in the past experienced substantial fluctuations in the prices of listed securities. Further, the Indian financial markets have experienced volatility, with the BSE Sensex from a high of 21,206.77 points on January 10, 2008 to a low of 7,697.39 points on October 27, 2008, a decline of almost 63.70% during the period. Similarly, the BSE Sensex increased from 8,047.17 points on March 6, 2009 to 17,486.05 points on December 29, 2009, a rise of 117.29% during the period. If similar volatility occurs in the future, the market price and liquidity of our Equity Shares could be adversely affected.

Prior to the Issue, there has been no public market for our Company's Equity Shares, and an active trading market on the Indian Stock Exchanges may not develop or be sustained after the Issue. The Issue Price of the Equity Shares may bear no relationship to the market price of the Equity Shares after the Issue. The market price of the Equity Shares after the Issue may be subject to significant fluctuations in response to, among other factors, variations in our Company's operating results, market conditions specific to the packaging sector in India, developments relating to India and volatility in the BSE and the NSE and securities markets elsewhere in the world. The risk of loss associated with this characteristic may be greater for investors expecting to sell Equity Shares purchased in this Issue soon after the Issue.

**48. *There is no guarantee 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 Company's 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 investors' ability to sell the Equity Shares.

The regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in Europe and the U.S. The BSE and the NSE have in the past experienced problems, including temporary exchange closures, broker defaults, settlements delays and strikes by brokerage firm employees, which, if continuing or recurring, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares, in both domestic and international markets. A closure of, or trading stoppage on, either of the BSE and the NSE could adversely affect the trading price of the Equity Shares.

**49. *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, the price of our Equity Shares will be subject to a daily circuit breaker imposed by all stock exchanges in India which does not allow transactions beyond certain volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our Company's 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 our Company of the percentage limit of the circuit breaker from time to time, and may change it without its knowledge. This circuit breaker would effectively limit the upward and downward movements in the price of the Equity Shares. As a result, shareholders' ability to sell the Equity Shares, or the price at which they can sell the Equity Shares, may be adversely affected at a particular point in time.

**50. *Investors will not be able to sell immediately on an Indian stock exchange any of the Equity Shares they purchase in the Issue until the Issue receives the appropriate trading approvals.***

Our Company's 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 working 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. Our Company cannot assure investors 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 the investors' ability to sell the Equity Shares.

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

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. A closure of, or trading stoppage on, the BSE or the NSE also could adversely affect the trading price of the Equity Shares.

**52. *Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.***

Under current Indian tax laws and regulations, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. Any gain realised on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax ("STT") has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the equity shares are sold. Any gain realised on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares. In addition, changes in the terms of tax treaties or in their interpretation, as a result of renegotiations or otherwise, may affect the tax treatment of capital gains arising from a sale of Equity Shares.

**53. *Multiplicity of local taxes and levies including octroi and sales tax has impacted the growth***

Each state in India has different local taxes and levies including sales tax, property tax, etc., which has enhanced the complexity as well as added to the costs. We have paid approximately Rs. 39.67 lacs towards VAT and CST annually and Rs. 1.13 lacs per month towards municipal taxes in FY 2010.

Our current manufacturing unit is located in Navi Mumbai. We propose to expand our operations through a new unit in Gujarat. The local taxes payable on account of our operations in Gujarat would differ from those payable by us due to our current operations through our unit in Navi Mumbai, Maharashtra. The difference in such taxes and levies may affect our profitability.

**54. *Regulation of Exports and Imports***

Any change in regulations, domestic or international, having an impact on the market in general will affect the industry as a whole. Such changes may be in the nature of introduction of quota, tariff barrier, subsidies etc.

**55. *Changes in Government Policies and political situation in India.***

Since 1991, the Government of India has pursued policies of economic liberalization, including relaxing restrictions on the private sector. We cannot assure you that these liberalization policies will continue in future. Protest against liberalization could slowdown the pace of economic development. The rate of economic liberalization could change,

specific laws and policies could change, and foreign investment, currency exchange rates and other matters affecting investing in our securities could change as well. Such changes may have adverse affect on the capital market and investor confidence. Any adverse change in Government policies relating to the packaging industry in general may have an impact on the profitability of the industry. Such changes are not limited to but may be in respect of:

- (a) Sales Tax
- (b) Customs Duty
- (c) Import/ Export restriction
- (d) Excise Duty

**56. *A slowdown in economic growth in India could cause our business to suffer.***

We are incorporated in India, and substantially all of our assets and employees are located in India. As a result, we are highly dependent on prevailing economic conditions in India and our results of operations are significantly affected by factors influencing the Indian economy. A slowdown in the Indian economy could adversely affect our business, including our ability to grow our assets, the quality of our assets, and our ability to implement our strategy. Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any scarcity of credit or other financing in India;
- prevailing income conditions among Indian consumers and Indian corporations;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- variations in exchange rates;
- changes in India's tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighboring countries;
- natural disasters in India or in countries in the region or globally, including in India's neighboring countries;
- prevailing regional or global economic conditions, including in India's principal export markets; and
- other significant regulatory or economic developments in or affecting India or its retail and other consumption-led sectors or industries.

Any slowdown in the Indian economy or in the growth of the sectors we participate in or future volatility in global commodity prices could adversely affect our borrowers and contractual counterparties. This in turn could adversely affect our business and financial performance and the price of our Equity Shares.

**57. *Political, economic, environmental and social developments in India could adversely affect our Company's business.***

The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our Company's business, and the market price and liquidity of our Company's Equity Shares may be affected by changes in the Government's policies, including taxation, social, political, economic or other developments in or affecting India.

Since 1991, successive governments have pursued policies of economic liberalization, including significantly relaxing restrictions on private sector. Nevertheless, the role of the Indian central and state governments in the

Indian economy as producers, consumers and regulators has remained significant. The leadership of India has changed many times since 1996. The current central government, which came to power in May 2009, is headed by the Indian National Congress and is a coalition of several political parties. Although the current government has announced policies and taken initiatives that support the economic liberalization policies that have been pursued by previous governments, the rate of economic liberalization could change, and specific laws and policies affecting banking, finance, foreign investment and other matters affecting investment in our securities could change as well. In addition, any political instability in India or geo political stability affecting India will adversely affect the Indian economy and the Indian securities markets in general, which would affect the trading price of our Company's Equity Shares.

**58. *Financial instability in Indian financial markets could adversely affect our Company's results of operations and financial condition.***

The Indian economy and financial markets are significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, especially in the United States of America, Europe or China, may have a negative impact on the Indian economy. Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. A loss in investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets.

The global financial turmoil, an outcome of the sub-prime mortgage crisis which originated in the United States of America, led to loss in investor confidence in worldwide financial markets. Indian financial markets have also experienced the contagion effect of the global financial turmoil, evident from sharp decline in SENSEX, BSE's benchmark index. Any prolonged financial crisis may have an adverse impact on the Indian economy and us, thereby resulting in a material and adverse effect on our business, operations, financial condition, profitability and price of our Equity Shares.

**59. *Terrorist attacks, civil disturbances, regional conflicts and other acts of violence in India and abroad may disrupt or otherwise adversely affect our Company's business and its profitability.***

Certain events that are beyond the control of our Company, such as terrorist attacks and other acts of violence or war, including those involving India, China, the United Kingdom, the United States or other countries, may adversely affect worldwide financial markets and could potentially lead to a severe economic recession, which could adversely affect our Company's business, results of operations, financial condition and cash flows, and more generally, any of these events could lower confidence in India's economy. Southern Asia has, from time to time, experienced instances of social and civil unrest, political tensions and hostilities including riots, regional conflicts and other acts of violence among neighboring countries, including India, Pakistan and China. Political tensions could create a perception that there is a risk of disruption of business provided by India based companies, which could have an adverse effect on our Company's business, future financial performance and price of the Shares. Furthermore, if India were to become engaged in armed hostilities, particularly hostilities that are protracted or involve the threat or use of nuclear weapons, our Company's operations might be significantly affected indirectly. 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.

**60. *Natural calamities could have a negative effect on the Indian economy and cause our Company's business to suffer.***

India has experienced significant natural calamities such as earthquakes, a tsunami, floods, drought and fires, in the past few years. The extent and severity of these natural disasters determines their effect on the Indian economy. Further natural calamities could have a negative effect on the Indian economy, adversely affecting our Company's business and the price of its Equity Shares.

**61. *An outbreak of an infectious disease or any other serious public health concerns in Asia or elsewhere could have a material adverse effect on the business and results of operations of our Company.***

The outbreak of an infectious disease in Asia or elsewhere or any other serious public health concern such as swine influenza around the world could have a negative impact on economies, financial markets and business activities worldwide, which could have a material adverse effect on our Company's business. Although, our Company has not been adversely affected by such outbreaks in the past, our Company can give no assurance that a future outbreak of an infectious disease among humans or animals or any other serious public health concern will not have a material adverse effect on the business of our Company.

**62. *Significant differences exist between Indian GAAP and other accounting principles, such as US GAAP and IFRS, which may be material to investors' assessment of our Company's financial condition.***

As stated in the auditors reports of our Company included in the Red Herring Prospectus, its financial statements are prepared and presented in conformity with Indian GAAP, consistently applied during the periods stated, except as provided in such reports, and no attempt has been made to reconcile any of the information given in the Red Herring Prospectus to any other principles or to base it on any other standards. Indian GAAP differs from accounting principles and auditing standards with which prospective investors may be familiar in other countries.

**63. *Investing in securities that carry emerging market risks can be affected generally by volatility in the emerging markets.***

The markets for securities bearing emerging market risks, such as risks relating to India, are, to varying degrees, influenced by economic and securities market conditions in other emerging market countries. Although economic conditions differ in each country, investors' reactions to developments in one country may affect securities of issuers in other countries, including India. Accordingly, the price and liquidity of the Equity Shares may be subject to significant fluctuations, which may not necessarily be directly or indirectly related to our financial performance.

**64. *Any downgrading of India's debt rating by a domestic or international rating agency could adversely affect our Company's business.***

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

**Prominent Notes:**

1. For any complaint, clarification or information relating to the Issue, investors may contact the BRLM or Compliance Officer, who will provide or make available such clarification or information to the investors at large. No selective or additional information would be available for a section of investors in any manner whatsoever.
2. Our company was originally formed as a partnership firm under the name and style of M/s Paramount Printing Press on November 13, 1985. We became a private limited company on March 24, 2006 under the name and style of Paramount Printing Press Private Limited. The name of our Company was again changed to "Paramount Printpackaging Private Limited" on June 2, 2010 and the word "private" was deleted on July 21, 2010 upon our Company ceasing to be a private limited company. For details of change in name of our Company, please refer to "*History and Certain Corporate Matters*" on page 73 of the Red Herring Prospectus.
3. Public issue of 1,30,94,175 Equity Shares of Rs. 10 each of our Company for cash at a price of Rs. [●] per Equity Share, including a premium of Rs. [●] per Equity Share, aggregating to Rs. [●]. The Issue will constitute 49.04% of the fully diluted post Issue equity share capital of our Company. Our Company has completed a Pre-IPO Placement of 19,05,825 of Equity Shares with certain selected investors pursuant to Board resolutions dated February 21, 2011, March 16, 2011 and March 21, 2011.

4. The net worth of our Company as on December 31, 2010, was Rs. 2,276.45 lacs and Rs. 1605.53 Lacs as on March 31, 2010 as per our audited restated financial statements and the Issue size is Rs. [●]. For further details, please refer to “Auditors’ Report on Financial Information” on page 101 of the Red Herring Prospectus.
5. The book value per Equity Share of Rs. 10 each, as of December 31, 2010 was Rs. 19.68 and Rs. 14.46 as on March 31, 2010 as per our audited restated financial statements. For further details, please refer to “Auditor’s Report on Financial Information” on page 101 of the Red Herring Prospectus.
6. The average cost of acquisition or of subscription to Equity Shares by our Promoters as on the date of the Red Herring Prospectus is set forth in the table below. For more information, please refer to the paragraph “Promoters Contribution and Lock in” forming a part of “Capital Structure” on page 23 of the Red Herring Prospectus.

<b>Name of the Promoter</b>	<b>No of Equity Shares held</b>	<b>Average price per share (in Rs.)</b>
Mr. Ashwin Babulal Sukhadia	3,66,000	6.67
Mr. Anuj Vipin Sukhadia	21,61,750	11.22
Mr. Vipul Ashwin Sukhadia	20,06,200	9.96
Mr. Divyesh Ashwin Sukhadia	20,25,100	10.17
Mr. Dharmesh Ashwin Sukhadia	20,06,100	9.96
Mr. Ketan Vipin Sukhadia	21,61,750	11.28

*Note: The average cost of acquisition has been calculated by dividing the aggregate amount paid by the Promoters to acquire the Equity Shares held by them with the aggregate number of Equity Shares held by the Promoters.*

7. Except as disclosed in “Objects of the Issue”, “Capital Structure”, “Our Promoters and their Background” “Our Promoter Group Entities” or “Our Management” on pages 30, 18, 94 and 76, respectively of the Red Herring Prospectus, none of our Promoters, Promoter Group entities, Directors and key managerial employees have any interest in our Company except to the extent of remuneration and reimbursement of expenses and to the extent of the Equity Shares held, if any, by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as directors, members, partners or trustees and to the extent of the benefits arising out of such shareholding.
8. The Promoter Group Companies are interested parties to the extent of the related party transactions. For details of the related party transactions, please refer to the paragraph on “Related Party Transactions” in “Auditor’s Report on Financial Information” on page 101 of the Red Herring Prospectus.
9. As on date of filing the Red Herring Prospectus, there are no finance arrangements made during the period of six months, whereby the promoter group, the directors of the company which is a promoter of the issuer, the directors of the issuer and their relatives have financed the purchase by any other person of securities of the issuer other than in the normal course of the business of the financing entity during the period of six months.



## SECTION III – INTRODUCTION

### SUMMARY OF INDUSTRY

*The information in this section is derived from a combination of various official and unofficial publicly available materials and sources of information including the Report on Packaging Industry, Indo-Italian Chamber of Commerce, World Packaging Association, Indian Institute of Packaging, etc. It has not been independently verified by our Company, the BRLM or their respective legal advisors, and no representation is made as to the accuracy of this information, which may be inconsistent with information available or compiled from other sources. Similarly, our Company's internal estimates, if any, which we believe to be reliable have not been verified by any independent agencies.*

#### **Introduction**

Packaging plays a very distinct role in today's modern consumerist economy with the need for widespread adoption of branding and development of consumer preferences. Any manufactured item, to gain market share, requires packaging to ensure safety, convenience and attractiveness. Packaging is a key component for consumption and consumer preferences in today's economy.

Packaging helps in preservation of quality and lengthening shelf life of products such as milk, biscuits, drugs, processed and semi-processed foods, fruits and vegetables, edible oils, etc. Packaging is also required for most other manufactured goods to preserve it from any damage during transit.

The packaging industry has evolved over the years from a relatively small range of heavy, rigid containers made of wood, glass and steel to a broad array of rigid, semi rigid and flexible packaging options increasingly made from specialized lightweight materials.

The packaging industry's growth has also led to greater specialization and sophistication from the point of view of health (in the case of packaged foods and medicines) and environment friendliness of packing material. The demands on the packaging industry are challenging, given the increasing environmental awareness among communities.

#### **Key Drivers and Trends**

The progression of demand in the packaging industry is influenced by a wide range of factors and includes both year on year short term factors and other long term factors. Like any other industry, while the economy plays a central role in influencing the size and growth of the market, there is a multitude of other factors which can be seen as having a direct or at least an indirect influence on the demand in the packaging industry, irrespective of the performance of the economy. These include:

- Ageing of world population;
- Trend towards smaller and nuclear households
- Increasing trend towards convenience and quick access among consumers;
- Rising health awareness among consumers;
- Trend towards 'on-the-go' lifestyles among increasingly time-poor consumers;
- Growing requirements for brand enhancement/ differentiation in an increasingly competitive consumer environment;
- New technology and modern packaging material;

- Increasing awareness of environmental issues and the adoption of new regulatory requirements on packaging recycling.

*(Source: World Packaging Organisation)*

## SUMMARY OF BUSINESS

Paramount Printpackaging Limited (formerly known as Paramount Printpackaging Private Limited) is promoted by members of the Sukhadia family. M/s. Paramount Printing Press, a partnership firm of members of the Sukhadia family was operating in 1941 through its facility at Dalal Street, Fort, Mumbai consisting of a stationery shop complemented by four manually operated letterpress treadle machines. The Promoters of our Company gradually shifted from stationery printing to packaging in 1982.

Today our Company operates out of a fully automated plant at Navi Mumbai, capable of supplying hundreds of different types of folding box cartons that suit the needs of its customers. Our Company's plant has the capacity to convert approximately 500 tons of paper board every month. In terms of finished products, our Company has the capacity to produce 20 lac cartons a day.

Our Company developed business relations as a stationery printer with a variety of corporates such as banks, pharma and textile corporations. With a view to diversify its operations with its existing clients, our Company forayed into publicity material printing.

Our Company diversified further by offering packaging solutions to its existing clients.

Our Company gradually moved from being a stationery printer to offering folding box carton packaging material which presently is its core area of operation. In the initial years, our Company acquired a single ADAST Dominant and a two colour SOLNA printing machine and for the post-press process of die cutting, it relied on Indian-made manual punching machines and performed the pasting process manually.

Our Company currently runs an integrated facility that includes pre-press, procuring of raw material from various sources, cutting paper as per requirement, printing, hot foil stamping, varnishing, UV coating, lamination, embossing, punching and pasting. We believe that our processes today are automated to an optimum level which gives our Company the ability to execute high quality and large volume printing jobs, efficiently in lead times. Our press is uses Heidelberg printing machines, while the post-press is equipped with BOBST die cutting and pasting machines.

In addition, with a view to gain a competitive advantage our Company has its set up its own pre-press and ink matching centre. We believe that these in-house facilities are a key differentiator in comparison to other packaging solutions provider as it reduces our Company's dependence on third party suppliers and also helps in increasing efficiency in terms of delivery times. As part of the pre-press facility our Company has modules from ESKO Graphic software for the packaging activity and star proof for the proofing needs from BODHI Professional. Our own ink matching centre gives our company the advantage of preparing special colour inks for printing jobs, which we believe further reduces our dependence on third party suppliers.

### **Our Competitive Strengths**

Our Company has benefited from the experience of our Promoters and the core management team. We believe that our Promoters have built a strong relationship with both the suppliers and the customers in the industry.

Our Company's core strength lies in the extensive knowledge of its core management team which helps our Company to execute the growth strategies. Most of the key managerial personnel have substantial experience in their respective fields. We believe that having a strong management team with extensive experience enables it to respond to changing market conditions and tune it to the preferences of the customers for its overall success and future growth.

### ***Customer Base***

The marketing strategy of our Company is a mix of various tools. It depends on the type of the product and the objective of the particular product / mix. We sell directly to the customers and meet customer needs in a time bound manner. Our customer base gives us strength and support for future expansion and growth. In last few years, we have diversified our client base geographically and sector-wise. We cater to various sectors like pharma, auto

ancillary, FMCG, electricals and food etc. In FY 2009 and 2010, we executed orders from 104 and 108 customers respectively. We have executed order for clients in Maharashtra, Goa, Gujarat, Karnataka, Himachal Pradesh, Madhya Pradesh and UK, in the recent years. For details on contributions to our sales by our top ten customers, please refer to page 65 of the Red Herring Prospectus.

### ***Technical Base***

One of our Company's major strengths and key to success is the knowledge and expertise of our Promoters in the packaging industry. We believe that technology is an integral part of the business and that we have always been adapting to the latest technological developments in the industry. We use Computer to Plate technology, Autocad and ESKO graphics software in our operations. Computer to plate technology helps us to process the job faster, improve the quality and accuracy. This process includes exposing, developing, washing, gumming of plates required to print the job on the printing machine. SignaStation help us in imposition on plate with automatic multiple ups, Metarip help in ripping process resulting into color separation, Metashooter helps us in exposing design on the plate. Artios CAD is specifically made for packaging jobs. This help us in making multiple ups in signa station.

### ***In-house facilities***

Inks are integral parts of manufacturing process. Our company has its own matching center, which makes customized ink for special colors. Moreover, our Company has an internal quality control and quality assurance department to monitor the incoming raw materials and finished goods on a continuous basis. All these in-house facilities have a direct impact on cost cutting.

### ***Cost competitiveness***

We believe in strong in-house management to control the entire process. It controls costs by eliminating unnecessary intermediaries for procuring materials in cost efficient manner by optimizing logistics and maximizing labour efficiency.

### ***Quality and ISO Certification***

Our Company is ISO 9001:2008 certified for "Manufacturing and Supply of Printed Duplex Board Packaging" vide Certificate No 1210035064 TMS, valid till December 14, 2011. Our Company is dedicated towards quality of products and processes. It gets repetitive orders from the customers, because of its quality standards. It has created its own brand in the market.

### ***Our Business Strategy***

#### ***Enhancing our existing customer base***

Our present customer base comprises of a large number of Indian and international companies. In FY 2009 and 2010, we executed orders from 104 and 108 customers respectively. We have executed order for clients in Maharashtra, Goa, Gujarat, Karnataka, Himachal Pradesh, Madhya Pradesh and UK, in the recent years. We intend to grow in the business continuously by adding new customers. With the growth in the retail, pharma, food and beverage sectors, opportunity for growth in packaging industries have increased. We want to capitalize the growth of these sectors.

#### ***Quality Products***

We are investing in high quality machineries and equipment to ensure efficient production and quality products. The scale of operations and experience of our Directors in the business shall enable our Company to produce quality products. Our Company believes that quality products enable it to compete with the other players in the market. Our Company also believes that the investment in technology shall allow it to provide quality products to its customers and differentiate it from other competitors.

#### ***Continuous focus on Training and Motivation of the Work Force***

Our company continues its policy of training its work force with adequate product and market knowledge. We regularly train our work force for operation and maintenance of our plant and machinery. The terms of some of the machines purchased by us contains an obligation on the suppliers to train our work force to operate the machines. Such training is taken by the senior workmen. Our senior workmen in turn, train the other workmen to operate and maintain the machines. In the past, we have also conducted training programmes for ISO awareness, quality assurance plan and other technical purposes.

## THE ISSUE

<b>Issue of Equity Shares by our Company<sup>(1)</sup></b>	1,30,94,175 Equity Shares of face value of Rs. 10 each aggregating to Rs. 13,09,41,750/-.
<b>Net Issue to the public</b>	1,30,94,175 Equity Shares
<i>Of which:</i>	
Qualified Institutional Buyers (QIBs) portion <sup>(2)(3)</sup>	Not more than 65,47,088 Equity Shares*
<i>Of which:</i>	
Available for Mutual Funds only(5% of the QIB portion)	3,27,354 Equity Shares*
Balance for all QIBs including Mutual Funds	62,19,734 Equity Shares*
Non-Institutional Portion <sup>(3)</sup>	Not less than 19,64,126 Equity Shares*
Retail Portion <sup>(3)</sup>	Not less than 45,82,961 Equity Shares*
<b>Pre and Post Issue Equity Shares</b>	
Equity Shares outstanding prior to the Issue	1,36,05,865 Equity Shares
Equity Shares outstanding after the Issue	2,67,00,040 Equity Shares
<b>Use of Issue Proceeds</b>	Please refer to “ <i>Objects of the Issue</i> ” on page 30 of the Red Herring Prospectus for information about the use of the Issue Proceeds.

\* In the event of over-subscription, allocation shall be made on a proportionate basis, subject to valid Bids being received at or above the Issue Price.

- (1) Our Company has allotted 19,05,825 Equity Shares to various investors pursuant to a pre-IPO placement through a board resolutions dated February 21, 2011, March 16, 2011 and March 21, 2011. For details of the allotments, please refer to “*Capital Structure*” on page 18 of the Red Herring Prospectus.
- (2) 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining QIB Portion. Further, attention of all QIBs is drawing to the following: (a) QIB Bidders will not be allowed to withdraw their Bid cum Application Forms after 3.00 p.m. on the Bid/Issue Closing Date. In the event of under-subscription in the Mutual Fund Portion only, the unsubscribed portion would be added to the balance of the QIB Portion for allocation on a proportionate basis to the QIB Bidders.
- (3) Subject to valid bids being received at or above the Issue Price. Under-subscription, if any, in any category shall be allowed to be met with spillover from the other categories, at the sole discretion of our Company in consultation with the BRLM and the Designated Stock Exchange. Allocation in all the categories shall be on a proportionate basis.

**SUMMARY FINANCIAL STATEMENTS**

**SUMMARY OF ASSETS AND LIABILITIES AS RESTATED**

*(Rs. in lacs)*

<b>Particulars (Year end 31<sup>st</sup> March)</b>	<b>31<sup>st</sup> March 2006</b>	<b>31<sup>st</sup> March 2007</b>	<b>31<sup>st</sup> March 2008</b>	<b>31<sup>st</sup> March 2009</b>	<b>31<sup>st</sup> March 2010</b>	<b>Nine Months period ended 31<sup>st</sup> Dec, 2010</b>
<b>(A) Fixed Assets</b>						
Gross Block	796.48	688.02	3,055.62	3,101.61	3,280.07	3,546.74
Less: Depreciation	206.19	63.13	184.40	466.77	759.90	995.40
Net Block	590.28	624.89	2,871.22	2,634.85	2,520.17	2,551.34
Capital Work in Progress	34.01	1,753.79	-	-	-	240.00
<b>Total (A)</b>	<b>624.29</b>	<b>2,378.68</b>	<b>2,871.22</b>	<b>2,634.85</b>	<b>2,520.17</b>	<b>2,791.34</b>
<b>(B) Investments</b>	5.27	5.30	5.30	5.30	5.30	5.30
<b>(C) Current Assets, Loans &amp; Advances</b>						
Inventory	128.47	165.84	200.85	478.18	610.38	682.05
Sundry Debtors	569.99	555.07	665.62	1,098.35	1,511.24	2,669.54
Cash and Bank Balances	25.63	17.44	26.30	66.40	264.65	323.33
Loans and Advances	88.99	188.31	122.97	388.45	317.21	576.31
<b>Total (C)</b>	<b>813.09</b>	<b>926.67</b>	<b>1,015.75</b>	<b>2,031.38</b>	<b>2,703.47</b>	<b>4,251.24</b>
<b>(D) Total Assets (A+B+C)</b>	<b>1,442.65</b>	<b>3,310.65</b>	<b>3,892.26</b>	<b>4,671.53</b>	<b>5,228.94</b>	<b>7,047.88</b>
<b>(E) Liabilities and Provisions</b>						
Current Liabilities	451.91	611.93	460.76	937.89	966.30	1,291.27
Provisions		-	3.79	2.95	63.41	219.18
Secured Loans	606.38	2,138.20	2,221.31	2,259.07	2,497.86	2,907.18
Unsecured Loans	314.62	457.80	526.44	186.76	20.96	288.63
Deferred Tax (Asset)/Liabilities (net)	-	6.22	24.97	30.88	74.88	65.17
<b>Total (E)</b>	<b>1,372.91</b>	<b>3,214.15</b>	<b>3,237.27</b>	<b>3,417.55</b>	<b>3,623.41</b>	<b>4,771.43</b>
<b>(F) Net Worth (D-E)</b>	<b>69.74</b>	<b>96.50</b>	<b>654.99</b>	<b>1,253.98</b>	<b>1,605.53</b>	<b>2,276.45</b>
<b>Net Worth represented by</b>						
Equity Share Capital	72.13	100.00	612.00	732.02	1,131.65	1,170.00
Share application money	-	-	-	-	98.40	482.08
<b>Reserve and Surplus</b>						
Securities Premium Account	-	-	-	480.08	192.53	269.23
Profit & Loss account	-	(1.88)	44.21	42.69	208.45	355.14
<b>Sub-Total</b>	<b>72.13</b>	<b>98.12</b>	<b>656.21</b>	<b>1,254.79</b>	<b>1,631.03</b>	<b>2,276.45</b>
<b>Less: Miscellaneous Expenditure (not written off)</b>	<b>2.38</b>	<b>1.62</b>	<b>1.22</b>	<b>0.81</b>	<b>25.50</b>	<b>-</b>
<b>(G) Net Worth</b>	<b>69.74</b>	<b>96.50</b>	<b>654.99</b>	<b>1,253.98</b>	<b>1,605.53</b>	<b>2,276.45</b>

**SUMMARY OF PROFIT & LOSSES AS RESTATED**

*(Rs. in lacs)*

Particulars	For the Financial Year Ended					Nine month period ended 31 <sup>st</sup> Dec, 2010
	31 <sup>st</sup> Mar, 2006	31 <sup>st</sup> Mar, 2007	31 <sup>st</sup> Mar, 2008	31 <sup>st</sup> Mar, 2009	31 <sup>st</sup> Mar, 2010	
<b>INCOME</b>						
Sales (Net)	2,223.36	2,328.49	2,754.62	3,387.34	4,649.85	4,381.70
Other Income	12.59	11.29	16.51	4.33	13.71	26.07
Increase/(decrease) in Finished Goods	(12.86)	(32.24)	28.59	(9.25)	31.07	(48.97)
<b>Total</b>	<b>2,223.10</b>	<b>2,307.54</b>	<b>2,799.72</b>	<b>3,382.42</b>	<b>4,694.62</b>	<b>4,358.80</b>
<b>EXPENDITURE</b>						
Raw Material Consumed	974.42	1,012.43	1,220.48	1,055.08	1,449.12	1,795.43
Cost of Traded Goods	775.99	781.25	1,001.27	1,307.42	1,806.14	950.07
Manufacturing overheads	90.83	95.15	74.65	98.93	163.40	196.32
Payment to employees	104.49	113.91	160.66	187.87	225.39	204.80
Administration and selling expenses	80.34	86.38	78.17	80.73	96.32	249.28
Financial expenses	127.37	148.60	75.99	363.23	385.44	436.73
Preliminary expenses written off	-	0.41	0.41	0.41	0.81	-
<b>Total</b>	<b>2,153.43</b>	<b>2,238.13</b>	<b>2,611.61</b>	<b>3,093.67</b>	<b>4,126.63</b>	<b>3,832.63</b>
<b>Adjusted Profit Before Depreciation &amp; Tax</b>	<b>69.67</b>	<b>69.41</b>	<b>188.12</b>	<b>288.75</b>	<b>568.00</b>	<b>526.17</b>
Less: Depreciation	50.48	63.13	121.27	282.36	293.15	235.50
<b>Adjusted Profit Before Tax</b>	<b>19.19</b>	<b>6.28</b>	<b>66.84</b>	<b>6.39</b>	<b>274.85</b>	<b>290.67</b>
<b>Provision For Tax</b>						
Current Tax		-	7.30	0.50	60.00	116.00
Deferred Tax		6.22	18.76	5.91	44.00	2.90
Fringe Benefit Tax	1.90	1.95	2.00	2.00	0.60	0.00
Short/Excess provision for Tax of earlier year	-	-	-	-	-	0.59
MAT Credit	-	-	(7.30)	(0.50)	4.49	-
<b>Profit After Tax</b>	<b>17.29</b>	<b>(1.88)</b>	<b>46.09</b>	<b>(1.52)</b>	<b>165.76</b>	<b>171.17</b>
<b>Surplus brought forward from Previous Year</b>	<b>-</b>	<b>-</b>	<b>(1.88)</b>	<b>44.21</b>	<b>42.69</b>	<b>208.45</b>
<b>Appropriations</b>						
Capitalisation for issue of Bonus Shares	-	-	-	-	-	-
<b>Charge on account of transitional provisions under AS 15</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24.49</b>
<b>Adjusted Available Surplus carried forward to Balance Sheet</b>	<b>17.29</b>	<b>(1.88)</b>	<b>44.21</b>	<b>42.69</b>	<b>208.45</b>	<b>355.14</b>



## SUMMARY OF CASH FLOW STATEMENT AS RESTATED

(Rs. in lacs)

Particulars	31st March, 2006	31st March, 2007	31st March, 2008	31st March, 2009	31st March, 2010	Nine Months Period ended 31st Dec, 2010
<b>Cash flows from Operating Activities</b>						
<b>Net profit before taxation, and extraordinary item</b>	<b>19.19</b>	<b>6.28</b>	<b>66.84</b>	<b>6.39</b>	<b>274.85</b>	<b>290.67</b>
<b>Adjustments for:</b>	-					
Preliminary Expenses	-	0.41	0.41	0.41	0.81	-
Initial Public Offer Expenses						62.90
Interest income	(4.61)	(2.39)	(1.50)	(1.50)	(5.98)	-16.05
Sundry balance w/off (Net)	-	-	(2.39)	7.10	-	22.33
Depreciation	50.48	63.13	121.27	282.36	293.15	235.50
Exchange Rate Difference						-0.92
Profit on Sale of machinery	-	(8.79)	(5.40)	-	(3.25)	-
Interest Expenses	127.37	148.60	75.99	363.23	385.44	436.73
Dividend Income	(0.23)	(0.10)	(0.74)	(0.12)	(0.12)	-0.09
<b>Operating Profit before Working Capital Changes</b>	<b>192.20</b>	<b>207.14</b>	<b>254.47</b>	<b>657.87</b>	<b>944.90</b>	<b>1031.07</b>
Decrease / (Increase) in sundry debtors	(57.34)	14.92	(108.16)	(439.82)	(412.89)	-1180.64
Decrease / (Increase) in loans & advances	(42.53)	(94.87)	68.20	(264.98)	64.67	-246.52
Decrease / (Increase) in inventories	5.78	(37.37)	(35.01)	(277.33)	(132.19)	-71.67
Increase / (Decrease) in current liabilities & provisions	(272.41)	160.03	(151.17)	477.13	28.42	326.84
<b>Cash Generated from Operations</b>	<b>(174.30)</b>	<b>249.85</b>	<b>28.32</b>	<b>152.87</b>	<b>492.90</b>	<b>-140.92</b>
Less: Income taxes paid	4.21	6.40	1.06	3.34	(3.16)	-0.22
<b>Cash flow before extraordinary item</b>	<b>(178.51)</b>	<b>243.45</b>	<b>27.26</b>	<b>149.53</b>	<b>496.06</b>	<b>-140.70</b>
Less: Extra Ordinary Items	-	-	-	-	-	-
<b>Net Cash flow from Operating Activities (A)</b>	<b>(178.51)</b>	<b>243.45</b>	<b>27.26</b>	<b>149.53</b>	<b>496.06</b>	<b>-140.70</b>
<b>Cash flows from Investing Activities</b>						
Purchase of Investments	(0.33)	(0.03)	-	-	-	-
Purchase of fixed assets	(235.52)	(1,817.16)	(613.81)	(45.99)	(178.65)	-505.76
Sale of fixed assets	2.81	8.79	5.40	-	3.42	-
Dividend Income	0.23	0.10	0.74	0.12	0.12	0.09
Interest income	4.61	2.39	1.50	1.50	4.76	8.83
<b>Net cash from Investing Activities (B)</b>	<b>(228.21)</b>	<b>(1,805.91)</b>	<b>(606.16)</b>	<b>(44.37)</b>	<b>(170.35)</b>	<b>-496.84</b>
<b>Cash flows from Financing Activities</b>						
Borrowings	519.58	1,675.00	151.75	(301.92)	72.99	676.97
Public Issue Expenses					(25.50)	-37.40
Preliminary Expenses (Pre operative expenses Part IX)	(2.38)	-				-
Increase in share capital (Incl Application Money)	(14.66)	27.87	512.00	600.10	210.48	498.73
Interest Paid	(127.37)	(148.60)	(75.99)	(363.23)	(385.44)	-442.10
<b>Net cash used in Financing Activities (C)</b>	<b>375.17</b>	<b>1,554.27</b>	<b>587.76</b>	<b>(65.05)</b>	<b>(127.47)</b>	<b>696.20</b>
<b>Net increase in Cash and Cash Equivalents (A+B+C)</b>	<b>(31.56)</b>	<b>(8.19)</b>	<b>8.86</b>	<b>40.10</b>	<b>198.25</b>	<b>58.68</b>
Add : Cash and cash equivalents at beginning of period	57.19	25.63	17.44	26.30	66.40	264.65
<b>Cash and Cash Equivalents at end of Period</b>	<b>25.63</b>	<b>17.44</b>	<b>26.30</b>	<b>66.40</b>	<b>264.65</b>	<b>323.33</b>

*The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 on Cash Flow Statements as notified by Companies (Accounting Standard) Rules, 2006.*

## GENERAL INFORMATION

### Registered Office and Corporate Office of our Company

#### Paramount Printpackaging Limited

A/309, TTC Industrial Estate

Mahape, Navi Mumbai

Maharashtra 400701

Tel: +91 22 4162 7777

Fax: +91 22 2778 2743

Website: www.pppltd.in

Email: pppl.ipo@pppltd.in

Contact Person: Ms. Ashwini Rao, Company Secretary and Compliance Officer

**Corporate Identification Number:** U22200MH2006PTC160735

**Company Registration Number:** 160735

### Address of the Registrar of Companies

Registrar of Companies, Maharashtra, Mumbai

100, Everest Building

Marine Drive

Mumbai - 400 002

### Our Board of Directors

Sr. No.	Name and Designation	Nature of Directorship	DIN	Residential address
1.	Mr. Divyesh Ashwin Sukhadia, Chairman and Managing Director	Executive Director	02430178	401, 4 <sup>th</sup> Floor, Nath Dwara Niwas, Poddar Lane, Santacruz (West), Mumbai- 400 052.
2.	Mr. Dharmesh Ashwin Sukhadia, Whole-time Director	Executive Director	02452153	502, Pushpavatika CHS, Poddar Lane, Saibaba Road, Santacruz (West), Mumbai- 400 054.
3.	Mr. Anuj Vipin Sukhadia, Whole-time Director	Executive Director	00033209	A-11, Technocrat society, Bombay Dyeing Lane, Prabhadevi, Mumbai - 400 025.
4.	Mr. Vikram Devjibhai Patel, Director	Independent Director	03066647	3-63/64 Anant Niwas, 262/70, Narshi Natha Street, Mumbai – 400 009.
5.	Mr. Rohit Parmananddas Doshi, Director	Independent Director	00424996	9, Jay Mahal, 29 Dadabhai Road, Vile Parle (West), Mumbai – 400 056.
6.	Mr. Hemang Engineer, Director	Independent Director	02317989	Maharaj Mansion, Flat No. 12/13, Khetwadi, S. V. P. Road, Mumbai – 400 004.

For further details on our Directors please refer to “*Our Management*” on page 76 of the Red Herring Prospectus.

### Company Secretary and Compliance Officer

#### Ms. Ashwini Rao

A/309, TTC Industrial Estate

Mahape, Navi Mumbai

Maharashtra – 400 701

Tel: +91 22 4162 7777

Fax: +91 22 2778 2743  
Email: pppl.ipo@pppltd.in

Investors can contact the Compliance Officer and/or the Registrar to the Issue for any pre-Issue or post-Issue related matters such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, non receipt of refund orders, non receipt of funds by electronic mode, etc. In case of ASBA Bids submitted with the Designated Branches of the SCSBs, Bidders can contact the Designated Branches of the SCSBs.

### **Bankers to our Company**

#### **State Bank of India**

Commercial Branch, Vile Parle (E)  
Shyamkamal Trade Centre, Agarwal Market,  
Vile Parle (East), Mumbai – 400 057  
Tel: +91 22 26194010  
Fax: +91 22 26194008  
Email: sbicbvpe@vsnl.net

#### **The Shamrao Vithal Co-operative Bank Limited**

S.V.C Tower, Jawaharlal Nehru Road,  
Vakola, Santacruz (East),  
Mumbai – 400 055  
Tel: +91 22 6699 9707  
Fax: +91 22 6699 9700  
Email: naikgg@svcbank.com

### **Legal Advisor to the Issue**

#### **Krishnamurthy & Co.**

Legal Consultants  
96, Free Press House  
215, Nariman Point  
Mumbai – 400 021  
Tel: +91 22 6749 2595  
Fax: +91 22 6749 2593  
E-mail: ipo@klaw.in

### **Book Running Lead Manager**

#### **Onelife Capital Advisors Limited**

96-98, Mint Road  
Mumbai - 400 001  
Tel: +91 22 4333 3000  
Fax: +91 22 4333 3011  
Email: ppl.ipo@onelifecapital.in  
Investor Grievance I.D: redressal@onelifecapital.in  
Website: www.onelifecapital.in  
Contact Person: Mr. Sumit Gupta/Mr. Tatsat Mehta  
SEBI Registration No: INM000011633

For all Issue -related queries and for referral of complaints, investors may also write to the BRLM. All complaints, queries or comments received by SEBI shall be forwarded to the BRLM, who shall respond to the same.

### **Registrar to the Issue**

#### **Sharepro Services (India) Private Limited**

13/A-B, Samitha Warehousing Complex,  
2nd Floor, Near Sakinaka Tel. Exchange,  
Sakinaka, Andheri (East),  
Mumbai - 400 072.  
Tel: +91 22 2847 0652/53  
Fax: +91 22 2859 1568  
Email: paramount.ipo@shareproservices.com  
Investor Grievance Email: sharepro@shareproservices.com  
Website: www.shareproservices.com  
Contact Person: Mr. Subhash Dhingreja/ Mr. Kumresan V  
SEBI Registration No.: INR000001476

For all Issue related queries and for redressal of complaints, investors may also write to the Registrar to the Issue or the BRLM.

### **Bankers to the Issue and Escrow Collection Banks**

#### **HDFC Bank Limited**

FIG-OPS Department, -Lodha,  
I Think Techno Campus,  
O-3, Level, Kanjurmarg (East)  
Mumbai - 400042  
Tel: +91 22 30752928  
Fax: +91 22 25799801  
Website: www.hdfcbank.com  
Email: Deepak.rane@hdfcbank.com  
Contact Person: Mr. Deepak Rane  
SEBI Registration No. INBI00000063

#### **IndusInd Bank Limited**

Cash Management Services,  
Solitaire Corporate Park,  
No.1001, Building No.10, Ground Floor,  
Guru Hargovindji Marg, Andheri (East)  
Mumbai 400093  
Tel: +91 22 6772 3943  
Fax: +91 22 6772 3998  
Website: www.indusind.com  
Email: Prasanna.vaidyanathan@indusind.com  
Contact Person: Mr. Prasanna Vaidyanathan  
SEBI Registration No.: INBI00000002

### **Refund Banker**

#### **HDFC Bank Limited**

FIG-OPS Department, -Lodha,  
I Think Techno Campus,  
O-3, Level, Kanjurmarg (East)  
Mumbai - 400042  
Tel: +91 22 30752928  
Fax: +91 22 25799801  
Website: www.hdfcbank.com  
Email: Deepak.rane@hdfcbank.com  
Contact Person: Mr. Deepak Rane  
SEBI Registration No.: INBI00000063

## **Syndicate Members**

### **Sunidhi Securities and Finance Limited**

14th Floor, Maker Chamber IV,  
Nariman Point,  
Mumbai-400 021 (India)  
Phone: +91-22-66369669  
Fax: +91-22-66355673  
Email: jigar.d@sunidhi.com  
Website: www.sunidhi.com  
Contact Person: Mr. Jigar Desai  
NSE Registration No.: INB 230676436  
BSE Registration No.: INB 010676436

### **Hem Securities Limited**

14/15 Katau Building  
1st Floor, 40, Bank Street  
Fort, Mumbai- 400023  
Phone: +91-22-22671543  
Fax: +91-22-22625991  
Email: sanjay@hemonline.com  
Website: www.hemonline.com  
Contact Person: Mr. Sanjay Dalmia  
NSE Registration No.: INB 231110033  
BSE Registration No.: INB 011069953

## **Self Certified Syndicate Banks**

The list of banks that have been notified by SEBI to act as SCSB for the ASBA process is provided on [www.sebi.gov.in](http://www.sebi.gov.in). For more information on designated branches of SCSBs collecting the ASBA Bid cum Application Form, please refer the above mentioned link.

## **Auditors to our Company**

### **M/s. M.V. Damania & Co.**

14/2, Mahalaxmi Industrial Estate  
D. Shivner Road, Gandhi Nagar  
Lower Parel  
Mumbai - 400 013  
Tel: +91 22 6661 4320/21/22  
Fax: +91 22 2493 8040  
Email: bharat@mvdco.com  
Registration No: 102079W

## **Monitoring Agency**

As the size of the Issue will not exceed Rs. 50,000 lacs, the appointment of a monitoring agency is not mandatory as per the SEBI Regulations. The Audit Committee will monitor the utilization of the Net Proceeds. Our Company will disclose the utilization of the Net Proceeds under a separate head along with details in the balance sheet of our Company for the relevant Financial Years subsequent to the Issue, for all such Net Proceeds in the Balance Sheet of our Company for the relevant Financial Years subsequent to the Issue.

## **Appraising Entity**

None of the objects of the Issue have been appraised.

## Inter-se Responsibilities of the Book Running Lead Manager

Onelife Capital Advisors Limited is the sole BRLM to the Issue and shall be responsible for the following activities:

Sr. No.	Activities
1.	Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments, etc.
2.	Conducting a Due diligence of our Company's operations / management / business plans/legal documents etc. Drafting and design of the Red Herring Prospectus/Red Herring Prospectus/Prospectus. Ensuring compliance with the SEBI Regulations and other stipulated requirements and completion of prescribed formalities with the Stock Exchanges (pre-Issue), the RoC and SEBI.
3.	Primary co-ordination with SEBI, RoC and Stock Exchanges up to bidding and coordinating interface with lawyers for agreements.
4.	Drafting and approval of all publicity material other than statutory advertisement as mentioned in (2) above including corporate advertisement, brochure, etc.
5.	Appointment of the Registrar(s), Bankers to the Issue and appointment of the intermediaries i.e. printers and advertising agency.
6.	Primary coordination of drafting/proofing of the design of the Prospectus, bid forms including memorandum containing salient features of the Prospectus with the printers. Primary coordination of the drafting and approving the statutory advertisement.
7.	Drafting and approving all publicity material other than statutory advertisement as mentioned in (4) above including corporate advertisement, brochure, etc.
8.	Retail & HNI segment Marketing, Which will cover inter alia: <ul style="list-style-type: none"> <li>• Preparation of road show presentation.</li> <li>• Finalising centres for holding Brokers' conference</li> <li>• Finalising media, marketing and PR Strategy</li> <li>• Follow up on distribution of publicity and issue material including application form,</li> <li>• brochure and deciding on quantum of issue material</li> <li>• Finalising collection centres as per schedule III of SEBI Regulations.</li> </ul>
9.	Institutional Marketing, which will cover inter alia: <ul style="list-style-type: none"> <li>• Finalisation of list of investors.</li> <li>• Finalisation of one to one meetings and allocation of institutions.</li> <li>• Finalisation of presentation material</li> </ul>
10.	Managing Book & co-ordination with stock Exchanges for bidding terminals, mock trading, etc.
11.	Pricing and QIB allocation.
12.	Follow – up with the Bankers to the Issue to get quick estimates of collection and advising the Issuer about closure of the Issue, based on the correct figures.
13.	The post bidding activities for the Issue will involve essential follow up steps, which include finalizing basis of allotment / weeding out of multiple applications, the listing of instruments and dispatch of certificates/demat credits or refunds and dematerialized delivery of shares with the various agencies connected with the work such as the Registrar(s) to the Issue and Bankers to the Issue, Self Certified Syndicate Banks, the bank handling refund business. The Lead Manager shall be responsible for ensuring that these agencies fulfil their functions and enable it to discharge this responsibility through suitable agreements with our Company.

## Credit Rating

As this is an Issue of Equity Shares, credit rating is not required.

## **IPO Grading Agency**

### **ICRA Limited**

907 – 908, Sakar II,  
Ellisbridge,  
Ahmedabad – 380 006  
Telefax: +91 79 2658 4924 / 2008  
Website: www.icra.in  
Contact Person: Mr. L. Sivakumar

This Issue has been graded by ICRA Limited and has been assigned a grading of IPO Grade 2, indicating below average fundamentals through its letter dated February 22, 2011. The IPO grading is assigned on a five point scale from 1 to 5 with an “IPO Grade 5” indicating strong fundamentals and an “IPO Grade 1” indicating poor fundamentals. Pursuant to SEBI Regulations, the rationale/description furnished by the credit rating agency will be updated at the time of filing the Red Herring Prospectus with the RoC.

The Issue has not been graded by any other rating agency. For the disclaimer of ICRA Limited, please see “*Other Regulatory and Statutory Disclosures*” on page 162 of this Red Herring Prospectus.

### **Experts**

Except for the report provided by ICRA Limited (a copy of which will be annexed to the Red Herring Prospectus), furnishing the rationale for its grading, our Company has not obtained any expert opinions.

### **Trustees**

As this is an Issue of Equity Shares, the appointment of trustees is not required.

### **Book Building Process**

The Book Building process, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band, which will be decided by our Company in consultation with the BRLM and advertised at least two days prior to the Bid/Issue opening date. The Issue Price is finalised after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

- Our Company;
- BRLM;
- Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/ NSE and eligible to act as Underwriters. The Syndicate Members are appointed by the BRLM;
- Registrar to the Issue;
- Bankers to the Issue;
- Escrow Collection Banks; and
- SCSBs.

The Issue is being made through the 100% Book Building Process, wherein: (i) not more than 50% of the Issue shall be allocated on a proportionate basis to QIBs (5% of the QIB Portion will be available for allocation for Mutual Funds and the remainder of the QIB portion shall be available for allocation on a proportionate basis to all QIB bidders, including Mutual Funds. Mutual Fund bidders shall also be eligible for proportionate allocation under the balance available for the QIBs) (ii) not less than 15% of the Issue shall be available for allocation on a proportionate basis to the Non-Institutional Bidders (iii) not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

**In accordance with the SEBI Regulations, QIBs bidding in the QIB portion are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date.** For further information, please refer to “*Terms of the Issue*” on page 175 of the Red Herring Prospectus.

Our Company will comply with the SEBI Regulations and any other ancillary directions issued by SEBI for this Issue. In this regard, our Company has appointed the BRLM to manage the Issue and to procure subscriptions to the Issue.

The process of Book Building under the SEBI Regulations is subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to making a Bid or application in the Issue. For further information, please refer to “*Terms of the Issue*” on page 175 of the Red Herring Prospectus.

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

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

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

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

#### **Steps to be taken by the Bidders for Bidding**

1. Check eligibility for making a Bid (For details, please see “*Issue Procedure – Who Can Bid?*” on page 182 of the Red Herring Prospectus);
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form and the ASBA Bid cum Application Form;
3. Except for Bids on behalf of the Central or State Government and the officials appointed by the courts, for Bids of all values ensure that you have mentioned your PAN allotted under the I. T. Act in the Bid cum Application Form or the ASBA Bid cum Application Form;
4. Ensure that the Bid cum Application Form or the ASBA Bid Cum Application Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid cum Application Form and the ASBA Bid cum Application;
5. Bids by QIBs will only have to be submitted to the BRLM and/or their affiliates; and
6. Bids by ASBA Bidders will have to be submitted to the designated branches of the SCSBs. Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that the ASBA Bid cum Application Form is not rejected.

#### **Withdrawal of the Issue and Bid/Issue Programme**



Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue after the bidding and if so, the reason thereof shall be given as a public notice within two days of the closure of the Issue. The public notice shall be issued in the same newspapers where the pre-Issue advertisement had appeared. The Stock Exchanges where the specified securities were proposed to be listed shall also be informed promptly.

If our Company withdraws the Issue after closure of bidding, we will be required to file a fresh draft offer document with the Securities and Exchange Board of India.

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 Red Herring Prospectus. If such money is not repaid within eight 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 eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money.

### **Underwriting Agreement**

After the determination of the Issue Price, but prior to the filing of the Prospectus with the RoC, our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. The underwriting shall be to the extent of the Bids uploaded by the Underwriter including through its Syndicate/Sub Syndicate. The Underwriting Agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriter are several and are subject to certain conditions specified therein.

The Underwriter(s) has indicated its intention to underwrite the following number of Equity Shares:

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

<b>Name and Contact details of the Underwriter(s)</b>	<b>Indicated number of Equity Shares to be underwritten</b>	<b>Amount Underwritten (in Rs. Lacs)</b>
<b>Onelife Capital Advisors Limited</b> 96-98, Mint Road Mumbai - 400 001 Tel: +91 22 4333 3000 Fax: +91 22 4333 3011 www.onelifecapital.in SEBI Registration No.: INM000011633	[●]	[●]

The above-mentioned amount is indicative underwriting and will be finalised after determination of the Issue Price and finalization of the basis of Allocation.

In the opinion of our Board of Directors (based on a certificate given by the Underwriter(s)), the resources of the above mentioned Underwriter(s) is sufficient to enable them to discharge its underwriting obligations in full. The abovementioned Underwriter(s) is registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board of Directors/Committee of Directors, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments.

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the Underwriter, in addition to other obligations defined in the underwriting agreement, will also be required to procure/subscribe to the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement.

Notwithstanding the foregoing, the Issue is also subject to obtaining (i) final Listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment; and (ii) the final approval of the RoC after the Prospectus is filed with the RoC.

## CAPITAL STRUCTURE

The Equity Share capital of our Company as at the date of the Red Herring Prospectus is set forth below:

Number of Shares		Aggregate Value at face value (in Rs.)	Aggregate Value at issue Price (in Rs.)
<b>A.</b>	<b>AUTHORISED SHARE CAPITAL</b>		
	5,00,00,000 Equity Shares <sup>#</sup>	50,00,00,000	
<b>B.</b>	<b>ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL BEFORE THE ISSUE</b>		
	1,36,05,865 Equity Shares	13,60,58,650	
<b>C.</b>	<b>PRESENT ISSUE IN TERMS OF THE RED HERRING PROSPECTUS</b>		
	1,30,94,175 Equity Shares <sup>##</sup>	13,09,41,750	[●]
	<i>Of which:</i>		
	QIB Portion of not more than 65,47,088 Equity Shares	6,54,70,880	[●]
	<i>Of which:</i>		
	Mutual Funds Portion is 3,27,354 Equity Shares <sup>*</sup>		
	Balance for all QIB's, including Mutual Funds, is 62,19,734 Equity Shares <sup>*</sup>		
	Non Institutional Portion of not less than 19,64,126 Equity Shares <sup>*</sup>	1,96,41,260	[●]
	Retail Portion of not less than 45,82,961 Equity Shares <sup>*</sup>	4,58,29,610	[●]
<b>D.</b>	<b>SECURITIES PREMIUM ACCOUNT</b>		
	Before the Issue	6,14,24,110	
	After the Issue <sup>**</sup>		[●]
<b>E.</b>	<b>EQUITY CAPITAL AFTER THE ISSUE</b>		
	2,67,00,040 Equity Shares	26,70,00,400	

<sup>#</sup> For details in change in the authorised capital of our Company, please refer to “Details of increase in Authorized Share Capital” on page 19 of the Red Herring Prospectus.

<sup>\*</sup> Available for allocation on a proportionate basis, subject to valid Bids being received at or above the Issue Price.

<sup>##</sup> Our Company has allotted 19,05,825 Equity Shares to certain investors pursuant to a pre-IPO placement through board resolutions dated February 21, 2011, March 16, 2011 and March 21, 2011. For details of the allotment, please see “Equity Share Capital History of our Company” on page 19 of the Red Herring Prospectus.

<sup>\*\*</sup> The securities premium account will be determined after completion of the Book Building Process and determination of the Issue Price.

## Notes to Capital Structure:

### 1. Details of Increase in Authorized Equity Share Capital

Date of Shareholders Approval	Increase from (Rs.)	Increased to (Rs.)	Cumulative No. of Equity Shares	AGM/EGM
March 24, 2006	-	1,00,00,000	10,00,000	Date of incorporation
March 12, 2008	1,00,00,000	5,00,00,000	50,00,000	EGM
March 24, 2008	5,00,00,000	7,00,00,000	70,00,000	EGM
March 27, 2009	7,00,00,000	9,00,00,000	90,00,000	EGM
March 19, 2010	9,00,00,000	25,00,00,000	2,50,00,000	EGM
August 21, 2010	25,00,00,000	50,00,00,000	5,00,00,000	AGM

### 2. Equity Share capital history of our Company:

Date of Allotment	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Consideration (Cash, Bonus, Other than cash)	Nature of Allotment	Cumulative No. of Equity Shares	Cumulative Paid-up share capital (Rs.)	Cumulative Share Premium (Rs.)
March 24, 2006	10,000	10	10	Cash	Subscription to Memorandum	10,000	1,00,000	-
April 1, 2006	9,90,000	10	10	Cash	Further Allotment	10,00,000	1,00,00,000	-
March 31, 2008	51,20,000	10	10	Cash	Further Allotment	61,20,000	6,12,00,000	-
January 16, 2009	4,00,200	10	50	Cash	Further Allotment	65,20,200	6,52,02,000	1,60,08,000
March 31, 2009	8,00,000	10	50	Cash	Further Allotment	73,20,200	7,32,02,000	4,80,08,000
March 20, 2010	2,24,160	10	50	Cash	Further Allotment	75,44,360	7,54,43,600	5,69,74,400
March 31, 2010	37,72,180	10	-	Bonus	Bonus issue in the ratio of 1:2*	1,13,16,540	11,31,65,400	1,92,52,600
April 30, 2010	55,500	10	30	Cash	Further Allotment	1,13,72,040	11,37,20,400	2,03,62,600
August 21, 2010	3,28,000	10	30	Cash	Further Allotment	1,17,00,040	11,70,00,400	2,69,22,600
February 21, 2011**	98,330	10	30	Cash	Further Allotment	1,17,98,370	11,79,83,700	2,88,89,200
March 16, 2011 <sup>#</sup>	17,82,495	10	28	Cash	Further Allotment	1,35,80,865	13,58,08,650	6,09,74,110
March 21, 2011 <sup>##</sup>	25,000	10	28	Cash	Further Allotment	1,36,05,865	13,60,58,650	6,14,24,110

\* A Bonus Issue was made on March 31, 2010. The bonus issue was made out of capitalization of share premium account.

\*\* Pursuant to pre – IPO placement through a board resolution dated February 21, 2011, a further allotment was made by our Company.

# Pursuant to pre – IPO placement through a board resolution dated March 16, 2011, a further allotment was made by our Company.

## Pursuant to pre – IPO placement through a board resolution dated March 21, 2011, a further allotment was made by our Company.

### 3. 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 Allotment	Name of the Allottee	No. of Equity shares	Issue price (Rs.)	Reason for issue	Whether the Allottee is a part of the Promoter Group
April 30, 2010	Rohit Doshi	2,000	30	Further Allotment	No

Date of Allotment	Name of the Allottee	No. of Equity shares	Issue price (Rs.)	Reason for issue	Whether the Allottee is a part of the Promoter Group
	Parul Doshi	2,000	30	Further Allotment	No
	Bhavin Desai	3,000	30	Further Allotment	No
	Kaushal Desai	3,000	30	Further Allotment	No
	Kevin Desai	6,000	30	Further Allotment	No
	Vinod Soni	20,000	30	Further Allotment	No
	Jayesh Dhansukhlal Dalal. HUF	8,500	30	Further Allotment	No
	Leena Shroff	7,000	30	Further Allotment	No
	Bhavin Desai (HUF)	4,000	30	Further Allotment	No
August 21, 2010	Anuj Sukhadia	82,000	30	Further Allotment	Yes
	Ketan Sukhadia	82,000	30	Further Allotment	Yes
	Divyesh Sukhadia	54,700	30	Further Allotment	Yes
	Dharmesh Sukhadia	54,600	30	Further Allotment	Yes
	Vipul Sukhadia	54,700	30	Further Allotment	Yes
February 21, 2011	Amish J. Jhaveri	3,000	30	Further Allotment	No
	Harshad C. Shah	32,430	30	Further Allotment	No
	Suresh Doshi	900	30	Further Allotment	No
	Mita Jayesh Jhaveri	3,000	30	Further Allotment	No
	Nilima Amish Jhaveri	3,000	30	Further Allotment	No
	Nirav N. Jhaveri	3,000	30	Further Allotment	No
	Shital J Jhaveri	1,000	30	Further Allotment	No
	Vipul Jhaveri	2,000	30	Further Allotment	No
	Uday P. Gandhi HUF	50,000	30	Further Allotment	No
March 16, 2011	Mayur Ramsay Poonam Ramsay	53,570	28	Further Allotment	No
	Usha Marwah Poonam Ramsay	1,01,785	28	Further Allotment	No
	Dina Dipakkumar Mehta	500	28	Further Allotment	No
	Jasumati Jayantilal Mehta	500	28	Further Allotment	No
	Rajagopal Sridhar	1,000	28	Further Allotment	No
	Mrs.Rupa Sridhar	1,000	28	Further Allotment	No
	Bhavesh Rameshchandra Mehta	4,000	28	Further Allotment	No
	Dipesh Savla (HUF)	2,000	28	Further Allotment	No
	Gunvanti Hemchand Shah	9,000	28	Further Allotment	No
	Gunvant Shah (HUF)	9,000	28	Further Allotment	No
	Hamendra C. Mehta (HUF)	25,000	28	Further Allotment	No
	Jyoti Gunvant Shah	9,000	28	Further Allotment	No
	Kalpna Hamendra Mehta	15,000	28	Further Allotment	No
	Kavindra V. Gala	25,000	28	Further Allotment	No
	Lyka Exports Ltd.	10,000	28	Further Allotment	No
	Manasi Shridhar Katdare	20,000	28	Further Allotment	No
	Ravi Govind Dole	2,000	28	Further Allotment	No
	Premal Gunvant Shah	9,000	28	Further Allotment	No
	Yogita Bhavesh Mehta	2,500	28	Further Allotment	No
	Champaklal G. Shah	20,000	28	Further Allotment	No
	Chirag S. Gandhi	4,000	28	Further Allotment	No
	Gagandeep Credit Capital Pvt. Ltd.	4,00,000	28	Further Allotment	No
	Madhusudan Shah	3,00,000	28	Further Allotment	No
	Makarand U. Vaidya	2,000	28	Further Allotment	No
	Manisha Makarand Vaidya	2,000	28	Further Allotment	No
	Mehul M.Shah	7,00,000	28	Further Allotment	No
	Vipul Harsukhlal Joshi	2,000	28	Further Allotment	No
	Vinod G. Mehta	7,500	28	Further Allotment	No
	Smita V. Mehta				
	Pinaki Ashish Patel	7,200	28	Further Allotment	No
	Lalchand Sakalchand Jain	5,400	28	Further Allotment	No
	Hemali Navsariwala	5,400	28	Further Allotment	No
	Malay K.Shah	7,500	28	Further Allotment	No
	Manoj Jain	7,500	28	Further Allotment	No
	Neepa Nishit Parikh	10,000	28	Further Allotment	No

Date of Allotment	Name of the Allottee	No. of Equity shares	Issue price (Rs.)	Reason for issue	Whether the Allottee is a part of the Promoter Group
	Nishit H. Parikh				
	Hemang Engineer	2,140	28	Further Allotment	No
March 21, 2011	Usha Marwah Poonam Ramsay	25000	28	Further Allotment	No

4. 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.

#### 5. Shareholding of our Promoters, Promoters' Contribution and Lock-in:

##### (a) Details of build-up of Promoters' shareholding

*Mr. Ashwin Babul Sukhadia*

Date on which the equity shares were allotted / acquired / transferred and made fully paid up	Nature of issue/transfer	Nature of Consideration	Number of Equity Shares	Face value (Rs.)	Issue price / consideration (Rs.)	Percentage of pre-Issue capital	Percentage of post-Issue capital	Lock-in period
March 24, 2006	Subscription to MOA	Cash	800	10	10	0.01	0.00	1 year
April 01, 2006	Further Allotment	Cash	79,200	10	10	0.58	0.30	3 years
March 31, 2008	Further Allotment	Cash	1,64,000	10	10	1.21	0.61	3 years
March 31, 2010	Bonus	Bonus	1,22,000	10	-	0.90	0.46	1 year
	<b>Total</b>		<b>3,66,000</b>			<b>2.69</b>	<b>1.37</b>	

*Mr. Anuj Vipin Sukhadia*

Date on which the equity shares were allotted / acquired / transferred and made fully paid up	Nature of issue/transfer	Nature of Consideration	Number of Equity Shares	Face value (Rs.)	Issue price / consideration (Rs.)	Percentage of pre-Issue capital	Percentage of post-Issue capital	Lock-in period
March 24, 2006	Subscription to MOA	Cash	1,500	10	10	0.01	0.01	1 year
April 01, 2006	Further Allotment	Cash	1,48,500	10	10	1.09	0.56	3 years
March 31, 2008	Further Allotment	Cash	9,08,000	10	10	6.67	3.40	3 years
March 31, 2008	Transfer	Cash	1,00,000	10	10	0.73	0.37	1 year
March 31, 2009	Further Allotment	Cash	1,98,500	10	50	1.46	0.74	3 years
March 15, 2010	Transfer	Cash	30,000	10	10	0.22	0.11	1 year
March 31, 2010	Bonus	Bonus	6,93,250	10	-	5.10	2.60	1 year
August 21, 2010	Further Allotment	Cash	82,000	10	30	0.60	0.31	1 year
	<b>Total</b>		<b>21,61,750</b>			<b>15.89</b>	<b>8.10</b>	

*Mr. Vipul Ashwin Sukhadia*

Date on which the equity shares were allotted / acquired / transferred and made fully paid up	Nature of issue/transfer	Nature of Consideration	Number of Equity Shares	Face value (Rs.)	Issue price / consideration (Rs.)	Percentage of pre-Issue capital	Percentage of post-Issue capital	Lock-in period
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Date on which the equity shares were allotted / acquired / transferred and made fully paid up	Nature of issue/transfer	Nature of Consideration	Number of Equity Shares	Face value (Rs.)	Issue price / consideration (Rs.)	Percentage of pre-Issue capital	Percentage of post-Issue capital	Lock-in period
March 24, 2006	Subscription to MOA	Cash	1,400	10	10	0.01	0.01	1 year
April 01, 2006	Further Allotment	Cash	1,38,600	10	10	1.02	0.52	3 years
March 31, 2008	Further Allotment	Cash	10,07,500	10	10	7.40	3.77	3 years
March 31, 2009	Further Allotment	Cash	1,33,500	10	50	0.98	0.50	3 years
March 15, 2010	Transfer	Cash	20,000	10	10	0.15	0.07	1 year
March 31, 2010	Bonus	Bonus	6,50,500	10	-	4.78	2.44	1 year
August 21, 2010	Further Allotment	Cash	54,700	10	30	0.40	0.20	1 year
	<b>Total</b>		<b>20,06,200</b>			<b>14.75</b>	<b>7.51</b>	

*Mr. Divyesh Ashwin Sukhadia*

Date on which the equity shares were allotted / acquired / transferred and made fully paid up	Nature of issue/transfer	Nature of Consideration	Number of Equity Shares	Face value (Rs.)	Issue price / consideration (Rs.)	Percentage of pre-Issue capital	Percentage of post-Issue capital	Lock-in period
March 24, 2006	Subscription to MOA	Cash	1,400	10	10	0.01	0.01	1 year
April 01, 2006	Further Allotment	Cash	1,48,500	10	10	1.09	0.56	3 years
December 31, 2006	Transfer	Cash	(9,900)	10	10	(0.07)	(0.04)	-
March 31, 2008	Further Allotment	Cash	10,08,000	10	10	7.41	3.77	3 years
March 31, 2009	Further Allotment	Cash	1,33,000	10	50	0.98	0.50	3 years
March 15, 2010	Transfer	Cash	20,000	10	10	0.15	0.07	1 year
March 20, 2010	Further Allotment	Cash	12,600	10	50	0.09	0.05	1 year
March 31, 2010	Bonus	Bonus	6,56,800	10	-	4.83	2.46	1 year
August 21, 2010	Further Allotment	Cash	54,700	10	30	0.40	0.20	1 year
	<b>Total</b>		<b>20,25,100</b>			<b>14.88</b>	<b>7.58</b>	

*Mr. Dharmesh Ashwin Sukhadia*

Date on which the equity shares were allotted / acquired / transferred and made fully paid up	Nature of issue/transfer	Nature of Consideration	Number of Equity Shares	Face value (Rs.)	Issue price / consideration (Rs.)	Percentage of pre-Issue capital	Percentage of post-Issue capital	Lock-in period
March 24, 2006	Subscription to MOA	Cash	1,400	10	10	0.01	0.01	1 year
April 01, 2006	Further Allotment	Cash	1,38,600	10	10	1.02	0.52	3 years
March 31, 2008	Further Allotment	Cash	10,07,500	10	10	7.40	3.77	3 years
March 31, 2009	Further Allotment	Cash	1,33,500	10	50	0.98	0.50	3 years
March 15, 2010	Transfer	Cash	20,000	10	10	0.15	0.07	1 year
March 31, 2010	Bonus	Bonus	6,50,500	10	-	4.78	2.44	1 year
August 21, 2010	Further Allotment	Cash	54,600	10	30	0.40	0.20	1 year
	<b>Total</b>		<b>20,06,100</b>			<b>14.74</b>	<b>7.51</b>	

*Mr. Ketan Vipin Sukhadia*

Date on which the equity shares were allotted / acquired / transferred and made fully paid up	Nature of issue/transfer	Nature of Consideration	Number of Equity Shares	Face value (Rs.)	Issue price / consideration (Rs.)	Percentage of pre-Issue capital	Percentage of post-Issue capital	Lock-in period
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<b>up</b>								
March 24, 2006	Subscription to MOA	Cash	1,500	10	10	0.01	0.01	1 year
April 01, 2006	Further Allotment	Cash	1,38,600	10	10	1.02	0.52	3 years
December 31, 2006	Transfer	Cash	9,900	10	10	0.07	0.04	1 year
March 31, 2008	Further Allotment	Cash	9,05,000	10	10	6.65	3.39	3 years
March 31, 2008	Transfer	Cash	1,00,000	10	10	0.73	0.37	1 year
March 31, 2009	Further Allotment	Cash	2,01,500	10	50	1.48	0.75	3 years
March 15, 2010	Transfer	Cash	30,000	10	10	0.22	0.11	1 year
March 31, 2010	Bonus	Bonus	6,93,250	10	-	5.10	2.60	1 year
August 21, 2010	Further Allotment	Cash	82,000	10	30	0.60	0.31	1 year
	<b>Total</b>		<b>21,61,750</b>			<b>15.89</b>	<b>8.10</b>	

The Equity Shares held by our Promoters are not subject to any pledge.

**(b) Promoters' Contribution and Lock-in**

Pursuant to the Regulation 36(a) of the SEBI Regulations, an aggregate of 20% of the post - Issue Equity Share capital of our Company held by our Promoters shall be locked in as minimum Promoter's contribution. Such lock-in shall commence from the date of Allotment in the Issue and shall continue for a period of three years from the date of Allotment in the Issue. The Equity Shares, which are being locked-in, are not ineligible for computation of Promoter's contribution under the SEBI Regulations.

The following shares of our Promoters shall be locked-in for a period of three years from the date of Allotment in the Issue:

<b>Promoter</b>	<b>Date of allotment/ transfer and date when made fully paid up</b>	<b>Nature of allotment / acquisition</b>	<b>Number of Equity Shares</b>	<b>Face value (Rs.)</b>	<b>Issue price/ consideration (Rs.)</b>	<b>Period of lock-in (from date of Allotment)</b>	<b>Percentage of pre Issue paid-up capital</b>	<b>Percentage of post Issue paid-up capital</b>
Mr. Ashwin Babulal Sukhadia	April 01, 2006	Allotment for cash	79,200	10	10	3 years	0.58	0.30
	March 31, 2008	Allotment for cash	1,64,000	10	10	3 years	1.21	0.61
Mr. Anuj Vipin Sukhadia	April 01, 2006	Allotment for cash	1,48,500	10	10	3 years	1.09	0.56
	March 31, 2008	Allotment for cash	9,08,000	10	10	3 years	6.67	3.40
	March 31, 2009	Allotment for cash	1,98,500	10	50	3 years	1.46	0.74
Mr. Vipul Ashwin Sukhadia	April 01, 2006	Allotment for cash	1,38,600	10	10	3 years	1.02	0.52
	March 31, 2008	Allotment for cash	10,07,500	10	10	3 years	7.40	3.77
	March 31, 2009	Allotment for cash	1,33,500	10	50	3 years	0.98	0.50
Mr. Divyesh Ashwin Sukhadia	April 01, 2006	Allotment for cash	1,38,600	10	10	3 years	1.02	0.52
	March 31, 2008	Allotment for cash	10,08,000	10	10	3 years	7.41	3.77
	March 31, 2009	Allotment for cash	1,33,000	10	50	3 years	0.98	0.50
Mr. Dharmesh Ashwin Sukhadia	April 01, 2006	Allotment for cash	1,38,600	10	10	3 years	1.02	0.52
	March 31, 2008	Allotment for cash	10,07,500	10	10	3 years	7.40	3.77
	March 31, 2009	Allotment for cash	1,33,500	10	50	3 years	0.98	0.50
Mr. Ketan Vipin Sukhadia	April 01, 2006	Allotment for cash	1,38,600	10	10	3 years	1.02	0.52
	March 31, 2008	Allotment for cash	9,05,000	10	10	3 years	6.65	3.37

Promoter	Date of allotment/ transfer and date when made fully paid up	Nature of allotment / acquisition	Number of Equity Shares	Face value (Rs.)	Issue price/ consideration (Rs.)	Period of lock-in (from date of Allotment)	Percentage of pre Issue paid-up capital	Percentage of post Issue paid-up capital
	March 31, 2009	Allotment for cash	2,01,500	10	50	3 years	1.48	0.75
<b>Total</b>			<b>65,82,100</b>					<b>24.65</b>

Specific written consents have been obtained from our Promoters to lock-in up to 65,82,100 Equity Shares for a period of three years to ensure minimum Promoters' contribution to the extent of 20% of the post-Issue paid-up capital.

The Equity Shares that are proposed to form part of Promoters' contribution subject to lock-in, will not be disposed/sold/transferred by our Promoter during the period starting from the date of the Red Herring Prospectus until the date of commencement of the lock-in period. The Equity Shares which are proposed to be locked-in are not ineligible for computation of Promoters' contribution under Regulation 33 of the SEBI Regulations.

We confirm that the minimum Promoters' contribution of 20% of the post-Issue Capital, which is subject to lock-in for three (3) years does not consist of:

- (i) Equity Shares acquired within three years before the date of the Red Herring Prospectus 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.
- (ii) 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.
- (iii) Private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.
- (iv) Equity Shares issued to our Promoters on conversion of partnership firms into limited company.
- (v) 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 Regulations.

**(c) Details of pre Issue Equity Share capital locked in for one year**

In addition to the lock-in of the minimum Promoters' contribution, the remaining pre-Issue Equity Share capital of our Company shall be locked in for a period of one (1) year from the date of Allotment.

**(d) Other requirements in respect of lock-in**

The Equity Shares 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.

The Equity Shares held by the Promoter which are locked-in for a period of three years from the date of Allotment in the Issue can be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or financial institutions, provided that such pledge of Equity Shares is one of the terms of the sanction of the loan. However, Equity Shares locked-in as Promoters' contribution can be pledged only if, in addition to fulfilling the aforementioned requirements, such loans have been granted by such banks or financial institutions for the purpose of financing one or more of the Objects of the Issue.



The Equity Shares held by the Promoter which are locked-in for a period of one year from the date of Allotment in the Issue can be pledged with any scheduled commercial bank or public financial institution as collateral security for loans granted by such bank or financial institution, provided that the pledge of the Equity Shares is one of the terms of sanction of the loan.

The Equity Shares held by persons other than our Promoters and locked-in for a period of one year from the date of allotment in the Issue may be transferred to any other person holding Equity Shares which are locked-in, subject to the continuation of the lock-in in the hands of transferees for the remaining period and compliance with the Takeover Code.

The Equity Shares held by our Promoters and locked-in may be transferred inter se to another promoter or any person in the Promoter Group or to new promoters or persons in control of our Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Code, as applicable.

## 6. Shareholding pattern of our Company:

The table below presents the shareholding pattern of our Equity Shares as on date of the Issue:

Category code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)	No. of Shares	As a percentage
<b>(A)</b>	<b>Promoter and Promoter Group</b>							
<b>(1)</b>	<b>Indian</b>							
(a)	Individuals/ Hindu Undivided Family	9	1,08,00,700	1,08,00,700	79.38	79.38	-	-
(b)	Central Government/ State Government(s)	-	-	-			-	-
(c)	Bodies Corporate						-	-
(d)	Financial Institutions/ Banks	-	-	-			-	-
(e)	Any Other (specify)	-	-	-			-	-
	<b>Sub-Total (A)(1)</b>	9	1,08,00,700	1,08,00,700	79.38	79.38	-	-
<b>(2)</b>	<b>Foreign</b>							
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-			-	-
(b)	Bodies Corporate	-	-	-			-	-
(c)	Institutions	-	-	-			-	-
(d)	Any Other (specify)	-	-	-			-	-
	<b>Sub-Total (A)(2)</b>	-	-	-			-	-
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	9	1,08,00,700	1,08,00,700	79.38	79.38	-	-
<b>(B)</b>	<b>Public shareholding</b>							
<b>(1)</b>	<b>Institutions</b>							
(a)	Mutual Funds/UTI	-	-	-			-	-
(b)	Financial Institutions/ Banks	-	-	-			-	-
(c)	Central Government/ State Government(s)	-	-	-			-	-
(d)	Venture Capital Funds	-	-	-			-	-
(e)	Insurance Companies	-	-	-			-	-

Category code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)	No. of Shares	As a percentage
(f)	Foreign Institutional Investors	-	-	-	-	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-
(h)	Any Other (specify)	-	-	-	-	-	-	-
	<b>Sub-Total (B)(1)</b>	-	-	-	-	-	-	-
<b>(2)</b>	<b>Non-institutions</b>							
(a)	Bodies Corporate	3	10,10,300	10,10,300	7.42	7.42	-	-
(b)	Individuals -	56	2,37,340	2,27,340	1.74	1.74	-	-
	i. Individual shareholders holding nominal share capital up to Rs. 1 lac.							
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lac.	16	15,57,525	15,57,525	11.48	11.48	-	-
(c)	Any Other (specify)	-	-	-	-	-	-	-
	<b>Sub-Total (B)(2)</b>	75	28,05,165	28,05,165	20.64	20.64	-	-
	<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>							
	<b>TOTAL (A)+(B)</b>	84	1,36,05,865	1,36,05,865	100.00	100.00	-	-
<b>(C)</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>	-	-	-	-	-	-	-
	<b>GRAND TOTAL (A)+(B)+(C)</b>	84	1,36,05,865	1,36,05,865	100.00	100.00	-	-

In accordance with clause 40A, the public shareholding i.e. shares other than those held by (i) promoters, (ii) promoter group and (iii) shares which are held by custodians and against which depository receipts are issued overseas, shall be more than 25% of the total number of Equity Shares.

7. **Shareholding pattern of our Company before and after the Issue is as follows:**

The table below presents our shareholding pattern before the proposed issue and as adjusted for the issue:

Shareholder Category	Equity Shares owned before the Issue		Equity Shares owned after the Issue	
	No. of shares	%	No. of shares	%
<b>Promoters</b>				
Ashwin Sukhadia	3,66,000	2.69	3,66,000	1.37
Anuj Sukhadia	21,61,750	15.89	21,61,750	8.10
Vipul Sukhadia	20,06,200	14.75	20,06,200	7.51
Dharmesh Sukhadia	20,06,100	14.74	20,06,100	7.51
Divyesh Sukhadia	20,25,100	14.88	20,25,100	7.58
Ketan Sukhadia	21,61,750	15.89	21,61,750	8.10
<b>Sub-total (A)</b>	<b>1,07,26,900</b>	<b>78.64</b>	<b>1,07,26,900</b>	<b>40.18</b>
<b>Promoter Group</b>				
Neeta Sukhadia	27,000	0.20	27,000	0.10

Shareholder Category	Equity Shares owned before the Issue		Equity Shares owned after the Issue	
	No. of shares	%	No. of shares	%
Jagruti Sukhadia	13,800	0.10	13,800	0.05
Ketki Sukhadia	33,000	0.24	33,000	0.12
<b>Sub Total (B)</b>	<b>73,800</b>	<b>0.54</b>	<b>73,800</b>	<b>0.28</b>
<b>Total Holding of Promoters and Promoter Group (C=A+B)</b>	<b>1,08,00,700</b>	<b>79.38</b>	<b>1,08,00,700</b>	<b>40.45</b>
<b>Public (D)*</b>	<b>28,05,165</b>	<b>20.62</b>	<b>28,05,165</b>	<b>10.51</b>
<b>Public pursuant to the Issue (E)</b>			<b>1,30,94,175</b>	<b>49.04</b>
<b>Total share capital (C+D+E)</b>	<b>1,36,05,865</b>	<b>100.00</b>	<b>2,67,00,040</b>	<b>100.00</b>

\* Our Company has allotted 19,05,825 Equity Shares to certain investors pursuant to a Pre-IPO Placement through board resolutions dated February 21, 2011, March 16, 2011 and March 21, 2011. Pre IPO Placement will be locked-in for one year.

#### 8. Purchase and sale of Equity Shares in the last six (6) months:

- (a) None of our Promoters, Promoter Group, Directors and their relatives have purchased, sold or financed the purchase of any securities of our Company in the six (6) months preceding the date of the Red Herring Prospectus.
- (b) Maximum and Minimum Prices for purchase and sale in the six (6) months preceding the date of the Red Herring Prospectus:

	Maximum		Minimum	
	Date	Price (Rs.)	Date	Price (Rs.)
<b>Purchase</b>	February 21, 2011	30	March 21, 2011	28
<b>Sale</b>	February 21, 2011	30	March 21, 2011	28

9. Our Company, our Promoters, Directors and the BRLM to this Issue have not entered into any buy-back, standby or similar arrangements for purchase of Equity Shares from any person.
10. An over-subscription to the extent of 10% of the Issue 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 Issue, as a result of which, the post-Issue paid up capital would also increase by the amount of excess Allotments 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 subject to lock-in.
11. The Equity Shares being offered in this Issue will be fully paid up at the time of Allotment.
12. In case of over-subscription in all categories, not more than 50% of the Issue shall be available for Allocation on a proportionate basis to QIB Bidders (including specific allocation of 5% within the category of QIBs for Indian Mutual Funds). Further not less than 15% of the Issue shall be available for Allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for Allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Under subscription, if any, in any portion would be met with spill over from other categories at the sole discretion of our Company in consultation with the BRLM.

**13. The list of our top ten Equity Shareholders and the number of Equity Shares held by them is as under:**

(a) *On the date of the Red Herring Prospectus:*

<b>Sr. No.</b>	<b>Name of shareholder</b>	<b>No. of Equity Shares held</b>	<b>Percentage of Equity Share capital</b>
1.	Mr. Anuj Vipin Sukhadia	21,61,750	15.89
2.	Mr. Ketan Vipin Sukhadia	21,61,750	15.89
3.	Mr. Divyesh Ashwin Sukhadia	20,25,100	14.88
4.	Mr. Vipul Ashwin Sukhadia	20,06,200	14.75
5.	Mr. Dharmesh Ashwin Sukhadia	20,06,100	14.74
6.	Mehul Shah	7,00,000	5.14
7.	Aritra Investment and Trading Private limited	6,00,300	4.41
8.	Gagandeep Credit Capital Pvt. Ltd.	4,00,000	2.94
9.	Mr. Ashwin Babulal Sukhadia	3,66,000	2.69
10.	Mr. Madhusudan Shah	3,00,000	2.20

(b) *Ten days prior to the date of the Red Herring Prospectus:*

<b>Sr. No.</b>	<b>Name of shareholder</b>	<b>No. of Equity Shares held</b>	<b>Percentage of Equity Share capital</b>
1.	Mr. Anuj Vipin Sukhadia	21,61,750	15.92
2.	Mr. Ketan Vipin Sukhadia	21,61,750	15.92
3.	Mr. Divyesh Ashwin Sukhadia	20,25,100	14.91
4.	Mr. Vipul Ashwin Sukhadia	20,06,200	14.77
5.	Mr. Dharmesh Ashwin Sukhadia	20,06,100	14.77
6.	Mehul Shah	7,00,000	5.15
7.	Aritra Investment and Trading Private limited	6,00,300	4.42
8.	Gagandeep Credit Capital Pvt Ltd	4,00,000	2.95
9.	Mr. Ashwin Babulal Sukhadia	3,66,000	2.69
10.	Mr. Madhusudan Shah	3,00,000	2.21

(c) *Two years prior to the date of the Red Herring Prospectus:*

<b>Sr. No.</b>	<b>Name of shareholder</b>	<b>No. of Equity Shares held</b>	<b>Percentage of Equity Share capital</b>
1.	Mr. Anuj Vipin Sukhadia	13,56,500	18.53
2.	Mr. Ketan Vipin Sukhadia	13,56,500	18.53
3.	Mr. Divyesh Ashwin Sukhadia	12,81,000	17.50
4.	Mr. Dharmesh Ashwin Sukhadia	12,81,000	17.50
5.	Mr. Vipul Ashwin Sukhadia	12,81,000	17.50
6.	Aritra Investment and Trading Pvt Ltd	4,00,200	5.47
7.	Mr. Ashwin Babulal Sukhadia	2,44,000	3.33
8.	Trim Plastics Private Limited	1,20,000	1.64

14. The BRLM and its associates do not hold any Equity Shares of our Company.

15. 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 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 Scheme) Guidelines, 1999.

16. Our Company, Directors, Promoters or Promoter Group entities shall not make any, direct or indirect, payments, discounts, commissions or allowances under this Issue, except as disclosed in the Red Herring Prospectus.
17. Other than the Pre-IPO Placement, if any, there will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, or our Company shall not enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of shares of our Company or any securities convertible into or exercisable as or exchangeable for Equity Shares of our Company, or make rights issue or issue securities in any other manner during the period commencing the date of the Red Herring Prospectus with SEBI until the Equity Shares have been listed.
18. Our Company has not raised any bridge loans against the Issue Proceeds.
19. Our Company has not made any public issue or rights issue of any kind or class of securities since its incorporation.
20. 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.
21. No person connected with the Issue shall offer any incentive, whether direct or indirect, in any manner, whether in cash, kind, services or otherwise, to any Bidder.
22. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
23. The Equity Shares are fully paid up and there are no partly paid-up Equity Shares as on the date of the Red Herring Prospectus. As on the date of the Red Herring Prospectus, there are no outstanding warrants, options or debentures or other financial instruments issued by our Company, which would entitle our Promoter or shareholders of our Company or any other person an option to receive Equity Shares of our Company. Further, there are no loans which are convertible into Equity Shares of our Company.
24. As on the date of the Red Herring Prospectus, our Company has 84 shareholders.

## OBJECTS OF THE ISSUE

The objects of the issue are as follows:

- Setting up of unit at Gujarat, for manufacturing of high end duplex board cartons, shippers and printed corrugated box;
- Augmenting the long term working capital requirements of our Company;
- General Corporate Purposes; and
- Achieve the benefits of listing on the Stock Exchange.

The main objects and objects incidental or ancillary to the main objects set out in our Memorandum of Association enable us to undertake our existing activities and the activities for which funds are being raised by us through this Issue.

### Funds Requirement

The requirement of Funds as estimated by the management is as under:

*(Rs. in lacs)*

Sr. No.	Particulars	Amount
1.	Setting up new facility for manufacturing high end duplex board cartons, Shippers and printed corrugated box at Gujarat	3,194.27
2.	Augmenting Long Term Working Capital Requirement	495.82
3.	General Corporate Purposes*	●
4.	Issue Expenses*	●
	<b>Total</b>	●

*\*Will be incorporated after finalization of issue*

### Means of Finance

The above Cost of Project is proposed to be financed as under:

*(Rs. in lacs)*

Sr. No.	Means of Finance	Amount
1.	Proceeds of the Initial Public Offering	●
2.	Internal Accruals*	●
	<b>Total</b>	●

*\*Will be incorporated after finalization of issue*

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 the proposed public issue have been made. In case the funds raised in the Issue are lower than the total requirement, we intend to finance the shortfall, if any through internal accruals. The net proceeds of the Issue would be used to meet all or any of the uses of the funds described above. The amount of free reserves of our Company as on December 31, 2010 stood at Rs. 624.36 lacs.

The fund requirement and deployment thereof are based on management's internal estimates and have not been appraised by any bank or financial institution or any independent entity. Our plans are subject to a number of variables, including possible cost over runs, receipt of government approvals, and changes in management views of the desirability of current plans, among others.

In case of any variations in the actual utilization of funds earmarked for the objects set forth above, increased fund requirement for a particular object may be met with by surplus funds, if any available in respect of the other object for which the funds are being raised in the Issue, subject to applicable law, and/or our Company's internal accruals, and/ or the term loans/working capital loans that may be availed from the Banks/ Financial Institutions. In the event of any shortfall in the Issue proceeds, the requirement shall be satisfied from internal accruals.

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

### Appraisal

Our Company has not got its proposed requirement of funds as detailed in this chapter appraised by any bank or financial institution or any independent agency.

### Details of the Objects of the Issue:

**Setting up a new facility at Gujarat to manufacture high end duplex board cartons, shippers and printed corrugated box.**

Our Company proposes to enter into the manufacture of higher end products in duplex board cartons, shippers and printed corrugated box by setting up a new manufacturing facility at Gujarat.

The details of the proposed expansion are as follows:

Particulars	Amount (Rs. in lacs)
Land	400.00
Site development, Civil Work and Building Construction	315.00
Electrical Installation	277.20
Plant & Machinery and other Ancillaries	2,202.07
<b>Total</b>	<b>3,194.27</b>

The details of requirements of funds are as under:

#### 1. Land

We have executed an MOU dated September 21, 2010 with M/s. Highway Services Private Limited for the land located at Gujarat and aggregating approximately 4 acres of land on ownership, subject to the execution of a definitive agreement and there after initiate action for obtaining necessary licenses/approvals from the competent authorities for setting up new plant. The MOU is valid till 225 days.

The above mentioned land has not been purchased or obtained from our Promoters or our Promoter Group.

#### 2. Site development, Civil Work and Building Construction

We intend to build a factory shed at the estimated cost of Rs.315.0 lacs. We have obtained quotations dated September 20, 2010 from Precise Consulting & Engineering Private Limited, A 602, Shakamba Tower, Sunset Room House, Silver Beach Eparta, Shrdha Eparta Memnagar, Ahmedabad 380052, for the factory shed.

The details of the civil work and construction are as below:

<i>(Rs. In lacs)</i>					
Sr. No.	Description of Item	Unit	Qty	Rate	Amount
1	Excavation & Backfilling	Cu.m	3,390	265	9.0
2	Miscellaneous work in Plinth				
	• Anti-termite treatment	Sq m	2,788	850	23.7
	• Providing and laying compact 230 mm thick dry trap rubble soling	Sqm	3,937	350	13.8
	• Trimix Concrete	Sqm	1,968	995	19.6
	• PCC	Cu.m	640	5,200	33.3
3	Reinforced Cement Concrete				
	• Column	Cu.m	93	7,000	6.5
	• Footings & Below columns	Cu.m	47	7,500	3.5

	• Beam at all level	Cu.m	68	7,500	5.1
4	Reinforcement				
	• Supplying, cutting, bending to shape, fabricating, fixing and tying in position TMT Reinforcement Steel of Fe 415 grade	MT	30	52,000	15.6
5	Brick Work	Sqmt	837	1,100	9.2
6	Plastering Works				0.0
	• Providing & applying Sand face plaster for external concrete/ masonry surfaces,	Sqmt	827	410	3.4
	• Providing cement plastering for internal ceiling & walls on concrete & masonry surface	Sqmt	735	240	1.8
7	Painting work				
	• Providing and applying two coats of Plastic acrylic emulsion Paint	Sqm	735	90	0.7
	• Providing and applying external weather shield paint	Sqm	827	90	0.7
8	Miscellaneous Works				
	• Providing and constructing of UCR stone masonry wall for the compound using trap/granite stones not less than 15 cm	Rmt	129	4,000	5.2
	• Providing and laying storm water drain as per drawing and specification etc.	Rmt	95	5,000	4.8
	• Providing 0.6mm TCT pre coated profile/ trapezoidal galvanized steel sheet coated with regular modified polyester (RMP)	Sqm	2,400	5,800	139.2
	• Providing and fixing the Wind Driven Turbo Ventilators Roof Extractors with accessories for Building, etc complete.		22	9,000	2.0
9	The work includes design, supply, fabrication, erection, testing, and commissioning of the complete Fire Fighting System.		Lumpsum		3.1
	Total				300.0
	Contingencies @5%				15.0
	<b>Total</b>				<b>315.0</b>

### 3. Electrical Installations and related work

We have obtained quotations dated September 20, 2010 from Precise Consulting & Engineering Private Limited, A 602, Shakamba Tower, Sunset Room House, Silver Beach Eparta, Shrdha Eparta Memnagar, Ahmedabad 380052, for the electrical installations.

Particulars	Amount (Rs. in Lacs)
Electrical installations, and cabling work	190.0
Cooling Solutions	24.0
Stabilizers	50.0
<b>Sub Total</b>	<b>264.0</b>
Contingencies @ 5%	13.2
<b>Total</b>	<b>277.2</b>



#### 4. Plant and Machinery and Other Ancillaries

We are contemplating to purchase the following machineries for the proposed expansion project. We have relied upon the following quotations for the machineries and the details of the same are summarized as follows:-

##### Summary of Plant & Machinery:

We intend to purchase the following imported plant and machinery

Sr. No.	Particulars	Name of the Supplier	Quotation / Proforma Invoice No.	Quotation Date	Quotation Validity	Currency	Amount	Amount (Rs. In lacs)
1.	CD 102-6+L Heidelberg Speedmaster	Heidelberg India Private Limited	MUM/3434.R	September 4, 2010	May 15, 2011	EURO	14,64,000	928.62
2.	High Speed Cutter POLAR 115X	Heidelberg India Private Limited	MUM/3433.R	September 4, 2010	May 15, 2011	EURO	47,000	29.81
3.	Suprasetter A 105, G&J Raptor 85, Debris Removal and supported Software Products	Heidelberg India Private Limited	MUM/3440.A-MUM3440 BR	September 4, 2010	May 15, 2011	EURO	94,000	59.62
4.	EXPERTFOLD 110 A-2 Universal Folder –Gluer	Bobst SA, Switzerland	BIN-11/MAC/BSA/PI/AAU.1	March 8, 2011	60 days	CHF	3,65,000	182.32
5.	NOVACUT 106 Autopalten press	Bobst SA, Switzerland	BIN-11/BSA/MAC/PI/AIU	March 8, 2011	60 days	USD	310,000	139.78
6.	Double Wall Corrugated Cardboard Making Machine	Oranda Machinery Co. Ltd	OR-1000321	March 21, 2011	30	USD	16,79,000	757.06
	<b>Total</b>							<b>2,097.21</b>
	Add: Contingencies @5 %							104.86
	<b>Total</b>							<b>2,202.07</b>

(As on March 18, 2011, Euro 1= Rs.63.43, USD 1=Rs.45.09 and CHF 1=Rs.49. 95)

We have considered the above quotations for the budgetary estimate purpose and have not placed orders for 100 percent of the above mentioned plant and machinery. However, Our Company has confirmed order of three machines CD 102-6+L Heidelberg Speedmaster, High Speed Cutter POLAR 115X and Suprasetter A 105 to Heidelberg India Private Limited by paying them token amount of Rs.34.68 lacs. The actual cost of procurement and actual supplier/dealer may vary. We do not intend to purchase any second hand machineries.

None of the machine suppliers are related to our company and its promoters.

As regards to duties, taxes, transportation, insurance, handling etc expenses we have relied upon our own judgment in estimation of the costs based on our past experience and we have not obtained any quotations for the same;

##### Augmenting Long Term working Capital Requirement

Presently, our Company enjoys working capital credit limits as stated in “Auditor’s Report on Financial Information” on page 101 of the Red Herring Prospectus. These limits and our internal accruals are adequate to meet our existing working capital requirements. However, our Company will utilise a part of the net proceeds of the Issue to meet long-term working capital requirements for expansion which has been estimated as under:

(Rs. in lacs)

Particulars	Nine month period ended December 31, 2010	F.Y. 2010-2011	F.Y. 2011-2012
	(Audited)	(Estimates)	(Estimates)
Inventories	682.05	880.34	1305.99
Debtors	2669.54	3201.24	4617.12
Other current assets	576.31	768.41	1055.34
<b>Total current assets</b>	<b>3927.91</b>	<b>4850.00</b>	<b>6978.45</b>
Less : Creditors	1291.27	1721.69	2954.96
Other current liabilities	219.18	292.24	527.67
Total current liabilities	1510.45	2013.94	3482.63
<b>Net working capital requirement</b>	<b>2417.45</b>	<b>2836.06</b>	<b>3495.82</b>
<b>Funding Pattern</b>			
Internal Accruals	0.00	386.06	550.00
Estimated Bank Finance available	2450.00	2450.00	2450.00
Proposed to be funded from Public Issue	0.00	0.00	495.82
<b>Total</b>	<b>2450.00</b>	<b>2836.06</b>	<b>3495.82</b>

The above working capital estimates are based on the following assumptions:

Particulars	Period (No of Days)
Inventories	50
Debtors	175
Sundry Creditors	112

#### Justification for holding period levels

**Inventories:** Inventory holding levels of raw materials, semi-finished goods, finished goods etc are expected to be 50 days after the implementation of expansion plan.

**Debtors:** Debtors days level are expected to improve to 175 days after the implementation of expansion plan.

**Creditors:** Level of creditor days is expected to remain at the same level as 31<sup>st</sup> December 2010.

The net working capital for December 31, 2010 is based on the position of the current assets and current liabilities as per the audited financial position of our Company. The projected levels of holding periods of various items of current assets and current liabilities are shown in the above table for financial year 2011-12.

We have projected the bank borrowings for the year 2011-2012 at the level of Rs.2,450.00 lacs against the net working capital requirement of Rs. 3,495.82 lacs, out of which Rs. 550 lacs would be met from internal accruals and the balance of Rs. 495.82 lacs is proposed to meet through public issue proceeds.

All above projections are based on management estimates and have not been appraised by any bank or financial institute.

#### General Corporate Purposes

We are continuously looking for opportunities to grow. While, we have not identified any specific projects at present, the management is continuously identifying and evaluating opportunities. We intend to use part of net proceeds towards such growth plans and opportunities. We intend to deploy the proceeds of this Issue aggregating to [●] for general corporate purposes including but not limited to strategic initiatives, brand building exercise, marketing setup, strengthening of the market capabilities, partnerships, joint venture, future projects and meeting

exigencies which our Company in the ordinary course may not foresee etc. The management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently the funding requirements and deployment of funds may also change. Our Company's management in accordance with policies set out by the Board will have flexibility in applying the balance proceeds of this issue, for general corporate purposes.

As of the date of this Prospectus, our Company has not entered into any letter of intent or any other commitment for any such acquisition/investments or definitive commitment for any such strategic initiatives. The Board of Directors of our Company will review various opportunities from time to time.

### Meeting Issue Expenses

The estimated issue related expenses are as follows:

Activity	Amount *	Percentage of Issue Expenses	(Rs. in lacs)
			Percentage of Issue Size
Lead Management Fees, Underwriting and Selling Commission	[•]	[•]	[•]
Advertising and marketing expenses	[•]	[•]	[•]
IPO Grading Expenses	[•]	[•]	[•]
Printing and stationery expenses	[•]	[•]	[•]
Others (Registrar fees, Legal fees, Listing fees, Book Building software, Stamp Duty, etc.)	[•]	[•]	[•]
Total	[•]	[•]	[•]

\* shall be incorporated after finalization of the Issue Price

### Schedule of Implementation

Sr. No.	Particulars	Expected date of Commencement	Expected date of Completion
1.	Setting up high end duplex board carton, shippers and printed corrugated box in Gujarat	Q1 FY 2012	Q3 FY 2012
2.	Augmenting Long Term Working Capital Requirement	Q2 FY 2012	Q4 FY 2012
3.	Meeting General Corporate Purposes	Q1 FY 2012	Q2 FY 2013
4.	Meeting Issue Expenses	Q1 FY 2012	Q1 FY 2012

### Deployment of Funds in the Project

As per the certificate issued by our statutory auditor M/s M. V. Damania & Co., Chartered Accountants dated March 25, 2011, details of funds deployed up to March 25, 2011 and the sources of funds are tabulated below:

Particulars	Amount (Rs in Lacs)
Land	0.00
Site development, Civil Work and building construction	0.00
Plant & Machinery & other Ancillaries	34.68
Electrical installations	0.00
General Corporate Purposes	0.00
Long Term Working Capital	0.00
Issue Related Expenses	62.90
<b>Total</b>	<b>97.58</b>
Sources of Funds:	
Internal Accruals	97.58

**Deployment of Balance Funds:***(Rs. in lacs)*

Sr. No.	Activities	Already Deployed till March 15, 2011	April 2011-March 2012	April 2012-March 2013	Total Amount
1.	Land Purchase Agreement	-	400.00	-	400.00
2.	Site Development, Civil Work & Building Construction	-	315.00	-	315.00
3.	Machineries selection, order Placing & Delivery & Other Ancillaries	34.68	2,167.39	-	2,202.07
4.	Electrical Installations	-	277.20	-	277.20
5.	Augmenting The Long Term Working Capital Requirement	-	495.82	-	495.82
6.	Meeting the General Corporate Expenses	-	[●]	[●]	[●]
7.	Meeting the Issue Expenditure	62.90	[●]	[●]	[●]
	<b>Total</b>	<b>97.58</b>	<b>[●]</b>	<b>[●]</b>	<b>[●]</b>

**Interim Use of Funds**

Our Company's management, in accordance with the policies established by the Board, will have flexibility in deploying the proceeds of the Issue. Pending utilization of the proceeds of the Issue for the purposes described above, we intend to temporarily invest the funds in high quality interest bearing liquid instruments including money market mutual funds and deposits with banks. Such investments would be in accordance with the Investment Policies prescribed by the Board from time to time. Our Company confirms that pending utilization of the Issue proceeds; it shall not use the funds for any investments in the Equity markets.

**Monitoring of Utilizations of Funds**

Our Company has not appointed any Monitoring Agency. However, the Audit Committee of our Company has been authorized with the responsibilities of monitoring the utilization of the proceeds of the Issue. We will disclose the utilization of net proceeds of the Issue under a separate head in our audited financial statements, clearly specifying the purpose for which such proceeds have been utilized and also indicating investments, if any, of such unutilized proceeds of the Issue. No part of the proceeds from the Proposed Issue will be paid by us as consideration to our Promoter, our Directors, Promoter Group Entities or Key Management Personnel, except in the normal course of our business.

## BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company, in consultation with the BRLM, on the basis of the assessment of market demand for the offered Equity Shares by the Book Building Process. The face value of the Equity Shares of our Company is Rs. 10 and the Floor Price is 3.2 times of the face value and the Cap Price is 3.5 times the face value.

Investors should review the entire Red Herring Prospectus, including “*Risk Factors*”, “*Industry Overview*”, “*Business Overview*” and “*Auditor’s Report on Financial Information*” on pages xi, 49, 57 and 101 respectively, of the Red Herring Prospectus to get a more informed view before making the investment decision.

### Qualitative Factors

Some of the qualitative factors which form the basis for computing the Issue price are:

1. Strong customer base;
2. Strong technical base;
3. In-house facilities;
4. Quality and ISO Certification; and
5. Experienced and qualified management team

For details, please refer to “*Business Overview*” and “*Risk Factors*” on pages 57 and xi respectively, of the Red Herring Prospectus.

### Quantitative Factors

The information presented in this section is derived from our audited restated financial statements prepared in accordance with Indian GAAP. Investors should evaluate our Company taking into consideration its earnings and based on its growth strategy. Some of the quantitative factors, which form the basis for computing the price, are as follows:

#### *Weighted Average Earnings Per Share (“EPS”)*

Period	EPS (Rs.)	Weight
Year ended March 31, 2008	0.96	1
Year ended March 31, 2009	(0.01)	2
Year ended March 31, 2010	1.49	3
<b>Weighted Average</b>	<b>0.90</b>	
Nine month period ended December 31, 2010	1.48	

*Note:*

- (a) *EPS has been calculated by dividing the net profit after tax, as restated, attributable to equity shareholders by the weighted average number of Equity Shares outstanding as on the date.*
- (b) *EPS calculations have been done in accordance with Accounting Standard 20 – ‘Earnings per share’.*
- (c) *The face value of each Equity Share is Rs. 10.*

#### **1. Price Earnings ratio (“P/E”) in relation to the Issue price of Rs. [●] per share**

Particulars	P/E ratio
P/E ratio in relation to the Floor Price	21.48 times
P/E ratio in relation to the Cap Price	23.49 times
P/E based on EPS for the year ended March 31, 2010	[●] times

P/E based on Weighted average EPS	[●] times
<i>Industry P/E*</i>	
Highest	71.7 times
Lowest	3.2 times
Industry Composite	7.2 times

\* Source: Capital Market Vol. XXV/25, February 07-20, 2011.

## 2. Return on Average Net Worth (“RoNW”)

Period	RoNW	Weight
Year ended March 31, 2008	7.04	1
Year ended March 31, 2009	(0.12)	2
Year ended March 31, 2010	10.32	3
<b>Weighted Average RoNW</b>	<b>6.29</b>	
Nine month period ended December 31, 2010	7.52	

Note:

(a) RoNW has been calculated by dividing net profit after tax, as restated, by the Net Worth as restated at the end of the year.

## 3. Minimum Return on Increased Net Worth Required to Maintain Pre-Issue EPS for the year ended March 31, 2010

At the Floor Price : 6.2%  
At the Cap Price : 5.8%

## 4. Net Asset Value per Equity Share (“NAV”)

NAV per Equity Share as on March 31, 2010 : Rs. 14.46  
NAV per Equity Share as on the nine months period ended December 31, 2010\* : Rs. 19.68  
NAV per Equity Share after the Issue : Rs. [●]  
Issue Price : Rs. [●]

Note:

(a) The NAV has been calculated by dividing the net worth, as restated, by the weighted average number of Equity Shares outstanding at the end of the year.

(b) \*Our Company has allotted 19,05,825 Equity Shares after December 31, 2010. For further details, please refer to “Capital Structure” on page 18 of the Red Herring Prospectus.

## 5. Comparison of Accounting Ratios with Industry Peers

Based on the nature of the business interests of our Company, the comparison of its accounting ratios on standalone basis with its available comparable listed competitors in India is given below:

Name of the company	EPS (Rs.)	P/E	RoNW (%)	Book value per share (Rs.)	Face value (Rs.)
Paramount Printpackaging Limited*	1.49	[●]**	10.32	14.46	10
<b>Peer Group***</b>					
Bilcare Limited	31.6	15.5	12.5	349.7	10
Hindustan Tin Works Limited	10.7	6.9	16.2	72.5	10
TCPL Packaging Limited	5.7	5.5	8.7	69.1	10
Uflex Limited	11.1	4.9	11.8	131.7	10

\* Based on restated financial statements for year ending March 31, 2010.

\*\* *Based on the Issue Price to be determined on conclusion of book building process and the basic/diluted EPS of our company.*

\*\*\* *Source: Capital Market Vol. XXV/25, Feb 07-20, 2011.*

The Issue Price of Rs. [●] per Equity Share has been determined by our Company in consultation with the BRLM on the basis of assessment of the market demand from investors for the offered Equity Shares through the Book Building Process. The BRLM believes that the Issue Price of Rs. [●] is justified in view of the above qualitative and quantitative parameters.

The face value of the Equity Shares is Rs. 10 each and the Issue Price is [●] times the face value of the equity shares.

Prospective investors should also review the entire Red Herring Prospectus, including, in particular, “*Risk Factors*”, “*Business Overview*” and “*Auditor’s Report on Financial Information*” on pages xi, 57 and 101 respectively, of the Red Herring Prospectus to have a more informed view.

## STATEMENT OF TAX BENEFITS

To

The Board of Directors  
**Paramount Printpackaging Limited**  
A/309, TTC Industrial Estate,  
Mahape Road,  
Navi Mumbai,  
Maharashtra 400701  
India

Sub: Statement of possible Tax benefits.

Dear Sirs,

We hereby report that the enclosed annexure states the tax benefits available to Paramount Printpackaging Limited (hereinafter referred to as "Company") and to the shareholders of the Company under the provision of the Income Tax Act, 1961 and other allied direct tax laws presently prevailing and in force in India. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the annexure are not exhaustive. The information being furnished by us is general in nature and it is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the offer.

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

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

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.

For M.V. Damania & Co.  
Firm Registration No.102079W  
Chartered Accountants,

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Bharat Jain  
Partner  
Membership No.: 100583  
Place: Mumbai  
Date: March 25, 2011



## **STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO PARAMOUNT PRINTPACKAGING LIMITED AND TO ITS SHAREHOLDERS**

### **1. General Tax Benefits available to the company under the Income Tax Act, 1961 (“Act”)**

General Tax Benefits available to the Company under the Income-tax Act, 1961 (‘Act’) Subject to fulfillment of conditions, the Company will be eligible, inter alia, for the following specified deductions in computing its business income:-

- 1.1 Dividend Income: Under Section 10(34) of the Act, income by way of dividend referred to in Section 115-O received by the Company on its investments in shares of another Domestic company is exempt from income tax in the hands of the Company.
- 1.2 Income received in respect of units of a mutual fund specified under Section 10(23D) of the Act (other than income arising from transfer of units in such mutual fund) shall be exempt from tax under section 10(35) of the Act.

### **1.3 Exemption of Long Term Capital Gain u/s 10(38)**

- 1.3.1 According to section 10(38) of the Act, long-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be exempt from tax.
- 1.3.2 Under section 54 EC of the Act and subject to the conditions and to the extent specified therein, Long term capital gains not exempt under section 10 (38) of the Act and arising to the shareholders on transfer of their shares in the company shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so invested, the exemption shall be proportionately reduced. However, if the said bonds are transferred or converted into money within a period of three years from their date of acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

### **1.4 Tax on Short Term capital Gain u/s 111A**

As per the provisions of section 111A of the Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to securities transaction tax (“STT”) shall be subject to tax at a rate of 15 per cent (plus applicable surcharge and education cess).

### **1.5 Tax on Long Term capital Gain u/s 112**

According to the provisions of Section 112 (1) of the Act, long term capital gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), where the tax payable in respect of any income arising from the transfer of a long-term capital asset, being listed securities etc., exceeds ten percent of the amount of capital gains before giving effect to the provisions of the second proviso to section 48, then, such excess shall be ignored for the purpose of computing the tax payable by the assessee.

- 1.6 As per section 70 read with section 74, short term capital loss arising during a year is allowed to be set-off against short term as well as long term capital gain arising in that year. Balance loss if any is allowed to should be carried forward and available for set-off against subsequent year's short term or long term capital gains for subsequent 8 assessment years.
- 1.7 As per section 70 read with section 74 long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss if any is allowed to be carried forward and available for set-off against subsequent year's long term capital gains for subsequent 8 assessment years.

- 1.8 Under section 32 of the I.T. Act, the Company is entitled to claim depreciation, subject to the conditions specified therein, at the prescribed rates on its specified assets used for its business
- 1.9 Under section 35D the Company is entitled to amortise such certain preliminary expenditure including expenditure in connection with the issue, for public subscription, of shares of the company, being under writing commission, brokerage and charges for ing, typing, printing, advertisement, etc., of the prospectus.
- 1.10 It is pertinent to note that section 14A of the Act provides that no deduction shall be allowed in respect of any expenditure incurred in relation to such exempt income."

#### **1.11 Entitlement of MAT Credit u/s. 115JAA**

By virtue of Section 115JAA of the IT Act, Tax Credit of MAT paid shall be allowed in future year in which tax becomes payable on the total income computed in accordance with the provisions other than section 115JB. Carry forward of such Tax Credit shall not be allowed beyond the tenth assessment years immediately succeeding the assessment year in which tax credit becomes allowable under section 1A of the section.

### **2. General Tax Benefits available to resident shareholders**

#### **2.1 Dividends exempt under Section 10(34)**

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of Section 10(34) of the Act read with Section 115-O of the Act.

#### **2.2 Computation of capital gains**

2.2.1 Capital assets may be categorised into short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities or units will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of these assets held for 12 months or less are considered as "short term capital gains".

2.2.2 Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting 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.

#### **2.3 Exemption of capital gain from income tax**

2.3.1 According to section 10(38) of the Act, long-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be exempt from tax.

2.3.2 Under section 54 EC of the Act and subject to the conditions and to the extent specified therein, Long term capital gains not exempt under section 10 (38) of the Act and arising to the shareholders on transfer of their shares in the company shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so invested, the exemption shall be proportionately reduced. However, if the said bonds are transferred or converted into money within a period of three years from their date of acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. Where the benefit of section 54EC of the Act has been availed of on

investments in the notified bonds, a deduction from the income with reference to such cost shall not be allowed under section 80 C of the Act.

- 2.3.3 As per provisions of section 54F of the Act and subject to conditions specified therein, any long-term capital gains (not being residential house) which are not exempt under section 10 (38) of the Act, arising to shareholder who is an individual or Hindu Undivided Family are exempt from capital gains tax if the entire sales consideration is utilised, within a period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of residential house within three years from the date of transfer. If part of such net sales consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis. Provided that the said shareholder should not own more than one residential house at the time of such transfer. If the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred. Similarly, if the shareholder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house (other than the new residential house referred above), then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.
- 2.3.4 As per the provisions of section 111A of the Act, short-term capital gain on sale of equity shares where the transaction of sale is chargeable to securities transaction tax (“STT”) shall be subject to tax at a rate of 15 per cent (plus applicable surcharge and education cess).
- 2.3.5 According to the provisions of Section 112 (1) of the Act, long term capital gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), where the tax payable in respect of any income arising from the transfer of a long-term capital asset, being listed securities etc., exceeds ten percent of the amount of capital gains before giving effect to the provisions of the second proviso to section 48, then, such excess shall be ignored for the purpose of computing the tax payable by the assessee.

## **2.4 Deduction u/s 36(1)(xv)**

Deduction shall be allowed of an amount equal to the securities transaction tax paid by the assessee in respect of the taxable securities transactions entered into in the course of his business during the previous year, if the income arising from such taxable securities transactions is included in the income computed under the head “Profits and gains of business or profession”.

## **3. General Tax Benefits available to Non Resident Indian shareholders**

### **3.1 Dividends exempt under Section 10(34)**

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of Section 10(34) of the Act.

### **3.2 Computation of capital gains**

- 3.2.1 Capital assets may be categorised into short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities or units will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as “long term capital gains”. Capital gains arising on sale of these assets held for 12 months or less are considered as “short term capital gains”.

- 3.2.2 Section 48 of the Act contains special provisions in relation to computation of capital gains on transfer of an Indian company's shares by Non Residents. Computation of capital gains arising on transfer of shares in case of Non Residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain (i.e., sale proceeds less cost of acquisition/improvement) computed in the original foreign currency is then converted into Indian Rupees at the prevailing rate of exchange.
- 3.2.3 In case investment is made in Indian Rupees, the long-term capital gain is to be computed after indexing the cost.

### **3.3 Exemption of capital gain from income tax**

- 3.3.1 According to section 10(38) of the Act, long-term capital gains on sale of equity shares, where the transaction of sale is chargeable to STT, shall be exempt from tax.
- 3.3.2 Under section 54 EC of the Act and subject to the conditions and to the extent specified therein, Long term capital gains not exempt under section 10 (38) of the Act and arising to the shareholders on transfer of their shares in the company shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so invested, the exemption shall be proportionately reduced. However, if the said bonds are transferred or converted into money within a period of three years from their date of acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. Where the benefit of section 54EC of the Act has been availed of on investments in the notified bonds, a deduction from the income with reference to such cost shall not be allowed under section 80 C of the Act.
- 3.3.3 As per provisions of section 54F of the Act and subject to conditions specified therein, any long-term capital gains (not being residential house) which are not exempt under section 10 (38) of the Act, arising to shareholder who is an individual or Hindu Undivided Family are exempt from capital gains tax if the entire sales considerations is utilised, within a period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of residential house within three years from the date of transfer. If part of such net sales consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis. Provided that, the said shareholder should not own more than one residential house at the time of such transfer. If the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred. Similarly, if the shareholder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house (other than the new residential house referred above), then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.
- 3.3.4 As per the provisions of section 111A of the Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 15 per cent (plus applicable surcharge and education cess).
- 3.3.5 According to the provisions of Section 112 (1) of the Act, long term capital gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), where the tax payable in respect of any income arising from the transfer of a long-term capital asset, being listed securities etc., exceeds ten percent of the amount of capital gains before giving effect to the provisions of the second proviso to section 48, then, such excess shall be ignored for the purpose of computing the tax payable by the assessee.

### **3.4 Deduction u/s 36(1)(xv)**

Deduction shall be allowed of an amount equal to the securities transaction tax paid by the assessee in respect of the taxable securities transactions entered into in the course of his business during the previous year, if the income arising from such taxable securities transactions is included in the income computed under the head “Profits and gains of business or profession”.

- 3.5 As per the provisions of section 115D read with Section 115E of the Act and subject to conditions specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) arising on transfer of the company’s shares, will be subject to tax at the rate of 10% (plus applicable surcharge on tax and education cess on tax and surcharge) without indexation benefit.
- 3.6 As per provision of section 115F long term capital gains on transfer of specified foreign exchange asset shall be exempt from tax in the proportion of the net consideration from such transfer being invested in specified asset or saving certificates within 6 months of the date of transfer subject to certain conditions specified in the section.
- 3.7 As per the provisions of Section 115G of the Act, non-resident Indians are not obliged to file a return of income under Section 139(1) of the Act, if their only source of income is income from investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions chapter XVII-B of the Act.
- 3.8 Under Section 115H of the Act, where the non-resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the assessing officer, along with his return of income for that year under Section 139 of the Act to the effect that the provisions of the 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.
- 3.9 As per the provisions of Section 115I of the Act, a non-resident Indian may elect not to be governed by the provisions of chapter XII-A for any assessment year by furnishing the return of income for that assessment year under Section 139 of the Act, declaring therein that the provisions of chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

## **4. Benefits available to other Non Residents**

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

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of Section 10(34) of the Act.

### **4.2 Computation of capital gains**

- 4.2.1 Capital assets may be categorised into short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities or units will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as “long term capital gains”. Capital gains arising on sale of these assets held for 12 months or less are considered as “short term capital gains”.
- 4.2.2 Section 48 of the Act contains special provisions in relation to computation of capital gains on transfer of an Indian company’s shares by Non Residents. Computation of capital gains arising on transfer of shares in case of Non Residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain (i.e., sale proceeds less cost of acquisition/improvement) computed in the original foreign currency is then converted into Indian Rupees at the prevailing rate of exchange.

- 4.2.3 In case investment is made in Indian Rupees, the long-term capital gain is to be computed after indexing the cost.

### **4.3 Exemption of capital gain from income tax**

- 4.3.1 According to section 10(38) of the Act, long-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be exempt from tax.
- 4.3.2 Under section 54 EC of the Act and subject to the conditions and to the extent specified therein, Long term capital gains not exempt under section 10 (38) of the Act and arising to the shareholders on transfer of their shares in the company shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so invested, the exemption shall be proportionately reduced. However, if the said bonds are transferred or converted into money within a period of three years from their date of acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. Where the benefit of section 54EC of the Act has been availed of on investments in the notified bonds, a deduction from the income with reference to such cost shall not be allowed under section 80 C of the Act.
- 4.3.3 As per provisions of section 54F of the Act and subject to conditions specified therein, any long-term capital gains (not being residential house) which are not exempt under section 10 (38) of the Act, arising to shareholder who is an individual or Hindu Undivided Family are exempt from capital gains tax if the entire sales considerations is utilised, within a period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of residential house within three years from the date of transfer. If part of such net sales consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis. Provided that, the said shareholder should not own more than one residential house at the time of such transfer. If the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred. Similarly, if the shareholder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house (other than the new residential house referred above), then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.
- 4.3.4 As per the provisions of section 111A of the Act, short-term capital gains on sale of equity shares, where the transaction of sale is chargeable to STT, shall be subject to tax at a rate of 15 per cent (plus applicable surcharge and education cess).
- 4.3.5 According to the provisions of Section 112 (1) of the Act, long term capital gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), where the tax payable in respect of any income arising from the transfer of a long-term capital asset, being listed securities etc., exceeds ten percent of the amount of capital gains before giving effect to the provisions of the second proviso to section 48, then, such excess shall be ignored for the purpose of computing the tax payable by the assessee.

### **4.4 Deduction u/s 36(1)(xv)**

Deduction shall be allowed of an amount equal to the securities transaction tax paid by the assessee in respect of the taxable securities transactions entered into in the course of his business during the previous year, if the income arising from such taxable securities transactions is included in the income computed under the head “Profits and gains of business or profession”.

## **5. Benefits available to Foreign Institutional Investors ('FIIs')**

### **5.1 Dividends exempt under section 10(34)**

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of section 10(34) of the Act.

### **5.2 Exemption of capital gain from income tax**

5.2.1 According to section 10(38) of the Act, long-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be exempt from tax.

5.2.2 Under section 54 EC of the Act and subject to the conditions and to the extent specified therein, Long term capital gains not exempt under section 10 (38) of the Act and arising to the shareholders on transfer of their shares in the company shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so invested, the exemption shall be proportionately reduced. However, if the said bonds are transferred or converted into money within a period of three years from their date of acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

### **5.3 Taxability of capital gains**

5.3.1 As per the provisions of section 115AD of the Act, FIIs will be taxed on the capital gains that are not exempt under section 10(38) of the Act at the following rates:

<u>Nature of income</u>	<u>Rate of tax (%)</u>
Long term capital gains	10
Short term capital gains other than referred to in Section 111A	30

The above tax rates would be increased by the applicable surcharge and education cess. The benefits of indexation and foreign currency fluctuation protection as provided by Section 48 of the Act are not available to an FII.

5.3.2 According to Section 111A of the Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 15 per cent (plus applicable surcharge and education cess).

### **5.4 Deduction u/s 36(1)(xv)**

Deduction shall be allowed of an amount equal to the securities transaction tax paid by the assessee in respect of the taxable securities transactions entered into in the course of his business during the previous year, if the income arising from such taxable securities transactions is included in the income computed under the head "Profits and gains of business or profession".

## **6. Tax Treaty benefits**

A Non-resident /Non-resident Indian Shareholder / Foreign Institutional Investor has an option to be governed by the provisions of Section 90 (2) of the Act or the provisions of a Tax Treaty that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial

## **7. Benefits available to Mutual Funds**

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

**8. Venture Capital Companies / Funds**

In terms of Section 10 (23FB) of the Income Tax Act, 1961, all Venture Capital Companies Funds set up to raise funds for investment and registered with Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income tax on all their income, including income from dividend

**9. 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 are not liable to wealth tax.

**Notes:**

1. This Statement is intended to provide the tax benefits to the Company and its shareholders in a general and summary manner and does not purport to be a complete analysis or listing of all the provisions of potential tax consequences of the subscription, purchase, ownership or disposal etc. of equity shares.
2. The tax benefits listed above are the possible tax benefits available under the current direct 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. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions which, based on the business imperatives it faces in the future, which the Company may or may not choose to fulfil.
3. All the above benefits are available only to the sole/ first named holder in case the shares are held by joint holders
4. In respect of non residents, taxability of capital gains mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non-resident has fiscal domicile
5. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor, with respect to specific tax consequences of his/her participation in the issue
6. The above statement of possible direct and indirect taxes 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.



## SECTION IV – ABOUT OUR COMPANY

### INDUSTRY OVERVIEW

*The information in this section is derived from a combination of various official and unofficial publicly available materials and sources of information including the Report on Packaging Industry, Indo-Italian Chamber of Commerce, World Packaging Association, Indian Institute of Packaging, etc. It has not been independently verified by our Company, the BRLM or their respective legal advisors, and no representation is made as to the accuracy of this information, which may be inconsistent with information available or compiled from other sources. Similarly, our Company's internal estimates, if any, which we believe to be reliable have not been verified by any independent agencies.*

#### **Introduction**

Packaging plays a very distinct role in today's modern consumerist economy with the need for widespread adoption of branding and development of consumer preferences. Any manufactured item, to gain market share, requires packaging to ensure safety, convenience and attractiveness. Packaging is a key component for consumption and consumer preferences in today's economy.

Packaging helps in preservation of quality and lengthening shelf life of products such as milk, biscuits, drugs, processed and semi-processed foods, fruits and vegetables, edible oils, etc. Packaging is also required for most other manufactured goods to preserve it from any damage during transit.

The packaging industry has evolved over the years from a relatively small range of heavy, rigid containers made of wood, glass and steel to a broad array of rigid, semi rigid and flexible packaging options increasingly made from specialized lightweight materials.

The packaging industry's growth has also led to greater specialization and sophistication from the point of view of health (in the case of packaged foods and medicines) and environment friendliness of packing material. The demands on the packaging industry are challenging, given the increasing environmental awareness among communities.

#### **Key Drivers and Trends**

The progression of demand in the packaging industry is influenced by a wide range of factors and includes both year on year short term factors and other long term factors. Like any other industry, while the economy plays a central role in influencing the size and growth of the market, there is a multitude of other factors which can be seen as having a direct or at least an indirect influence on the demand in the packaging industry, irrespective of the performance of the economy. These include:

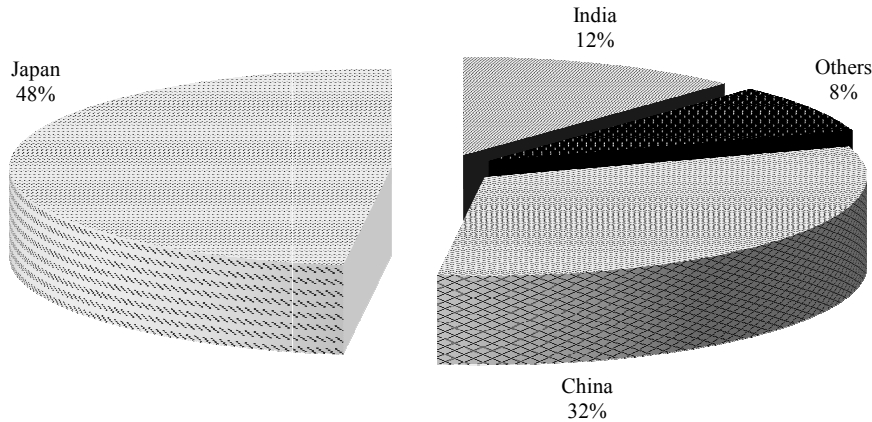
- Ageing of world population;
- Trend towards smaller and nuclear households
- Increasing trend towards convenience and quick access among consumers;
- Rising health awareness among consumers;
- Trend towards 'on-the-go' lifestyles among increasingly time-poor consumers;
- Growing requirements for brand enhancement/ differentiation in an increasingly competitive consumer environment;
- New technology and modern packaging material;

- Increasing awareness of environmental issues and the adoption of new regulatory requirements on packaging recycling.

### Global Packaging Industry

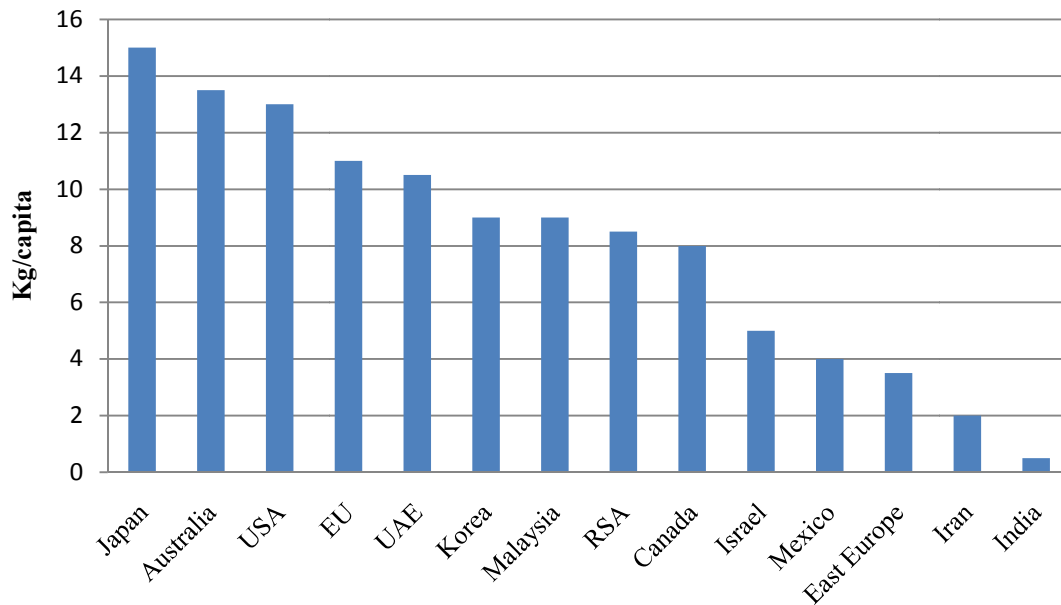
The global packaging industry is growing fast. Growth in the packaging industry is typically higher than GDP in emerging markets and in line with (or sometimes even below) GDP in mature markets.

#### Asia Packaging Industry Regional Breakdown



(Source: Indiapack International Packaging Exhibition and Conference brochure, 2008)

#### Global Packaging Consumption

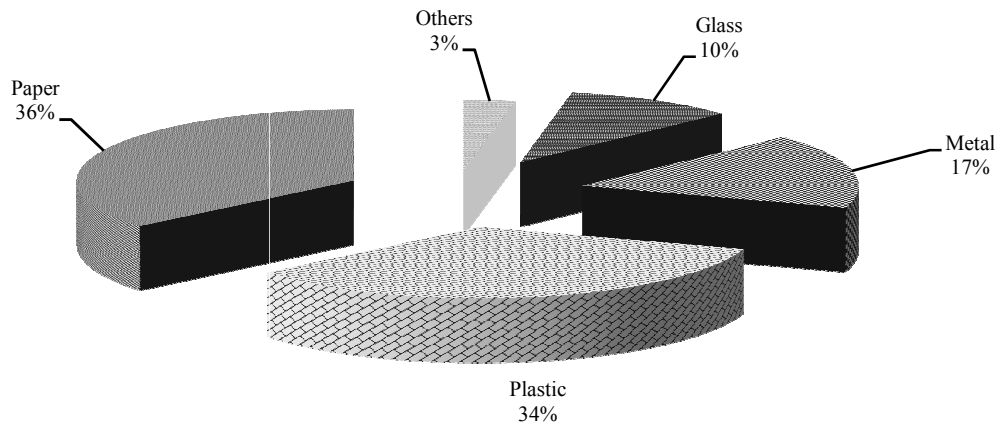


(Source: Indiapack International Packaging Exhibition and Conference brochure, 2010)

Packaging plays a vital role in all industries ranging from food and beverages, healthcare, cosmetics and other consumer goods. Packaging cost is incurred not only on the end-product but at every intermediate stage of production, right from basic raw materials to finished goods. We believe that all products manufactured are packed

in some or the other form except airplanes, locomotives and ships but even these are assembled using packaged components.

### Global Packaging Industry - Packaging Material Breakdown



(Source: [www.economywatch.com](http://www.economywatch.com))

### Indian Packaging Industry

#### Indian Packaging Industry Market

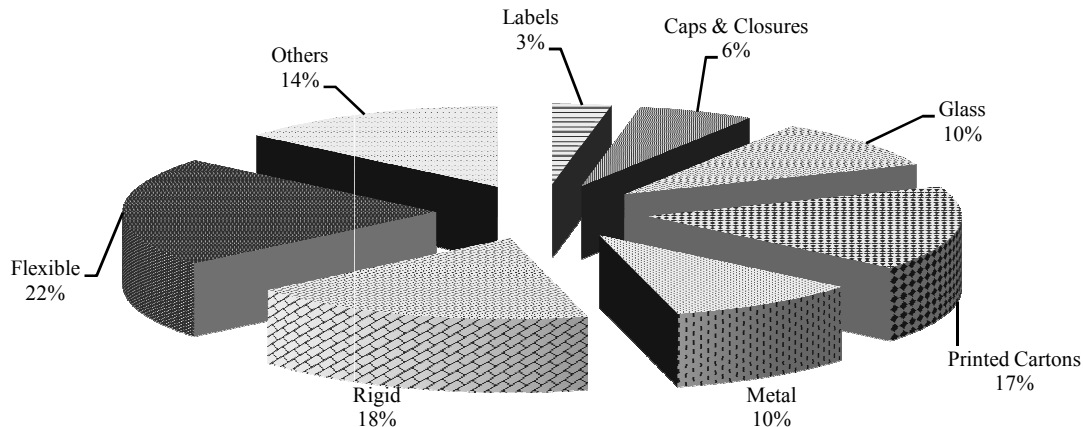
The Indian fascination for rigid packaging remains intact. It is estimated that more than 80% of the total packaging in India constitutes rigid packaging, which is the oldest and the most conventional form of packaging. The remaining 20% comprises flexible packaging.

(Source: *The Indo-Italian Chambers of Commerce and Industry*)

The Indian packaging industry is expected to grow to Rs. 82,500 crore by 2015 from the current Rs. 65,000 crore. The global packaging industry is currently estimated at US\$ 550 billion. Currently, India stands at the 11th position in the world packaging industry. With rising consumer demand and new technologies, the global packaging industry is expected to grow at 18-20% from the current 15%. Among packaging sources, currently plastic packaging is at 6.8 million tonne and growing at 20-25% per annum, whereas paper packaging is 7.6 million tonne. Glass packaging contributes to 4-5% and metal, 8%. 40% of the total paper production goes for packaging.

(Source: *Indian Institute of Packaging (IIP)*)

## Indian Packaging Industry- Packaging Material Breakdown



(Source: <http://www.packplus.in/Industry.htm>)

## Classification –Packaging Industry in India

### (a) Functions of Packages

#### Protective Function

- Shock, Drop
- Pressure, Vibration
- Heat
- Water or Moisture

#### Graphic Design

- Design
- Colour
- Size

#### Convenience Function

- Transportation,
- Stocking (User, Ware House), Image, Design, Size Protection,
- After Re-Use Productivity

#### Psychological Function

- Attraction

### (b) Classification of Packaging

#### *By Shape (Form or Size)*

##### Heavy Packaging (Large)

- Container
- Wooden Packs

##### Medium Packaging (Middle)

- Carton Box
- Woven Bag
- Can, Barrel, Tub

##### Light Packaging (Small)

- Flexible Packaging
- Bottles, Can (Small)
- Paper Container

#### *By Methods (Way of Packing)*

- Vacuum Packaging
- Aseptic Packaging
- Retortable Packaging
- Shrink Packaging
- Strip Packaging
- Gas Flush Packaging
- Moisture – Proof Packaging

- Blister Packaging
- Skin Packaging
- Tamper – Evidence Packaging
- Others

***By Contents***

- Food Packaging
- Cosmetics Packaging
- Powder Packaging
- Toiletry Packaging
- Drug Packaging
- Liquid Packaging
- Clothing Packaging
- Others

***By Materials***

**Rigid Packaging**

- Bottle, Metal Can
- Wooden Box
- Metal Box, etc

**Semi Rigid Packaging**

- Carton Box
- Plastic Bottle

**Flexible Packaging**

- Paper, Plastic
- Film, Alu- Foil
- Cellophane

*(Source: Indo Italian Chambers of Commerce and Industry)*

**Some Important Packaging Sub-Sectors:**

**1. Corrugated Packaging**

The corrugated packaging industry is finding itself at the crossroads. Increasing prices of kraft paper, non availability of international standard papers at affordable prices, resistance of corrugated box user industry to offer sustainable prices, increasing competition, non viability of automatic plants are proving to be hurdles. As global companies set up their manufacturing bases in India to meet the growing demand for consumer and white goods – the need for high quality boxes is appearing evident. Progressive corrugators are setting up automatic board/box making plants to increase production and enhance performance of boxes.

The corrugated board and sheet plants are highly labour-intensive, employing over half a million people – both directly and indirectly. The Indian industry is converting about 2 million tons of Kraft paper into corrugated boxes. Factories are spread out in all parts of India, even in the remote industrially backward areas.

Prices of corrugated sheet and converted boxes have remained low due to over-capacity, manual operations and low productivity. Besides, transport constraints and high freight costs have meant that small to medium sized corrugated box plants are usually located near customers.

*(Source: The Indo-Italian Chambers of Commerce and Industry)*

**2. Pharmaceutical Packaging**

Pharmaceutical packaging occupies a considerable portion of the overall drugs and pharmaceutical market in India and is growing steadily along the same pace as that of the industry. Pharmaceutical packaging consists of various types of glass, pet bottles, strip and blister packs, injectibles, ampoules, bulk packs, etc.

The Indian pharmaceutical packaging industry is witnessing a spurt in growth. Today, the packaging industry in India is considered a growing industry and its linkages are extensive and have resulted in high employment creation. On one side, it involves manufacture (and sometimes import) of a wide range of packing material - paper,

paperboard, cardboard, a range of polymer products including rigid and flexible packaging material, aluminum foil, tin, wood and steel. Other backward linkages of packaging including printing, labeling and binding/adhesive tapes, etc. Machinery for making/processing these products and for packing/package is another segment closely linked to this industry. Growth will follow the upward trends in global medication consumption, which will expand at a strong pace as aging demographic patterns lead to an increasing number of diseases and disorders. Pharmaceuticals will assume an expanding role in worldwide health care delivery based on new product introductions and economical advantages over other forms of patient treatment.

*(Source: The Indo-Italian Chambers of Commerce and Industry)*

### **3. Rigid packaging**

Rigid packaging accounts for the major packaging market in India. This is the oldest and the most conventional form of packaging. Rigid packaging includes glass bottles, metal cans, aerosol cans, battery cell cans, aluminum collapsible tubes, injection molded plastic containers made of PVC, PET, HDPE, barrels made from HDPE, paperboards and corrugated boxes.

### **4. Flexible Packaging**

Flexible packaging contains multi-layered laminated sheets of single or a combination of substrates such as plastic, paper or aluminum. Flexible packaging finds varied use because of its ability to provide strength, moisture resistance, aroma retention, gloss, grease resistance, heat retention, seal ability, printability and low odor. Convenience in handling the product and the cost benefits are added advantages. Flexible packaging is primarily used in the packaging of food and beverages, personal products such as hair care products, pan masala, tea, coffee and industrial products.

### **5. Bulk Packaging**

The Indian bulk packaging market started moving significantly only in the 1990s as industries acquired bulk handling capabilities to compete in the global market. This market took off at the turn of the new millennium spurred by an export led and domestic growth in agro produce & food; bulk drugs & generics; chemicals & pesticides and petroleum & lubricants led markets. The market grew at around 28 per cent for the first 6-7 years and currently is at a 15-20 per cent band.

The Indian rigid packaging industry that comprises of drums and containers made from metal, plastics, fiber board and composite materials is growing at about 13 per cent per annum. Within the industry, there is a migration to plastics and the major metal drum manufacturers have joined the bandwagon themselves by setting up parallel facilities for manufacturing plastic containers. The 6 million units plastic drum market (Rs. 5 billion) is growing at over 16 per cent while the 10 million drum steel market still manages a positive growth of 2 per cent and is valued at around Rs. 2 billion. The fiber drum and composites valued at Rs. 4 billion is also growing at around 10 per cent.

The Rs. 140 billion flexible bulk packaging industry that includes woven sacks, leno bags, wrapping fabric, and flexible intermediate bulk container ('FIBC') is growing at over 20 per cent with FIBC containers expected to grow three fold in the next 5 years riding an increased industrial production and a shift toward higher-value containers offering enhanced performance and supply chain efficiency.

*(Source: <http://www.packplus.in/Industry.htm>)*

### **Vast Opportunity**

The economy growth is the single most important factor for influencing packaging consumption. The level of economic activity has direct influence on demand for bulk/ transport packaging. Packaging is the heart of a marketing strategy in terms of functionality, shelf appeal and convenience. Every market has stringent quality standards for packaging aimed at ensuring health and hygiene for consumers. Though India is a major producer of agricultural products, it processes and packages just a fraction of the output. Despite the potential to emerge as a major exporter, it is yet to tap the export markets. The food processing sector in India has been accorded a very high

priority by the Government of India with a number of fiscal incentives to encourage commercialization and value addition to agricultural production. The government's increasing focus on the food processing industry is expected to give a boost to agriculture exports in value added form, which in turn is likely to boost the demand for food packaging in the coming years.

### **Government Vision 2015**

The Government of India has rolled out a very ambitious plan to consolidate the fragmented food processing industry in India. In its declaration, the Ministry of Food Processing Industries has clearly put forward the Vision of 2015 which states that:

- India to become the food factory of the world;
- Treble the size of processed food;
- Increase the level of processing from 6% to 20%;
- Increase the value addition from 20% to 35%;
- Increase the share in global agricultural trade from 1.5% to 3%;

*(Source: Press Information Bureau)*

### **Cost advantages make India a preferred packaging export hub**

Due to lower manufacturing costs, India is fast becoming a preferred hub for packaging production. The Indian packaging industry has made a mark with its exports that comprise flattened cans, printed sheets and components like crown cork, lug caps, plastic film laminates, craft paper, paper board and packaging machinery, while the imports include tinplate, lacquers, coating and lining compounds. In India, the fastest growing packaging segments are laminates and flexible packaging, especially PET and woven sacks. Almost all the major players were seen to expand their existing capabilities to tap into the fast growing export market for Indian packaging products.

### **Second-tier cities become centre of packaging activity**

The rise in organized retailing in India's second-tier cities is opening huge opportunity for packaging industry. Companies are continually adding new products to their portfolio and packaging is a big tool for launching new, India-specific products in different shapes and sizes. The liberalization of the Indian economy, coupled with globalization and the influx of the multi-nationals, has improved the quality of all types of primary and secondary packaging. Also industrialization and expected emergence of the organized retail industry is fuelling the growth in packaging industry.

### **Lifestyle factors**

Lifestyle trends that are impacting upon consumer purchasing decisions are important. For the packaging industry, many of these trends are positive and encouraging. Consumers are becoming increasingly demanding with their lack of time as a result, seeking out convenient and easy food solutions. The expectations of food quality are rising and growing awareness of health and other issues present new challenges to retailers, packers and packaging suppliers.

- ***Smaller and nuclear households and smaller pack sizes:*** Social change is indirectly leading to modifications in packaging design. The average size of households is declining in line with the rising number of single-parent households and single-person households. As a result the consumer is moving towards smaller pack sizes. This trend is being reinforced by the decline in the family meals, as more and more women enter into the workplace. As working hours become less standard, opportunities for the family to eat together are becoming fewer.
- ***Health awareness:*** Consumer health concerns are influencing markets for quality packaging. Examples include: rising sales of bottled water, fruit juice and milk and increasing demand for packaged fresh food products.

- ***‘On-the-go’ lifestyles:*** ‘On-the-go’ lifestyles have emerged as a result of several factors. Longer working hours, longer commuting times and a wider range of leisure activities have all contributed to the notion of “time-poor” consumers. In addition, consumers are less inclined to spend whatever valuable time they have in preparing food. The main consequence of this has been an increased incidence of snacking during the day and rising out-of-home consumption as well as a greater reliance on ready-prepared foods in the evening.

### **Brand enhancement and differentiation**

Packaging is a major aspect of differentiation in most consumable goods. Where differentiation competition is intense, packaging can provide a marketing advantage at the point of sale. Packaging is a major cost component in the majority of consumable products. The power of global brands continues to increase strongly. Where markets are dominated by a small number of companies, the success of a new packaging product can often be assured by its adoption by just one major global brand.

### **Retail boom**

The retail industry is increasing in power and diversity. On-line retailing is expanding strongly worldwide, where goods are delivered through the post or via retailers own fleets of delivery vans. Today, items delivered are often "overpacked" in packs that are not specifically designed for the purpose. In the future, packaging development tailored to the needs of on-line retailing will be necessary.

### **Outlook**

Rapid growth in packaging usage in fast-growing economies like Asia, Middle East, Latin America and Eastern Europe have presented new opportunities for the packaging industry. The Indian economy is also growing at a promising rate with high growth of outputs in agriculture and manufacturing. Overall economic growth has proved to be beneficial for the consumer goods market, with more and more products becoming affordable to a larger section of the population. The FMCG sector is the largest customer for the packaging industry. Several players are now using packaging as a means of differentiating their product in the market in FMCG industry. Another growing sector is the pharmaceutical industry where several innovations in packaging have taken place, especially in the OTC segment. With increasing consumerism, preferences towards convenience foods, the packaging industry is in for good times. However, rising costs of inputs is a major concern for industry.



## BUSINESS OVERVIEW

Paramount Printpackaging Limited (formerly known as Paramount Printpackaging Private Limited) is promoted by members of the Sukhadia family. M/s. Paramount Printing Press, a partnership firm of members of the Sukhadia family was operating in 1941 through its facility at Dalal Street, Fort, Mumbai consisting of a stationery shop complemented by four manually operated letterpress treadle machines. The Promoters of our Company gradually shifted from stationery printing to packaging in 1982.

Today our Company operates out of a fully automated plant at Navi Mumbai, capable of supplying hundreds of different types of folding box cartons that suit the needs of its customers. Our Company's plant has the capacity to convert approximately 500 tons of paper board every month. In terms of finished products, our Company has the capacity to produce 20 lac cartons a day.

Our Company developed business relations as a stationery printer with a variety of corporates such as banks, pharma and textile corporations. With a view to diversify its operations with its existing clients, our Company forayed into publicity material printing.

Our Company diversified further by offering packaging solutions to its existing clients.

Our Company gradually moved from being a stationery printer to offering folding box carton packaging material which presently is its core area of operation. In the initial years, our Company acquired a single ADAST Dominant and a two colour SOLNA printing machine and for the post-press process of die cutting, it relied on Indian-made manual punching machines and performed the pasting process manually.

Our Company currently runs an integrated facility that includes pre-press, procuring of raw material from various sources, cutting paper as per requirement, printing, hot foil stamping, varnishing, UV coating, lamination, embossing, punching and pasting. We believe that our processes today are automated to an optimum level which gives our Company the ability to execute high quality and large volume printing jobs, efficiently in lead times. Our press is uses Heidelberg printing machines, while the post-press is equipped with BOBST die cutting and pasting machines.

In addition, with a view to gain a competitive advantage our Company has its set up its own pre-press and ink matching centre. We believe that these in-house facilities are a key differentiator in comparison to other packaging solutions provider as it reduces our Company's dependence on third party suppliers and also helps in increasing efficiency in terms of delivery times. As part of the pre-press facility our Company has modules from ESKO Graphic software for the packaging activity and star proof for the proofing needs from BODHI Professional. Our own ink matching centre gives our company the advantage of preparing special colour inks for printing jobs, which we believe further reduces our dependence on third party suppliers.

We believe that we ensure a strict quality check on all our incoming material and at various stages of our production cycle. To cater to the stringent quality norms, our Company has a soundproof laboratory. We undertake various quality tests of our products at various stage of production which includes:

- Busting strength of corrugated boxes and sandwich board;
- Stiffness of a board;
- Color fastener of the ink;
- Scuff test;
- Cobb value of a board;
- Peel tester for lamination film;
- Grammage tester for GSM measurement;
- Oven testing for lamination;
- Fordcup measuring viscosity of chemical and ink; and
- Varniercaliper and micrometer gauge for measuring caliper of the board, ink roller and rubber roller.

As on December 31, 2010, we had 86 full time employees. Our Company is an ISO 9001-2008 certified company for the “Manufacturing & Supply of Printed Duplex Board Packaging.” Our company has also received Star Printers of India Award in 2009 from ‘The All India Federation of Master Printers’.

Based on the restated audited financial statement for the fiscal years 2008, 2009 and 2010, we generated a total revenue of Rs. 2,771.13 Lacs, Rs.3,391.67 Lacs and Rs.4,663.56 Lacs, respectively and Rs.4,407.77 Lacs for the nine month period ended on December 31, 2010.

Our Company was incorporated as Paramount Printing Press Private Limited pursuant to certificate of incorporation dated March 24, 2006 with the objective of carrying on the business of printing of cartons and labels. The name of our company was changed to Paramount Printpackaging Private Limited pursuant to certificate of incorporation dated June 2, 2010 and subsequently changed to Paramount Printpackaging Limited pursuant to certificate of incorporation dated July 21, 2010.

Our Company offers a packing solutions consisting of a wide range of cartons, which is complemented by print finishes such as stamping, embossing, complex varnishing and security features.

<b>Major end use applications</b>			
<b>Sr. No.</b>	<b>Pack Type</b>	<b>Sector</b>	<b>Major end use</b>
1.	Folding cartons	Pharma	Medicines.
2.	Folding cartons	FMCG	Soaps, toothpaste, perfumes, shaving cream, shampoo, moisturizing cream, face wash.
3.	Folding cartons	Auto Ancillary	Automobile spare parts & accessories.
4.	Folding cartons	Tobacco	Cigarettes.
5.	Folding cartons	Food and Beverage	Corn flakes, tea, coffee, spices.

### **Our Competitive Strengths**

Our Company has benefited from the experience of our Promoters and the core management team. We believe that our Promoters have built a strong relationship with both the suppliers and the customers in the industry.

Our Company’s core strength lies in the extensive knowledge of its core management team which helps our Company to execute the growth strategies. Most of the key managerial personnel have substantial experience in their respective fields. We believe that having a strong management team with extensive experience enables it to respond to changing market conditions and tune it to the preferences of the customers for its overall success and future growth.

### **Customer Base**

The marketing strategy of our Company is a mix of various tools. It depends on the type of the product and the objective of the particular product / mix. We sell directly to the customers and meet customer needs in a time bound manner. Our customer base gives us strength and support for future expansion and growth. In last few years, we have diversified our client base geographically and sector-wise. In FY 2009, we had executed orders from 104 customers and in FY 2010; we executed orders from 108 clients. We have executed order for clients in Maharashtra, Goa, Gujarat, Karnataka, Himachal Pradesh, Madhya Pradesh and UK, in the recent years. For details on contributions to our sales by our top ten customers, please refer to page 65 of the Red Herring Prospectus. We cater to various sectors like pharma, auto ancillary, FMCG, electricals and food etc.

### **Technical Base**

One of our Company’s major strengths and key to success is the knowledge and expertise of our Promoters in the packaging industry. We believe that technology is an integral part of the business and that we have always been adapting to the latest technological developments in the industry. We use Computer to Plate technology, Autocad and ESKO graphics software in our operations. Computer to plate technology helps us to process the job faster, improve the quality and accuracy. This process includes exposing, developing, washing, gumming of plates required

to print the job on the printing machine. SignaStation help us in imposition on plate with automatic multiple ups, Metarip help in ripping process resulting into color separation, Metashooter helps us in exposing design on the plate. Artios CAD is specifically made for packaging jobs. This help us in making multiple ups in signa station.

### ***In-house facilities***

Inks are integral parts of manufacturing process. Our company has its own matching center, which makes customized ink for special colors. Moreover, our Company has an internal quality control and quality assurance department to monitor the incoming raw materials and finished goods on a continuous basis. All these in-house facilities have a direct impact on cost cutting.

### ***Cost competitiveness***

We believe in strong in-house management to control the entire process. It controls costs by eliminating unnecessary intermediaries for procuring materials in cost efficient manner by optimizing logistics and maximizing labour efficiency.

### ***Quality and ISO Certification***

Our Company is ISO 9001:2008 certified for “Manufacturing and Supply of Printed Duplex Board Packaging” vide Certificate No 1210035064 TMS, valid till December 14, 2011. Our Company is dedicated towards quality of products and processes. It gets repetitive orders from the customers, because of its quality standards. It has created its own brand in the market.

### ***Our Business Strategy***

#### ***Enhancing our existing customer base***

Our present customer base comprises of a large number of Indian and international companies. In FY 2009 and FY 2010 respectively, we had executed orders from 104 and 108 customers. We have executed order for clients in Maharashtra, Goa, Gujarat, Karnataka, Himachal Pradesh, Madhya Pradesh and UK, in the recent years. We intend to grow in the business continuously by adding new customers. With the growth in the retail, pharma, food and beverage sectors, opportunity for growth in packaging industries have increased. We want to capitalize the growth of these sectors.

#### ***Quality Products***

We are investing in high quality machineries and equipment to ensure efficient production and quality products. The scale of operations and experience of our Directors in the business shall enable our Company to produce quality products. Our Company believes that quality products enable it to compete with the other players in the market. Our Company also believes that the investment in technology shall allow it to provide quality products to its customers and differentiate it from other competitors.

#### ***Continuous focus on Training and Motivation of the Work Force***

Our Company continues its policy of training its work force with adequate product and market knowledge. We regularly train our work force for operation and maintenance of our plant and machinery. The terms of some of the machines purchased by us contains an obligation on the suppliers to train our work force to operate the machines. Such training is taken by the senior workmen. Our senior workmen in turn train the other workmen to operate and maintain the machines. In the past, we have also conducted training programmes for ISO awareness, quality assurance plan and other technical purposes. These programmes are conducted for the relevant department.

#### ***Location of Manufacturing Facility***

We have a manufacturing unit located at Navi Mumbai, Maharashtra. The entire manufacturing process from its designing to packaging and to delivery of goods is done under one roof. The unit is located on land which

admeasures 33,000 sq. feet and has two stories plus a basement to store raw materials and finished products. The location was acquired on lease on May 9, 2005 from Maharashtra Industrial Development Corporation. For details on the leasehold land acquired from Maharashtra Industrial Development Corporation, please refer to “Leasehold Property” on page 67 of the Red Herring Prospectus.

### Products

Products	Application	Capacity
Duplex Board Cartons	Packaging	20 lac per day
Catch Covers	Packaging	Not Applicable
Labels	Packaging	Not Applicable
Leaflets	Packaging	Not Applicable

### Raw material Sourcing

Procurement of the right paper, paper board, ink and varnish for packaging is one of the most important aspects in the business of manufacturing cartons for the quality and for cost effectiveness. We have few reputed suppliers/dealers for our raw material requirement. The procurement of raw material includes analyzing the quality, reliability, cost, etc. and also the selection of the right paper board for the carton which matches the customer’s specification. Paper board is the dominant raw material in the whole process. Apart from paper board, other raw materials like folding box board, sandwich board, mirror coat, art card, chromo paper, creamwove paper, isopropyl alcohol, fountain solution, nova wash, PVC film, Bopp films, shippers, gum tape, adhesive and kraft paper, etc. also add to the list of raw materials that we procure to manufacture cartons. Once the paper board and other raw material are procured, quality and quantity checks such as verification of size, gsm and light sensitivity of colour fastness etc. of the paper board are tested so as to ensure that the raw material procured conforms to our quality standards and is as per our customer’s specification.

### Pre Press

Pre press forms an integral part of our manufacturing process. Our company has separate pre press department where we put customer design on plates. With the help of imposition software we decide number of cartons per plate to minimize the paper waste and increase the output. Then with the help of ripping software we fill colour as per the specification. These files are compressed as a one bit tiff file which is send to computer to play (CTP) for plate making. These plates are exposed through laser module on aluminum plates. This process is known as thermal process.

### Die making

During the pre-press process the AutoCad drawing is created for making the die for the job. Currently we are outsourcing die making. We are planning to make die cutting in house which will help us reduce the cost, improve the quality and save time.

### Cutting and Trimming

After die making job is sent to shop floor for actual production. First and foremost important process is to cut and trim the paper in pre-determined size. To achieve better efficiency, we cut paper on guillotine cutter which is a Polar make machine. We have facility to cut any type of paper in different shape and size. This process is also equally important because accuracy of this, will help in reducing the wastage in further process. We have facilities for cutting any type of paper in different size.

### Printing

In this process, actual printing is done based on the design and the color scheme provided by the customer. This is the most critical process in the production since making of the final carton depends on the quality of printing. Heidelberg name suggest the ultimate name in the printing industry. It is known for quality and productivity. We have in our factory two Heidelberg machines, one 4 color machine which can print four different colors in the same

pass and one 5 color machine which can print five colors in the same pass. Five color machines have online coating and IR drying facility to cater the printing needs of our customers. Both the machines have auto plate clamped, auto registration, and auto wash which help us to change the jobs with minimum time and labour to increase the production and to reduce the cost.

### **Finishing**

We believe that the finishing of the packaging material is as important as the finished product itself. It helps our customer make their product attractive and to promote them on the retail shelf. In this process, the printed sheets go through different finishing processes depending on the customer's specification. We have in-house finishing facilities like online aqueous varnish coating, offline aqueous varnish coating, offline UV coating, hot foil stamping, lamination, embossing and brailing.

### **Die Cutting**

In this process, the printed sheets get punched with the help of die to give a shape to the carton. It is done as per the specifications given by the customer. We have three high speed BOBST brand machine. Out of these three BOBST die cutting machines, one is equipped to do foil stamping in single pass along with die cutting which helps in reducing the process time and high quality production.

### **Folding and Gluing**

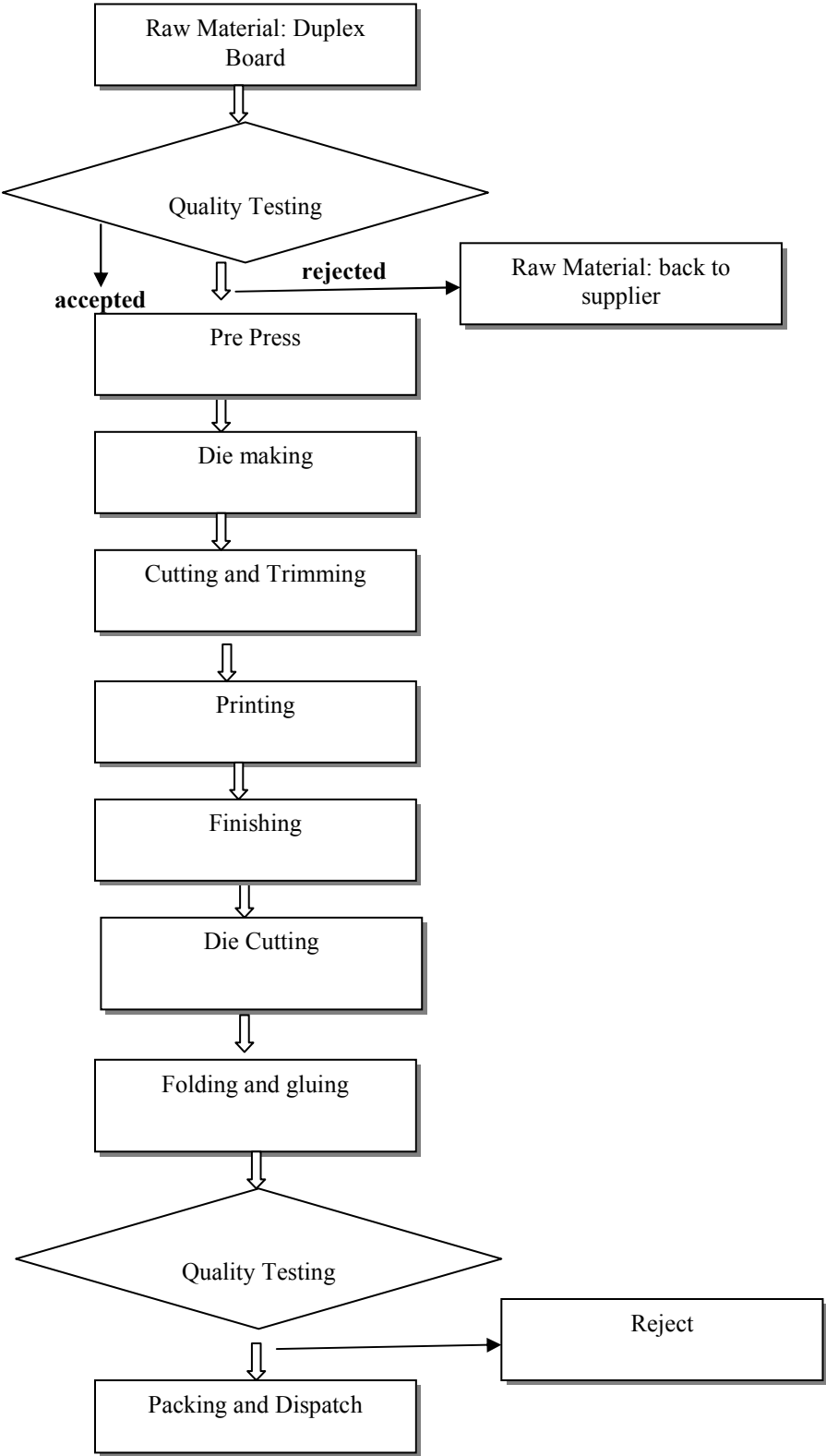
In this process, the punched cartons are folded and pasted as per the specification. For this process we have two high speed BOBST machines, which are capable of pre-folding cartons at 180 degrees with straight line and lock bottom type pasting and are design to paste from small to big size carton up to 105cm with utmost precision. Both the pasting machine together can produce up to 20 lacs cartons every day.

### **Packing and Dispatch**

After folding and gluing, the finished product is packed in first quality five ply or seven ply shipper specified by the customer to protect them in transport and in their warehouse and also helps in automatic filling machine at the customer end. Then products are labeled with the product name, customer name, quantity, delivery date, etc., and kept on palette for easy movement. The packaging of the final product is again checked by quality control department to ensure foremost quality. Finished product is then dispatch to customer site through our own transport fleet. We have four delivery trucks of two ton, four ton, six ton and nine tons, which enable us to deliver finished products of small to big size to different customer site in stipulated time. In addition we offer shrink wrap facility to protect the finished product during transit.

**Manufacturing Process of our Products**

**Duplex Board Cartons**



## Infrastructure Facilities

### 1. Storage area

Our company operates through 33,000 square feet area acquired on lease on May 9, 2005 from Maharashtra Industrial Development Corporation, which consists of two storeys and basement to store raw materials and finished products. The basement has a capacity to store up to 1000 tons of raw materials. For details on the leasehold land acquired from Maharashtra Industrial Development Corporation, please refer to “Leasehold Property” on page 67 of the Red Herring Prospectus.

### 2. Machinery

Particulars	No.
<b>Pre-Press</b>	
• Computers	7
• Heidelberg Suprasetter/Online Platesetter	1
• Star Proofer	1
• Umax flatbed scanner	1
<b>Press</b>	
• Heidelberg SM 74/Four colour	1
• Heidelberg CD 102/Five colour with online aqua varnish	1
• Polar (Germany) cutting machines	2
<b>Post Press</b>	
• Heidelberg Foil stamping machine	1
• Bobst Speria 106 punching	1
• Bobst Speria 102 foil master with punching	1
• Bobst SP 900 punching	1
• Bobst Amazone folding / pasting machines	2
• Window Lamination machine	1
• UV Coating machine	1
• Generator (380KVA)	1

### 3. Raw Material

The major raw material for our operations is duplex board grey back, duplex board white back, and folding box board, sandwich board, mirror coat, art card, chromo paper, creamwove paper. Other raw material includes isopropyl alcohol, fountain solution, nova wash, PVC, Bopp films, shippers, gum tape, adhesive and kraft paper, which are readily available. We source all our raw materials from the domestic market. For ink and varnish, we take basic ingredients and recipes from suppliers and mix it as per our requirements. We do not have long term raw material contracts with any of our suppliers. However, we believe that we maintain good relationships with our suppliers and have diversified our supplier base so as to avoid excessive dependence.

### 4. Power

We have taken sanction from Maharashtra State Electricity Distribution Company Limited for 650 KVA of power for its existing facilities in Navi Mumbai, Maharashtra. It has one Cummins make diesel generator set with a capacity of 380 KVA, 415 volts backup that can be relied upon in case of power failures. We have also installed a 630 KVA transformer for uninterrupted supply of power. For the proposed expansion, we are planning to install diesel generator set with a capacity of 750 KVA.

## 5. Water

We believe that our water requirement for the existing manufacturing process is very minimal and is sourced from local sources. Requirement of water for the proposed project also will be very minimal which can be sourced locally.

## 6. Export Possibilities and Export Obligations

As on December 31, 2010, we have an aggregate outstanding export obligation of US \$ 93 lacs which pertains to various EPCG licenses.

### Details of EPCG Licenses:

Sr. No.	Details	License No.	Issue Date	Duty Saved (Rs. in lacs)	Export Obligation (in US\$)	Export Obligation Completed (in US\$)	Balance Export Obligation to be Completed (in US\$)	Date up to which Export Obligation to be Completed
1.	EPCG	0330007202	November 25, 2004	80.64	13,48,178.72	3,84,162.04	9,64,016.68	November 25, 2012
2.	EPCG	0330012722	July 28, 2006	17.29	2,97,221.91	NIL	2,97,221.91	July 28, 2014
3.	EPCG	0330011468	March 24, 2006	7.91	1,41,723.98	NIL	1,41,723.98	March 24, 2014
4.	EPCG	0330014937	February 02, 2007	427.70	76,54,591.14	NIL	76,54,591.14	February 02, 2015
5.	EPCG	0330027738	November 08, 2010	18.85	2,51,942.40	NIL	2,51,942.40	November 08, 2016
		<b>Total:</b>		<b>552.40</b>	<b>96,93,658.15</b>	<b>3,84,162.04</b>	<b>93,09,496.11</b>	

### Technology & Inputs

We believe that the present technology used in our processes is a proven one and fairly accessible. However, all the processes require suitable modifications/ adjustment for increasing efficiency from time to time.

### Collaboration

We are not having any technology agreement/collaboration for any of its processes. We have not yet entered into any technical or any other collaboration at present also.

### Capacity Utilization

Following table put forth product wise capacity utilization:

Particulars	Capacity (lac per day)	Capacity Utilization* (%)			
		Fiscal 2008	Fiscal 2009	Fiscal 2010	For the nine month period ended December 31, 2010
Duplex Board Cartons	20	89.52	46.29	69.79	63.97

*\* Our capacity utilization may vary depending upon the size of cartons. Hence, it cannot be taken as a true indicator of capacity utilization.*



## Proposed Capacity

Our Company plans to increase its product range by setting up new manufacturing facility for high end duplex board cartons, shippers and printed corrugated box.

Once the new manufacturing facility is operational, we believe our Company would be able to market these new products to its existing client base. We believe our proposed expansion plan will enable our Company to become a one-stop duplex board carton provider in the market.

The high end duplex board cartons include met pet/plastic cartons, lined cartons and retail ready packs (RRPs).

Along with being a one-stop duplex board carton provider, our Company will now be able to manufacture corrugated boxes which it currently procures as packaging material for its finished product which will help in reducing its dependence of its current supplier. In addition to meeting its own corrugated box requirements our Company will be in a position to cater to its existing clientele in the pharmaceutical, fast moving consumer goods, auto ancillary, food and beverage industries whose requirements for corrugated boxes presently is very large further enhancing our Company's marketable position of being a one-stop packaging solutions provider.

Particulars	Capacity
High end Duplex Board carton (new facility)	15 lacs per day
<i>Corrugated</i>	
• Shippers	5 tonnes per day
• Printed Corrugated Cartons	7 tonnes per day

## Sales & Marketing

We have been focusing on adding new customers through our direct and indirect channels. We undertake a detailed exercise periodically to identify existing and prospective clients with the potential to develop into a large clientele base. The senior management is actively involved in managing client relationships and business development through targeted interaction with multiple contacts at different levels.

Following table puts forth contributions of our Top three, Top five and Top ten customers' in sales for the period ended March 31, 2010.

Customers	Fiscal 2009 (%)	Fiscal 2010 (%)
Top 3	38	54
Top 5	53	66
Top 10	73	80

We do not have any agreement with any of our customers. However, we are the approved vendors of various multinationals and large corporates for a very long time.

## Competition

We have competition from organized and unorganized players. Some of our competitors are Twenty-First Century Printers Limited, Parksons Packaging Limited, ITC Limited (Printing & Packaging division) and Borkar Packaging Private Limited. We believe that our technical capabilities, experience in this business and quality assurance will be key to overcome competition posed by such organized and unorganized players.

## Manpower

As on December 31, 2010, we have approximately 86 employees. The details of existing as well as additional requirement of manpower, based on management estimates, for our proposed project are as under –

Sr. No.	Particulars	Existing	Proposed*	Total
		No of employees at unit and Registered Office	Additional no of employees at unit and Registered Office	
1.	Administration	3	8	11
2.	Supervisors at factory	1	4	5
3.	Stores	2	2	4
4.	Accounts & Finance	5	14	19
5.	Purchase	1	-	1
6.	Production	2	2	4
7.	Research & Development	2	4	6
8.	Logistics	2	-	2
9.	Workers – skilled	20	24	44
10.	Workers – semi skilled	21	20	41
11.	Workers – unskilled	27	25	52
	<b>Total</b>	<b>86</b>	<b>103</b>	<b>189</b>

\* Based on Management estimates

### Environment, Health and Safety

We believe that we are in compliance with all the applicable environmental laws and regulations. We are not currently a party to any environmental proceedings which, if adversely determined, would reasonably be expected to have an adverse effect on our financial conditions or results of operations. Our manufacturing process does not use water or chemicals. Further, there are no hazardous wastes or emissions due to our operations.

We are committed to complying with applicable health, safety and environmental legislations and other requirements in our operations. Our manufacturing unit does not have any emissions or hazardous wastes. Further, we believe that all accidents and occupational health hazards can be prevented through systematic analysis and control of risks. We ensure that all equipments are supervised by trained personnel, to minimize all sorts of accidents. We encourage our employees to work constantly and proactively towards eliminating or minimizing the impact of hazards to people and the environment. We encourage the adoption of occupational health and safety procedures as an integral part of our operations.

### Insurance Cover

We have taken out various insurance policies in respect of its business, its assets such as its stocks, machineries, buildings, furniture, vehicles and employees in our office and factory locations. The various insurance policies obtained are in the usual course of our business. Details of the policies are as under:

Sr. No.	Description	Nature of the Policy	Sum Insured (Rs. In lacs)	Premium (Rs. In lacs)	Period	
					From	To
1.	On stock and stock in progress of paper board, ink lamination, roll aluminium plate, press chemicals, adhesives, etc.	Standard Fire and Special Perils Policy	700.00	1.08	January 1, 2011	December 31, 2011

2.	Plant. Machinery, accessories, spare parts, mould, pipelines, fittings, R&D equipment, air conditioning plant, chilling plants, water pumps, accessories, boilers, DG set, electrical installations, fixtures, equipments, penal distribution, stabilizers and all such similar other goods in the factory.	Standard Fire and Special Perils Policy	2,172.00	1.29	March 18, 2011	March 17, 2012
3.	Building located at A-309, TTC Industrial Area, Opp. Electrical Bhavan, Mahape, Navi Mumbai-400 701.	Standard Fire and Special Perils Policy	350.00	0.41	August 8, 2010	August 7, 2011
4.	Vehicle - TATA SFC 709	Vehicle Insurance	2.92	0.10	September 15, 2010	September 14, 2011
5.	Vehicle - EICHER CAB & HSD	Vehicle Insurance	7.50	0.18	June 30, 2010	June 29, 2011
6.	Vehicle - EICHER High Deck Load Body	Vehicle Insurance	5.80	0.15	July 14, 2010	July 13, 2011
7.	Vehicle - Mahindra & Mahindra Bolero	Vehicle Insurance	3.75	0.14	June 30, 2010	June 29, 2011
8.	Dharmesh Ashwinbhai Sukhadia	KeyMan Policy	100	5.00	July 28, 2004	July 28, 2066
9.	Divyesh Ashwinbhai Sukhadia	KeyMan Policy	100	5.00	July 12, 2004	July 12, 2066
10.	Anuj Vipin Sukhadia	KeyMan Policy	80	5.06	July 11, 2004	July 11, 2024

### Intellectual Property Rights

Our Company has applied for the registration of our trademark and logo.

### Properties

#### Leasehold Property

The Registered Office and main corporate office, located at A/309, TTC Industrial Estate, Mahape Road, Navi Mumbai – 400701, Maharashtra, is not owned by our Company. We occupy the said property pursuant to agreement dated May 9, 2005, entered into with MIDC. The terms and conditions of the lease are as given below:

Location	Agreement	Nature of holding	Area (square meters)	Consideration	Term
A/309, TTC Industrial Estate, Mahape Road, Navi Mumbai, Maharashtra 400 701.	Lease deed dated May 9, 2005 executed between the partners of M/s Paramount Printing Press and Maharashtra Industrial Development Corporation.	Leasehold property	2,100	Premium of Rs. 44,10,000 and annual rent of Re. 1	95 years from September 1, 2004

## KEY INDUSTRY REGULATIONS AND POLICIES

The following description is a summary of the key industry regulations and policies applicable to our Company. The regulations set below are not exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional legal advice.

Our Company is engaged in the business of manufacturing duplex board cartons, catch covers, sachets, labels and leaflets and providing packaging material to products in the pharmaceuticals, consumer healthcare, cosmetic and industrial sectors. For the purpose of the business undertaken by our Company, we may be required to obtain licenses and approvals depending upon prevailing laws and regulations. For more information of such approvals, please refer to “*Government/Statutory and Business Approvals*” on page 159 of the Red Herring Prospectus.

Sets forth below are certain significant legislations and regulations which generally govern the packaging industry in India and operations of our Company:

### Industry Specific Legislations

#### 1. *Industries (Development and Regulation) Act, 1951*

Under the New Industrial Policy dated July 24, 1991, all industrial undertakings are exempt from licensing except for certain industries such as distillation and brewing of alcoholic drinks, cigars and cigarettes of tobacco and manufactured tobacco substitutes, all types of electronic aerospace and defense equipment, industrial explosives including detonating fuses, safety fuses, gun powder, nitrocellulose and matches and hazardous chemicals and those reserved for the small scale sector.

An industrial undertaking, which is exempt from licensing, is required to file an Industrial Entrepreneurs Memorandum (“IEM”) with the Secretariat for Industrial Assistance, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and no further approvals are required.

### Company Specific Legislations

The primary central legislation governing the manufacturing sector in India is the Factories Act, 1948. In addition to this, compliance has to be ensured with various labour related legislations, including the Payment of Gratuity Act 1972, the Payment of Wages Act, 1956, the Minimum Wages Act, 1948, the Employees State Insurance Act, 1948 and the Contract Labour (Regulation and Abolition) Act, 1970.

#### 2. *Companies (Auditor’s Report) Order, 2003 (“CARO”)*

It shall apply to every company including a foreign company as defined in section 591 of the Companies Act, 1956. The Rules are applicable to a “manufacturing company”, which means a company engaged in any manufacturing process as defined in the Factories Act, 1948 (63 of 1948).

#### 3. *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 the 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.

**4. *Payment of Gratuity Act, 1972***

The provisions of the Act are applicable on all the establishments in which ten or more employees were employed on any day of the preceding twelve months and as notified by the government from time to time. The Act provides that within 30 days of opening of the establishment, it has to notify the controlling authority in Form A. Thereafter whenever there is any change in the name, address or in the change in the nature of the business of the establishment a notice in Form B has to be filed with authority.

**5. *Payment of Bonus Act, 1965***

The Payment of Bonus Act, 1965 is applicable on every establishment employing 20 or more employees. The said act provides for payment of the minimum bonus to the employees specified under the Act. It further requires for the maintenance of certain books and registers and submission of Annual Return within 30 days of payment of the bonus to the Inspector.

**6. *Payment of Wages Act, 1936***

The Payment of Wages Act, 1936 applies to the persons employed in the factories and to persons employed in industrial or other establishments where the monthly wages payable to such persons is less than Rs. 6500/-.

**7. *Minimum Wages Act, 1948***

The Minimum Wages Act, 1948 gives power to appropriate government (Central or State) to fix minimum wages to be paid to the persons employed in scheduled or non scheduled employment and the concerned employer is required to pay the minimum wages, fixed by the appropriate government.

**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.

**9. *The Workmen Compensation Act, 1923***

The Workmen Compensation Act, 1923 ("WCA") has been enacted with the objective to provide or 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.

**10. *The Maternity Benefits Act, 1961***

The purpose of the Maternity Benefit Act is to regulate the employment of pregnant women and to ensure that they get paid leave for a specified period during and after their pregnancy. It provides, inter alia, for paid leave of 12 weeks, payment of maternity benefits and enacts prohibitions on dismissal, reduction of wages paid to pregnant women, etc.

**11. *Contract Labour (Regulation and Abolitions) Act, 1970.***

The Act 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. The Act provides for the welfare of the contract labour, their wages, appointment of the inspecting staff and maintenance of registers, records, etc. As per the said Act, the establishments covered are required to be registered as the principal employer.

**12. *Industrial Disputes Act, 1947***

The Industrial Disputes Act, 1947 is applicable to establishments and undertakings wherein any systematic activity is carried out by co-operation between an employer and his workmen for the production, supply or distribution of goods or services. The Act requires for the maintenance peace and harmony for better working conditions

**13. *Employees' Provident Funds and Miscellaneous Provisions Act, 1952***

Employees Provident Funds and Miscellaneous Provisions Act, 1952 ("EPFA") was introduced with the object to institute provident fund for the benefit of employees in factories and other establishments. It provides for the institution of provident funds and pension funds for employees in establishments, which employ more than 20 persons, and factories specified in Schedule I of the EPFA. Under the EPFA, the Central Government has framed the "Employees Provident Fund Scheme", "Employees Deposit-linked Insurance Scheme" and the "Employees Family Pension Scheme". The funds constituted under these schemes consist of contributions from both the employer and the employees, in the manner specified in the statute. The EPFA prescribes penalties for avoiding payments required to be made under the abovementioned schemes.

**14. *Employees' State Insurance Act, 1948***

The Employee State Insurance Act, 1948 ("ESIA") aims to provide benefits for employees or their beneficiaries in case of sickness, maternity, disablement and employment injury and to make provision for the same. It applies to, inter alia, seasonal power using factories employing ten or more persons and non-power using factories employing 20 or more persons. Every factory or establishment to which the ESIA applies is required to be registered in the manner prescribed in the ESIA. In respect of such employees, both the employer and the employee must make certain contributions to the Employee State Insurance Corporation.

**Environment Specific Legislations**

Manufacturing units must ensure compliance with environmental legislation, such as the Water (Prevention and Control of Pollution) Act 1974, the Air (Prevention and Control of Pollution) Act, 1981, and the Environment Protection Act, 1986. The basic purpose of these statutes is to control, abate and prevent pollution. In order to achieve these objectives, Pollution Control Boards ("PCBs"), which are vested with diverse powers to deal with water and air pollution, have been set up in each state.

The PCBs are responsible for setting the standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking inspection to ensure that industries are functioning in compliance with the standards prescribed.

**15. *Environment (Protection) Act, 1986 & Environment Protection Rules***

The Central Government has been vested with powers to lay down standards for the quality of environment in its various aspects, standards for emission or discharge of environmental pollutants from various sources and to restrict areas in which operations or processes cannot be carried out or shall be carried out subject to certain safeguards. In case of offences by companies, the person who was in charge at the time of the commission of the offence shall be deemed to be guilty.

## **Tax Related Legislations**

### **16. Value Added Tax, 2005**

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 our Company.

### **17. 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, Fringe Benefit Tax, Advance Tax, Minimum Alternative Tax and like are also required to be complied by every Company.

### **18. 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.

### **19. Service Tax**

Service tax is charged on taxable services as defined in Chapter V of Finance Act, 1994, which requires a service provider of taxable services to collect service tax from a service recipient and pay such tax to the Government. In accordance with Rule 6 of Service tax Rules, the assessee is required to pay Service tax in TR 6 challan by fifth of the month immediately following the month to which it relates. Further under Rule 7 (1) of Service Tax Rules, our Company is required to file a half yearly return in Form ST 3 by twenty fifth of the month immediately following the half year to which the return relates.

## **Regulation for Imports & Exports**

Quantitative restrictions on imports into India were removed with effect from April 1, 2001, as per India’s World Trade Organization (“WTO”) obligations, and imports of capital goods and automotive components were placed under the open general license category

### **20. 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 Importer Exporter Code (“IEC”).

### **21. 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.

## **22. *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.

## **23. *Exim Policy***

The Policy relating to Export Promotion Capital Goods (EPCG) is given in Chapter 5 of the Exim Policy 2002-2007, issued by the Directorate General of Foreign Trade, Ministry of Commerce, Government of India. Under the EPCG scheme import of capital goods which are required for the manufacture of resultant export product specified in the EPCG License is permitted at concessional rate of Customs Duty. For this purpose EPCG licenses are issued on the basis of approval granted by EPCG committee.

## **Intellectual Property Rights**

Intellectual Property in India enjoys protection under both common law and statute. Under statute, India provides for the protection of patent protection under the Patents Act, 1970, copyright protection under the Copyright Act, 1957 and trademark protection under the Trade Marks Act, 1999. The above enactments provide for protection of intellectual property by imposing civil and criminal liability for infringement.



## HISTORY AND OTHER CORPORATE MATTERS

Our Company was originally formed on November 13, 1985 in the form of a partnership firm under the name and style of “M/s. Paramount Printing Press”. M/s. Paramount Printing Press was converted into a private limited company, Paramount Printing Press Private Limited under Part IX of the Companies Act, 1956 for which a certificate of incorporation was issued on March 24, 2006 by the RoC.

The name of our Company was changed to “Paramount Printpackaging Private Limited” pursuant to fresh certificate of incorporation consequent upon change of name dated June 2, 2010 issued by the RoC. Further, our Company was converted to a public limited company and the name of our Company was changed to “Paramount Printpackaging Limited” pursuant to a fresh certificate of incorporation consequent upon change of name issued on July 21, 2010 by the RoC.

M/s. Paramount Printing Press was registered with the registrar of firms in 1941 based on the records available with the Registrar of Firms. The firm was reconstituted several times and finally dissolved on June 7, 1982. Some of our Promoters, namely Mr. Ashwin Babulal, Mr. Ketan Vipin Sukhadia, Mr. Anuj Vipin Sukhadia, Mr. Divyesh Ashwin Sukhadia, Mr. Vipul Ashwin Sukhadia were partners of M/s. Paramount Printing Press at the time of dissolution on June 7, 1982. Subsequently, a new firm in the name of M/s. Paramount Printing Press was formed on November 13, 1985 and was registered with the Registrar of Firms on June 4, 1990, which was later converted under Part IX of the Companies Act, 1956 to form our Company.

### Main Objects of our Company

The main objects of our Company as set forth in our Memorandum of Association are as follows:

1. To take over the existing partnership firm, M/s Paramount Printing Press and register under the provisions of Part IX of the Companies Act, 1956.
2. To carry on the business of printers, packagers, packers, offset printers, photo graphic printers, DTP, Computer printers, continuous stationery printers, bookbinders, bag makers, carton printers, lable printers, publishers, manufacturers, producers, processors, fabricators, distributors, traders, stockists, importers, exporters and dealers in all kinds and classes of paper and board processes 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, craft 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 all varieties of packaging, flexible packaging, rigid packaging from the above mentioned materials, separated or combined with other materials 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.
3. To carry on the business of importer, exporters, buyers, sellers, have and dealers in all kinds of fabrics and textiles prepared or manufactured from all types of yarns and fabrics.

### Amendments to our Memorandum of Association

Since incorporation, the following changes have been made to our Memorandum of Association:

Date of shareholders' resolution	Amendment
March 12, 2008	The initial authorised share capital of Rs. 1,00,00,000 divided into 10,00,000 Equity Shares of Rs. 10/- each was increased to Rs. 5,00,00,000 divided into 50,00,000 Equity Shares of Rs. 10/- each.

<b>Date of shareholders' resolution</b>	<b>Amendment</b>
March 24, 2008	The authorised share capital of Rs. 5,00,00,000 divided into 50,00,000 Equity Shares of Rs. 10/- each was increased to Rs. 7,00,00,000 divided into 70,00,000 Equity Shares of Rs. 10/- each.
March 27, 2009	The authorised share capital of Rs. 7,00,00,000 divided into 70,00,000 Equity Shares of Rs. 10/- each was increased to Rs. 9,00,00,000 divided into 90,00,000 Equity Shares of Rs. 10/- each.
March 19, 2010	The authorised share capital of Rs. 9,00,00,000 divided into 90,00,000 Equity Shares of Rs. 10/- each was increased to Rs. 25,00,00,000 divided into 2,50,00,000 Equity Shares of Rs. 10/- each.
May 8, 2010	The name of our Company was changed from Paramount Printing Press Private Limited to Paramount Printpackaging Private Limited.
June 30, 2010	Consequent to the conversion into a public limited company, the name of our Company was changed to Paramount Printpackaging Limited.
August 21, 2010	The authorised share capital of Rs. 25,00,00,000 divided into 2,50,00,000 Equity Shares of Rs. 10/- each was increased to Rs. 50,00,00,000 divided into 5,00,00,000 Equity Shares of Rs. 10/- each.
September 20, 2010	The objects clause was altered.

### Changes in the Registered Office

The details of change in the registered office of our Company have been set forth in the table below:

<b>Date of Resolution</b>	<b>Change</b>	<b>Reason for change</b>
December 22, 2008	Change in registered office from A/239, TTC Industrial Estate, Mahape Road, Navi Mumbai, Maharashtra 400701 to A/309, TTC Industrial Estate, Mahape Road, Navi Mumbai, Maharashtra 400 701.	For centralized operations.

### Major events

The table below sets forth some of the key events in the history of our Company:

<b>Date</b>	<b>Event</b>
March 24, 2006	Our Company was incorporated pursuant to the conversion of the partnership firm M/s. Paramount Printing Press, as a private limited company under Part IX of the Companies Act, 1956.
September 28, 2009	Our Company received the 'Star Printers of India' award from the All India Federation of Master Printers.
November 16, 2009	Our Company received the ISO 9001:2008 certificate.
February 19, 2010	Our Company received awards from the Paper and Foils Converters' Association for recognition of excellence in the category of 'Newer Forms/Innovations and Creativity-New Applications' and 'Enviro Products'.
June 2, 2010	The name of our Company was changed from Paramount Printing Press Private Limited to Paramount Printpackaging Private Limited.
July 21, 2010	Our Company was converted from a private limited company to a public limited company.

Our Company has 84 members as of the date of the Red Herring Prospectus.

### Subsidiaries and holding company

Our Company has no subsidiaries or holding company as on the date of the Red Herring Prospectus.

**Shareholders' agreement**

Our Company is not a party to any shareholders' agreements as on the date of the Red Herring Prospectus.

**Joint venture agreements**

Our Company is not party to any joint venture agreements as on the date of the Red Herring Prospectus.

**Other Agreements**

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

**Financial / Strategic Partners**

Our Company does not have any financial or strategic partners.

## OUR MANAGEMENT

### Board of Directors

Under our Articles of Association, we are required to have not less than three Directors and not more than 12 Directors. Our Company currently has six Directors on its Board.

The details regarding our Board of Directors as on the date of the Red Herring Prospectus are set forth below:

Sr. No.	Name, Father's/ Husband's Name, Address, Occupation, Nationality, Term and DIN	Age (in years)	Other Directorships/ Partnerships/Trusteeships/Proprietorships
1.	<p>Divyesh Ashwin Sukhadia S/o Ashwin Babulal Sukhadia</p> <p>Chairman and Managing Director</p> <p>Address: 401, 4<sup>th</sup> Floor, Nath Dwara Niwas, Poddar Lane, Santacruz (West), Mumbai- 400 052.</p> <p>Occupation: Business</p> <p>Nationality: Indian</p> <p>Term: Not liable to retire by rotation</p> <p>DIN: 02430178</p>	50	<p><i>Directorships:</i> Paramount Nourishments Private Limited</p>
2.	<p>Dharmesh Ashwin Sukhadia S/o Ashwin Babulal Sukhadia</p> <p>Whole-Time Director</p> <p>Address: 502, Pushpavatica CHS, Poddar Lane, Saibaba Road, Santacruz (West), Mumbai- 400 054.</p> <p>Occupation: Business</p> <p>Nationality: Indian</p> <p>Term: Liable to retire by rotation</p> <p>DIN: 02452153</p>	44	<p><i>Directorships:</i> Paramount Nourishments Private Limited</p> <p><i>Partnerships:</i> M/s S. P. Investments</p>

Sr. No.	Name, Father's/ Husband's Name, Address, Occupation, Nationality, Term and DIN	Age (in years)	Other Directorships/ Partnerships/Trusteeships/Proprietorships
3.	<p>Anuj Vipin Sukhadia S/o Vipin Vrajlal Sukhadia</p> <p>Whole-Time Director</p> <p>Address: A/11, Technocrat society, Bombay Dyeing Lane, Prabhadevi, Mumbai-400 025.</p> <p>Occupation: Business</p> <p>Nationality: Indian</p> <p>Term: Liable to retire by rotation</p> <p>DIN: 00033209</p>	51	<p><i>Directorships:</i> Sundaram Multi Pap Limited</p> <p><i>Partnerships:</i> M/s Parapack (as a Karta of Anuj Vipin Sukhadia HUF)</p>
4.	<p>Rohit Parmananddas Doshi S/o Parmananddas Gokaldas Doshi</p> <p>Independent Director</p> <p>Address: 9, Jay Mahal, 29 Dadabhai Road, Vile Parle (West), Mumbai – 400 056.</p> <p>Occupation: Business</p> <p>Nationality: Indian</p> <p>Term: Liable to retire by rotation</p> <p>DIN: 00424996</p>	55	<p><i>Directorship:</i> Trim Plastics Limited Akhilesh Mercantiles Private Limited</p> <p><i>Proprietorship:</i> Rohit P. Doshi, Financial Consultants</p>
5.	<p>Vikram Devjibhai Patel S/o Devjibhai Bhavanji Patel</p> <p>Independent Director</p> <p>Address: 3-63/64 Anant Niwas, 262/70, Narshi Natha Street, Mumbai – 400 009.</p> <p>Occupation: Business</p> <p>Nationality: Indian</p> <p>Term: Liable to retire by rotation</p> <p>DIN: 03066647</p>	52	<p><i>Partnership:</i> M/s Ruchit Enterprise</p>

Sr. No.	Name, Father's/ Husband's Name, Address, Occupation, Nationality, Term and DIN	Age (in years)	Other Directorships/ Partnerships/Trusteeships/Proprietorships
6.	<p>Hemang Jagadish Engineer S/o Jagadish Gordhandas Engineer</p> <p>Independent Director</p> <p>Address: Maharaj Mansion, Flat No. 12-13 Khetwadi, S.V.P. Road, Mumbai 400 004.</p> <p>Occupation: Business</p> <p>Term: Liable to retire by rotation</p> <p>DIN: 02317989</p>	45	<p><i>Directorship:</i> Kilitch Drugs (India) Limited</p> <p><i>Partnership:</i> M/s. Gordhandas &amp; Fozdar, Advocates &amp; Solicitors</p>

### **Brief Biographies of the Directors**

#### ***Mr. Divyesh Ashwin Sukhadia***

Mr. Divyesh Ashwin Sukhadia, aged 50 years, is the Chairman and Managing Director of our Company. He holds a bachelors degree in Commerce from Bombay University. He has been associated with our Company since its inception. He was appointed as the whole-time Director of our Company on March 24, 2006 and he was appointed as Chairman and Managing Director of our Company on April 1, 2010. He carries about three decades of industrial and entrepreneurial experience in the packaging and printing industry. He has been involved in the day to day operations of our Company and has significantly contributed towards the growth of our Company over the years. He has played a vital role in formulating the overall business strategy of our Company.

#### ***Mr. Dharmesh Ashwin Sukhadia***

Mr. Dharmesh Ashwin Sukhadia, aged 43 years, is the whole-time Director of our Company. He holds a bachelors degree in Commerce from Bombay University. He has been associated with our Company since its inception. He was appointed as the whole-time Director of our Company on March 24, 2006. He has more than 15 years of industrial experience in the packaging and printing field. Presently he is involved in the marketing related requirements of our Company. He is responsible for expanding our clientele and actively involved in price negotiations.

#### ***Mr. Anuj Vipin Sukhadia***

Mr. Anuj Vipin Sukhadia, aged 51 years, is the whole-time Director of our Company. He holds a bachelors degree in Science from Bombay University. He has been associated with our Company since its inception. He was appointed as the whole-time Director of our Company on March 24, 2006. He has more than 26 years of experience in the packaging and printing field. Presently he is responsible for production related aspects in our Company.

#### ***Mr. Rohit Parmananddas Doshi***

Mr. Rohit Parmananddas Doshi, aged 55 years, has been an independent Director of our Company since April 1, 2010. He holds a bachelors degree in commerce from Mumbai University. He has studied Chartered Accountancy and has been practicing as an independent finance consultant for more than 30 years. He is also a director on the board of Trim Plastics Limited and Akhilesh Mercantiles Private Limited.

***Mr. Vikram Devjibhai Patel***

Mr. Vikram Devjibhai Patel, aged 52 years, has been an independent Director of our Company since April 1, 2010. He holds a bachelors degree in commerce from Mumbai University. He is a partner in M/s. Ruchit Enterprise. He has more than 25 years of experience in the trading of electrical and mechanical products.

***Mr. Hemang Jagadish Engineer***

Mr. Hemang Jagadish Engineer aged 45 years, has been an independent Director of our Company since April 1, 2010. He holds a bachelors degree in commerce from Bombay University. He also holds a bachelors degree in law from Bombay University. He has more than 15 years of experience as a practicing lawyer.

**Relationships between our Directors**

Three of our Directors are related to each other. Mr. Divyesh Ashwin Sukhadia and Mr. Dharmesh Ashwin Sukhadia are brothers. Mr. Anuj Vipin Sukhadia is a cousin brother of Mr. Divyesh Ashwin Sukhadia and Mr. Dharmesh Ashwin Sukhadia.

**Arrangements with major shareholders/customers/suppliers**

None of our Directors have been selected or appointed pursuant to any arrangement / understanding with major shareholders / customers / suppliers.

**Service contracts with our Directors**

Except statutory benefits upon termination of their employment in our Company or retirement, none of our Directors are entitled to any benefits upon termination of employment. There are no service contracts entered into by our Company and our Directors providing for benefits upon termination of employment.

**Details of the Borrowing Powers**

In terms of the Articles of Association, our Board may, from time to time, at its discretion, by a resolution passed at a meeting of the Board, raise or borrow any sum or sums of money for the purposes of our Company and subject to the provisions of the Companies Act, may secure payment or repayment of the same in such manner and terms as may be thought fit by the Board. Provided however, where the money to be borrowed together with the money already borrowed (apart from temporary loan obtained from our Company's bankers in the ordinary course of business) exceeds the aggregate of the paid up capital of our Company and its free reserves (not being reserves set apart for any specific purpose) the Board shall not borrow such moneys without the consent of our Company in a General Meeting. Pursuant to a resolution passed by the shareholders at an Annual General Meeting held on August 21, 2010 in accordance with the Companies Act, the Board is authorised to borrow monies together with monies already borrowed by us, in excess of the aggregate of the paid up capital of our Company and its free reserves, not exceeding Rs. 250 crores at any time in compliance with the limits specified under the Companies Act.

As on date of filing the Red Herring Prospectus, the overall borrowings of our Company do not exceed the overall limit as specified under Section 293 (1) (d) by the Companies Act.

**Compensation paid to our Directors**

***Mr. Divyesh Ashwin Sukhadia, Chairman & Managing Director***

Mr. Divyesh Ashwin Sukhadia was appointed as the Chairman and Managing Director of our Company for a period of five years with effect from April 1, 2010 pursuant to a board resolution dated March 31, 2010 and agreement dated September 13, 2010. As per the agreement dated September 13, 2010, the terms of employment and remuneration as listed out under the agreement appointing him include the following:

<b>Particulars</b>	<b>Remuneration</b>
Basic Salary	Rs. 1,30,000/- per month, with such increments as may be decided by the Board from time to time.
Perquisites	<ul style="list-style-type: none"> <li>• Reimbursement of actual expenses including on entertainment, traveling and telephone expenses incurred in the course of our Company's business.</li> <li>• Leave travel allowance once a year up to one month's salary incurred in accordance with the rules of our Company.</li> <li>• Annual paid leave of 30 days and encashment of leave at the end of the tenure.</li> <li>• Company's contribution towards provident fund as per the rules of our Company.</li> <li>• Gratuity not exceeding half month's salary in accordance with the rules of our Company.</li> <li>• Any other benefits introduced by our Company from time to time, as applicable.</li> </ul>

***Mr. Dharmesh Ashwin Sukhadia, Whole Time Director***

Mr. Dharmesh Ashwin Sukhadia was appointed as our whole time Director of our Company for a period of three years with effect from April 1, 2010 pursuant to a board resolution dated March 31, 2010 and agreement dated September 13, 2010. As per the agreement dated September 13, 2010, the terms of employment and remuneration as listed out under the agreement appointing him include the following:

<b>Particulars</b>	<b>Remuneration</b>
Basic Salary	Rs. 1,30,000/- per month, with such increments as may be decided by the Board from time to time.
Perquisites	<ul style="list-style-type: none"> <li>• Reimbursement of actual expenses including on entertainment, traveling and telephone expenses incurred in the course of our Company's business.</li> <li>• Leave travel allowance once a year up to one month's salary incurred in accordance with the rules of our Company.</li> <li>• Annual paid leave of 30 days and encashment of leave at the end of the tenure.</li> <li>• Company's contribution towards provident fund as per the rules of our Company.</li> <li>• Gratuity not exceeding half month's salary in accordance with the rules of our Company.</li> <li>• Any other benefits introduced by our Company from time to time, as applicable.</li> </ul>

***Mr. Anuj Vipin Sukhadia, Whole Time Director***

Mr. Anuj Vipin Sukhadia was appointed as the whole time Director of our Company for a period of three years with effect from April 1, 2010 pursuant to a board resolution dated March 31, 2010 and agreement dated September 13, 2010. As per the agreement dated September 13, 2010, the terms of employment and remuneration as listed out under the agreement appointing him include the following:

<b>Particulars</b>	<b>Remuneration</b>
Basic Salary	Rs. 1,30,000/- per month, with such increments as may be decided by the Board from time to time.
Perquisites	<ul style="list-style-type: none"> <li>• Reimbursement of actual expenses including on entertainment, traveling and telephone expenses incurred in the course of our Company's business.</li> <li>• Leave travel allowance once a year up to one month's salary incurred in accordance with the rules of our Company.</li> <li>• Annual paid leave of 30 days and encashment of leave at the end of the tenure.</li> <li>• Company's contribution towards provident fund as per the rules of our Company.</li> <li>• Gratuity not exceeding half month's salary in accordance with the rules of our Company.</li> <li>• Any other benefits introduced by our Company from time to time, as applicable.</li> </ul>

Set forth below is the aggregate remuneration paid to our executive Directors in in the Fiscal 2010:



Sr. No.	Name of the Director	Salary (in Rs. Lacs)
1.	Divyesh Ashwin Sukhadia	10.8
2.	Dharmesh Ashwin Sukhadia	10.8
3.	Anuj Vipin Sukhadia	10.8

As per the terms of their employment, our Executive Directors are not entitled to any sitting fees for attending any meeting of our Board or meetings of any committee.

Our independent Directors are entitled to sitting fees of Rs. 2,500 for every meeting of our Board of Directors or committee of our Board of Directors. Our independent Directors have not been paid any remuneration in the preceding fiscal year.

The above said remuneration and perquisites are subject to the ceiling laid down in sections 198 and 309 and Schedule XIII of the Companies Act and all other applicable provisions of the Companies Act as may be amended from time to time.

### Shareholding of Directors in our Company

Our Directors are not required to hold any qualification shares under the terms of our Articles of Association.

Set forth below is the shareholding of our Directors in our Company as on the date of the Red Herring Prospectus:

Name of Directors	Number of Equity Shares
Mr. Divyesh Ashwin Sukhadia	20,25,100
Mr. Dharmesh Ashwin Sukhadia	20,06,100
Mr. Anuj Vipin Sukhadia	21,61,750
Mr. Rohit Parmananddas Doshi	2,000
Mr. Hemang Jagadish Engineer	2,140

### Interest of Directors

All of our Directors may be deemed to be interested to the extent of remuneration and fees payable to them for services rendered as Directors of our Company such as attending meetings of the Board or a committee thereof and to the extent of reimbursement of expenses payable to them for services rendered as an officer or employee of our Company, if any, under our Articles of Association.

Our Directors may also be regarded as interested in the Equity Shares, if any, that may be subscribed by or allotted to their relatives or the companies, firms, trusts in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Issue. All of 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 Equity Shares held by them.

Our Directors have no interest in any property acquired by our Company within two years of the date of the Red Herring Prospectus. Our Company has not entered into any contracts or arrangements during the preceding two years in which the Directors are interested directly or indirectly or no payments have been made to them in respect of these contracts or arrangements

Except as stated in “*Related Party Transactions*” in “*Auditor’s Report on Financial Information*” on page 137 of the Red Herring Prospectus, our Directors do not have any other interest in the business of our Company. Further, please refer to “*Common Pursuits*” on page 89 respectively of the Red Herring Prospectus for details of interest of our Promoter Director.

## Change in our Board of Directors in the preceding three years

The changes in our Board of Directors in the preceding three (3) years prior to the date of the Red Herring Prospectus are as follows:

Name	Date of Appointment	Date of Cessation	Reason
Mr. Ashwin Babulal Sukhadia	March 24, 2006	March 31, 2010	Resignation.
Mr. Vipul Ashwin Sukhadia	March 24, 2006	March 31, 2010	Resignation.
Mr. Ketan Vipin Sukhadia	March 24, 2006	March 31, 2010	Resignation.
Ms. Pooja Anuj Sukhadia	March 24, 2006	March 31, 2010	Resignation.
Ms. Aesha Ketan Sukhadia	March 24, 2006	March 31, 2010	Resignation.
Mr. Rohit Parmananddas Doshi	April 01, 2010	N.A.	Appointed as Independent Director.
Mr. Vikram Devjibhai Patel	April 01, 2010	N.A.	Appointed as Independent Director.
Mr. Hemang Jagadish Engineer	April 01, 2010	N.A.	Appointed as Independent Director.

Further, Mr. Divyesh Ashwin Sukhadia was appointed as the Chairman and Managing Director of our Company pursuant to Board resolution dated March 31, 2010.

## Corporate Governance

The provisions of the Listing Agreement to be entered into with the Stock Exchanges with respect to corporate governance will be applicable to our Company immediately upon the listing of the Equity Shares with the Stock Exchanges. Pursuant to listing, our Company shall comply with the requirements of the applicable regulations, including the Listing Agreement to be entered in to with the Stock Exchanges and the SEBI Regulations, in respect of corporate governance including constitution of our Board and committees thereof. The corporate governance framework is based on an effective independent board, separation of the board's supervisory role from the executive management team and constitution of the board Committees, as required under law.

Our Company has constituted its Board of Directors in compliance with the Companies Act and the Listing Agreement with Stock Exchanges and in accordance with best practices in corporate governance. Our Board of Directors functions either as a full board or through various committees constituted to oversee specific operational areas. Our executive management provides our Board of Directors detailed reports on its performance periodically.

Currently, our Board of Directors has six Directors and the Chairman of the Board of Directors is an Executive Director. In compliance with Clause 49 of the equity listing agreement, our Company has three Executive Directors and three non executive Directors on our Board. Accordingly not less than 50% of the Board of Directors comprises of non-executive as well as Independent Directors.

## Committees of our Board of Directors

### *Audit Committee*

The Audit Committee was constituted by our Directors at their Board meeting held on August 21, 2010. The Audit Committee comprises of the following members:

Name of Director	Designation	Status
Mr. Rohit Parmananddas Doshi	Chairperson	Independent Director
Mr. Hemang Jagadish Engineer	Member	Independent Director
Mr. Divyesh Ashwin Sukhadia	Member	Chairman and Managing Director

Ms. Ashwini Rao is the secretary to the audit committee.

### *Scope and terms of reference*

The scope and function of the Audit Committee is in accordance with clause 49 of the Listing Agreement and section 292A of the Companies Act. The Audit Committee acts as a link between the management, the statutory, cost and internal auditors and the Board of Directors and oversees the financial reporting process.

Audit Committee's terms of reference include the following: -

1. Overseeing our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommending to our Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fees;
3. Approval of payment to our statutory auditors for any other services rendered by them;
4. Reviewing, with the management, the annual financial statements before submission to our Board for approval, with particular reference to:
  - (a) Matters required to be included in the Director's Responsibility Statement to be included in our Board's report in terms of clause (2AA) of section 217 of the Companies Act;
  - (b) Changes, if any, in accounting policies and practices and reasons for the same;
  - (c) Major accounting entries involving estimates based on the exercise of judgment by management;
  - (d) Significant adjustments made in the financial statements arising out of audit findings;
  - (e) Compliance with listing and other legal requirements relating to financial statements;
  - (f) Disclosure of any related party transactions;
  - (g) Qualifications in the draft audit report;
5. Reviewing, with the management, the quarterly financial statements before submission to our Board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to our Board to take up steps in this matter.
7. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
8. 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;
9. Discussion with our internal auditors about any significant findings and follow up thereon;
10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

11. Discussion with our 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;
12. Reviewing our Company's risk management policies;
13. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
14. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Our Audit Committee is empowered, pursuant to its terms of reference, to:

1. Investigate any activity within its terms of reference.
2. Seek any information it requires from any employee.
3. Obtain legal or other independent professional advice.
4. Secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

Our Audit Committee shall mandatory review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by our management;
3. Management letters / letters of internal control weaknesses issued by our statutory auditors;
4. Internal audit reports relating to internal control weaknesses;
5. The appointment, removal and terms of remuneration of our chief internal auditor;

The Audit Committee is required to meet at least four times in a year under Clause 49 of the Listing Agreement.

The Audit Committee last met on March 25, 2011.

#### ***Shareholders/Investors Grievance Committee***

The shareholders/investors grievance committee was constituted by our Directors at the Board meeting held on August 21, 2010. The shareholders/investors grievance committee comprises of the following members:

<b>Name of Director</b>	<b>Designation</b>	<b>Status</b>
Mr. Hemang Jagadish Engineer	Chairman	Independent Director
Mr. Rohit Parmananddas Doshi	Member	Independent Director
Mr. Dharmesh Ashwin Sukhadia	Member	Whole-time Director

#### ***Scope and terms of reference***

The shareholders/investors grievance committee is responsible for the redressal of shareholder grievance in accordance with Clause 49 of the Listing Agreement, it shall look into all matters related with the transfer of shares, issue of share certificates, non-receipt of annual report and non-receipt of declared dividends.

Functions of the shareholder/ investor grievance committee: -

1. To approve and register transfer and/ or transmission of all classes of shares;

2. Redressal of shareholders and investor complaints e.g. transfer of shares, non receipt of balance sheet/ annual report, non receipt of declared dividend, interest, notices etc.;
3. Formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;
4. To sub-divide, consolidate and issue duplicate share certificates on behalf of our Company;
5. To do all such acts, things, or deeds as may be necessary or incidental to the exercise of the above powers.

The shareholders/investors grievance committee last met on March 15, 2011.

### **Remuneration Committee**

The remuneration committee was constituted by our Directors at the Board meeting held on August 21, 2010. The remuneration committee comprises of the following members:

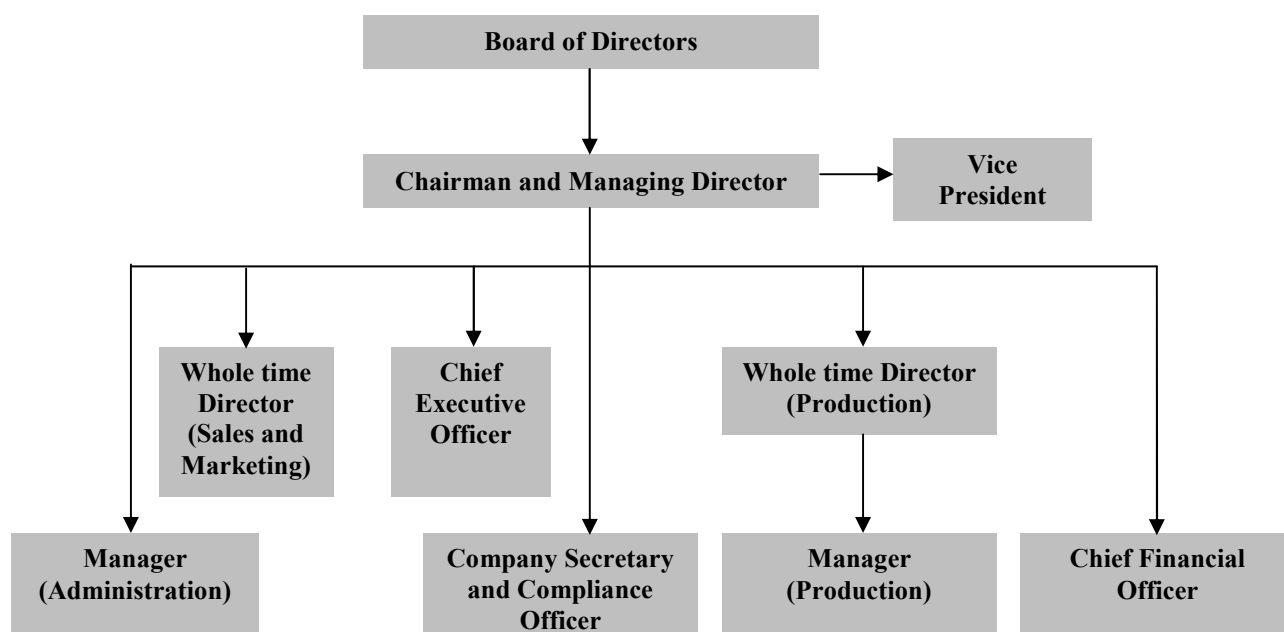
<b>Name of Director</b>	<b>Designation</b>	<b>Status</b>
Mr. Rohit Parmananddas Doshi	Chairman	Independent Director
Mr. Hemang Jagadish Engineer	Member	Independent Director
Mr. Vikram Devjibhai Patel	Member	Independent Director

### *Scope and terms of reference*

1. The remuneration committee shall be formed in compliance with section 269 and Schedule XIII of the Companies Act.
2. The remuneration committee shall review the remuneration of the Executive, Managing Director, whole time directors and the managers at the time of appointment or alteration thereof subsequent to the appointment and re-appointment thereof;

The remuneration committee last met March 15, 2011.

### **Management organization structure**



## **Key Managerial Personnel**

The details of our key managerial personnel other than our Managing Director and Whole-time Directors, as on the date of the Red Herring Prospectus are as follows:

**Vanraj Sukhadia**, aged 45 years, is the Vice President of our Company. He holds a bachelors degree in Commerce from Lala Lajpatrai College, Bombay University. He looks after the day to day operations of our company particularly Production and Administration. He has over 25 years of experience in the packaging industry. He was appointed as Vice President with effect from January 1, 2011. His remuneration starting from January 2011 is Rs. 49,950 per month.

**Vipul Sukhadia**, aged 49 years, is the Chief Executive Officer of our Company. He holds a bachelors degree in Science from Jai Hind College, Bombay University. He has more than 30 years of experience in the packaging industry. He is in charge of all day to day activities and reporting pertaining to Marketing and Business development of the Company. He ensures sustained growth in Sales as well as new business generation with his Industry networking and experience. He was appointed as the Chief Executive Officer with effect from January 1, 2011. His remuneration starting from January 2011 is Rs. 49,950 per month.

**Ashwini Rao**, aged 24 years, is the Company Secretary and Compliance Officer of our Company. She holds a bachelors degree in Commerce from Brihan Maharashtra College of Commerce and is a member of the Institute of Company Secretaries of India. She has two years of experience in assisting companies with their statutory compliances and annual filings. Before joining our Company, she worked with Cummins India Limited and Art & associates. She has also completed certificate courses in NCFM Financial Markets, NCFM Capital Markets, Japanese and NIIT. She joined our Company on May 27, 2010 as an Assistant Company Secretary. She was appointed as Company Secretary with effect from June 15, 2010 and her current responsibilities in our Company include corporate compliances and secretarial matters. She was paid a remuneration of Rs. 1,43,618 in the period from May, 2010 to December 31, 2010.

**Indranil Sen**, aged 49 years, is the Chief Financial Officer of our Company. He holds a bachelors degree in Commerce from Calcutta University. He is a member of the Indian Institute of Cost and Works Accountants of India. He has overall 26 years of experience in finance accounts and administration. Before joining our Company, he worked with VIP group as finance director for 17 years. He joined our Company on June 1, 2010 as Chief Finance Officer. He manages the finances and accounts of our Company and is actively involved in preparation of project reports and dealing with banks. He has been involved in dealing with the Sales Tax/VAT, Income Tax authorities and other statutory/regulatory authorities on behalf our Company. He was paid a remuneration of Rs. 1,99,967 in the period from June, 2010 to December 31, 2010

**Amol Bhairavnath Lokare**, aged 29 years, is the Manager (Production) of our Company. He holds a diploma degree in Printing Technology from Government Institute of Printing Technology. He has more than 6 years of experience in the printing industry. Before joining our Company he has worked with VFC Industries Private Limited as a supervisor in printing division. He joined our Company on April 01, 2007 and is the machine in charge in the printing (technical) department of our Company. His remuneration for the fiscal year 2009-2010 was 1.68 lacs.

**Neeta Karangutkar**, aged 47 years, is the Manger (Administration) of our Company. She has been associated with our organisation for more than 30 years. She joined our Company on March 26, 2006 and is involved in the day to day operations of our Company pertaining to administration and human resource management. Her remuneration for the fiscal year 2009-2010 was 2.40 lacs.

All the abovementioned key managerial personnel are permanent employees of our Company.

## **Relationship of Key Managerial Personnel**

Mr. Vanraj Sukhadia is the brother of Mr. Anuj Sukhadia who is a promoter of our Company. Mr. Vipul Sukhadia is the son of Mr. Ashwin Sukhadia who is the promoter of our Company.

### **Arrangements with major shareholders/customers/suppliers**

None of our key managerial personnel have been selected or appointed pursuant to any arrangement / understanding with major shareholders / customers / suppliers.

### **Shareholding of Key Managerial Personnel**

The following key managerial personnel hold Equity Shares in our Company as on the date of the Red Herring Prospectus:

<b>Sr. No.</b>	<b>Key Managerial Persons</b>	<b>Number of Equity Shares</b>
1	Mr. Vipul Sukhadia	20,06,200

### **Bonus or Profit Sharing Plan for our Key managerial personnel**

Our Company does not have any bonus and profit sharing plans for our key managerial personnel.

### **Interests of Key Managerial Personnel**

The key managerial personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits or Equity Shares held by them, if any to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the course of their employment.

None of the key management personnel have been paid any consideration of any nature from our Company, other than their remuneration.

### **Details of loans taken by Key Managerial Personnel**

None of our key managerial personnel have availed any loans from our Company as on the date of the Red Herring Prospectus.

### **Changes in our Key Managerial Personnel during the last three years**

Only the following changes in the key managerial personnel of our Company have been made in the three years preceding the date of the Red Herring Prospectus.

<b>Sr. No.</b>	<b>Key Managerial Persons</b>	<b>Designation</b>	<b>Date of Appointment/Resignation</b>
1	Ashwini Rao	Company Secretary	June 15, 2010
2	Indranil Sen	Chief Finance Officer	June 01, 2010
3	Vanraj Sukhadia	Vice President	January 01, 2011
4	Vipul Sukhadia	Chief Executive Officer	January 01, 2011

### **Payments or benefits to the employees of our Company**

Except for remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the course of their employment, our Company does not provide any benefits to our employees.

### **Employee Stock Option or Employee Stock Purchase Scheme**

Our Company currently does not have any employee stock option or employee stock purchase scheme for its employees.

**Employees**

As on December 31, 2010 our Company has 86 permanent employees on its rolls.




## OUR PROMOTERS AND THEIR BACKGROUND

The Promoters of our Company are:

1. Mr. Ashwin Babulal Sukhadia;
2. Mr. Anuj Vipin Sukhadia;
3. Mr. Dharmesh Ashwin Sukhadia;
4. Mr. Divyesh Ashwin Sukhadia;
5. Mr. Ketan Vipin Sukhadia; and
6. Mr. Vipul Ashwin Sukhadia.

	<p><b>Mr. Ashwin Babulal Sukhadia</b></p> <p>Residential Address: 501/502, Shreenath Niwas, Poddar Lane, Santacruz (W), Mumbai – 400 054</p> <p>PAN: AAQPS1432G          Passport No.: H5522108          Nationality: Indian          Voter ID No.: Not Obtained          Driving License No.: Not Obtained</p> <p>Mr. Ashwin Babulal Sukhadia, aged 76 years, holds a bachelors degree in Arts from Bombay University. He has more than 50 years of experience in the packaging and printing field. He has been the driving force for our Company, guiding us for our expansion from time to time.</p>
	<p><b>Mr. Anuj Vipin Sukhadia</b></p> <p>Residential Address: A/11, Technocrat society, Bombay Dyeing Lane, Prabhadevi, Mumbai- 400 025</p> <p>PAN: AYSPS2795Q          Passport No.: H5523418          Nationality: Indian          Voter ID No.: Not Obtained          Driving License No.: 78/C/34010</p> <p>Mr. Anuj Vipin Sukhadia is the Whole time Director of our Company. For further details, please refer to “<i>Our Management</i>” on page 76 of the Red Herring Prospectus.</p>
	<p><b>Mr. Dharmesh Ashwin Sukhadia</b></p> <p>Residential Address: 502, Pushpavatica CHS, Poddar Lane, Saibaba Road, Santacruz (West), Mumbai- 400 054</p> <p>PAN: ABFPS0273F          Passport No.: H5408554          Nationality: Indian          Voter ID No.: Not Obtained          Driving License No.: MH02 20080053565</p> <p>Mr. Dharmesh Ashwin Sukhadia is the Whole time Director of our Company. For further details, please refer to “<i>Our Management</i>” on page 76 of the Red Herring Prospectus.</p>

	<p><b>Mr. Divyesh Ashwin Sukhadia</b></p> <p>Residential Address: 401, 4<sup>th</sup> Floor, Nath Dwara Niwas, Poddar Lane, Santacruz (West), Mumbai- 400 052</p> <p>PAN: ANUPS7272F  Passport No.: F1644454  Nationality: Indian  Voter ID No.: Not Obtained  Driving License No.: 78/C/35622</p> <p>Mr. Divyesh Ashwin Sukhadia is the Chairman and Managing Director of our Company. For further details, please refer to “<i>Our Management</i>” on page 76 of the Red Herring Prospectus.</p>
	<p><b>Mr. Ketan Vipin Sukhadia</b></p> <p>Residential Address: B-2/13, Technocraft, Bombay Dyeing Lane, Prabhadevi, Mumbai – 400 025</p> <p>PAN: ANVPS5375C  Passport No.: F5597624  Nationality: Indian  Voter ID No.: Not Obtained  Driving License No.: 78/C/34009</p> <p>Mr. Ketan Vipin Sukhadia, aged 52 years, holds a bachelors degree in Science from Bombay University. He has more than 28 years of experience in the packaging and printing field.</p>
	<p><b>Mr. Vipul Ashwin Sukhadia</b></p> <p>Residential Address: 501/502, Shreenath Niwas, Poddar Lane, Santacruz (W), Mumbai – 400 054</p> <p>PAN: AAIPS5827M  Passport No.: G9423176  Nationality: Indian  Voter ID No.: Not Obtained  Driving License No.: MH02 20080053571</p> <p>Mr. Vipul Ashwin Sukhadia, aged 48 years, holds a bachelors degree in Science from Bombay University. He has more than 18 years of experience in the packaging and printing field.</p>

### Declaration and Confirmations

The Permanent Account Number, Bank Account Number and Passport Number of our Promoters will be submitted to the Stock Exchanges at the time of filing the Red Herring Prospectus with the Stock Exchanges.

Our Promoters have not been declared as willful defaulters by the RBI or any other governmental authority. Further, there are no violations of securities laws committed by them in the past or are pending against them and none of our Promoters have been restricted from accessing the capital markets for any reasons, by SEBI or any other authority.

### Common Pursuits

Our Promoter Group entity, M/s. Parapack is also engaged in the printing and packaging business. The business interests of our Promoter Group entities can lead to a conflict of interest.

**Payment of benefits to our Promoters during the last two years**

Except as stated in “*Auditor’s Report on Financial Information*” and “*Related Party Transactions*” on pages 101 and 136 of the Red Herring Prospectus respectively, there has been no payment made or benefit given to our Promoters in the two years preceding the date of the Red Herring Prospectus.

**Related Party Transactions**

For information on the related party transactions, please refer to “*Related Party Transactions*” on page 137 of the Red Herring Prospectus.

## OUR PROMOTER GROUP

As defined under Regulation 2 (zb) of the SEBI Regulations, 2009, in addition to the Promoters named above, the following individuals and entities form a part of the Promoter Group:

### Natural persons

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

#### 1. *Mr. Ashwin Babulal Sukhadia*

The following persons form part of our Promoter Group as relatives of Mr. Ashwin Babulal Sukhadia:

Name	Relation
Mrs. Vidula Kapadia, Mrs. Renuka Dalal	Sister
Mrs. Manisha Kapadia	Daughter
Mrs. Laxmibai Chandulal Gandhi	Spouse's Mother
Mr. Chandulal Gandhi	Spouse's Father
Mr. Natwarlal Chandulal Gandhi	Spouse's Brother
Mrs. Subhadraben Rajendra Mehta	Spouse's Sister

#### 2. *Mr. Anuj Vipin Sukhadia*

Other than the above, the following persons form part of our Promoter Group as relatives of Mr. Anuj Vipin Sukhadia:

Name	Relation
Mrs. Chhaya Anuj Sukhadia	Spouse
Mrs. Pramila Vipin Sukhadia	Mother
Mr. Vipin Sukhadia	Father
Mr. Vanraj Vipin Sukhadia	Brother
Mr. Ketan Vipin Sukhadia	Brother
Mrs. Madhvi Parikh	Sister
Ms. Pooja Anuj Sukhadia	Daughter
Mr. Abhishek Anuj Sukhadia	Son
Mrs. Aruna Ghanshyam Shah	Spouse's Mother
Mr. Ghanshyam Shah	Spouse's Father
Mr. Dhaval Ghanshyam Shah, Mr. Kamal Ghanshyam Shah	Spouse's Brother
Mrs. Preeti Jambusaria	Spouse's Sister

#### 3. *Mr. Vipul Ashwin Sukhadia*

Other than the above, the following persons form part of our Promoter Group as relatives of Mr. Vipul Ashwin Sukhadia:

Name	Relation
Mrs. Ketki Vipul Sukhadia	Spouse
Mr. Monang Vipul Sukhadia	Son
Mrs. Lilaben Chandrakant Choksi	Spouse's Mother
Mr. Chandrakant Choksi	Spouse's Father
Mrs. Ami Kagalwala, Mrs. Sheetal Jhaveri	Spouse's Sister

**4. Mr. Divyesh Ashwin Sukhadia**

Other than the above, the following persons form part of our Promoter Group as relatives of Mr. Divyesh Ashwin Sukhadia:

<b>Name</b>	<b>Relation</b>
Mrs. Neeta Divyesh Sukhadia	Spouse
Ms. Ankita Sukhadia	Daughter
Mrs. Madhuben Narendra Marfatia	Spouse's Mother
Mr. Narendra Marfatia	Spouse's Father
Mr. Sandip Narendra Marfatia	Spouse's Brother
Mrs. Shilpa Dalal	Spouse's Sister

**5. Mr. Dharmesh Ashwin Sukhadia**

Other than the above, the following persons form part of our Promoter Group as relatives of Mr. Dharmesh Ashwin Sukhadia:

<b>Name</b>	<b>Relation</b>
Mrs. Jagruti Dharmesh Sukhadia	Spouse
Mr. Harshil Dharmesh Sukhadia	Son
Mr. Ranjitbhai Pranjivandas Merchant	Spouse's Father

**6. Mr. Ketan Vipin Sukhadia**

Other than the above, the following persons form part of our Promoter Group as relatives of Mr. Ketan Vipin Sukhadia:

<b>Name</b>	<b>Relation</b>
Mrs. Jigna Ketan Sukhadia	Spouse
Mrs. Pramila Vipin Sukhadia	Mother
Ms. Aesha Ketan Sukhadia	Daughter
Mrs. Sarlaben Mangalbai Shah	Spouse's Mother
Mr. Mangalbai Shah	Spouse's Father

**Entities**

The following entities form part of our Promoter Group:

**Companies**

1. Trim Plastics Limited
2. Paramount Nourishment Private Limited

**Partnership Firms**

1. M/s. Parapack
2. M/s. S.P. Investments

## OUR PROMOTER GROUP ENTITIES

### Companies

None of the companies forming part of our group companies is a sick company under the meaning of SICA and none of them are under winding up. Further, all the Group Companies are unlisted companies and they have not made any public issue of securities in the preceding three years.

### Details of Promoter Group Companies

#### 1. *Trim Plastics Limited*

##### *Corporate Information*

Trim Plastics Limited was originally incorporated on June 06, 1985 at Mumbai in the name and style of “Trim Plastics Private Limited” as a private limited company under the Companies Act, 1956. It was converted to a public limited company and its name was changed to “Trim Plastics Limited” on June 16, 2010. The CIN of Trim Plastics Limited is U25200MH1985PTC036513. Trim Plastics Limited is engaged in the business of manufacturing toothbrushes.

##### *Board of Directors*

The board of directors of Trim Plastics Limited as of the date of filing this Red Herring Prospectus consists of the following:

1. Mr. Ketan Vipin Sukhadia
2. Mr. Deepak Mansukhlal Shorff
3. Mrs. Paru Deepak Shroff
4. Mr. Vipul Ashwin Sukhadia
5. Mr. Rohit Parmananddas Doshi
6. Mr. Mihir Pratap Vora
7. Mr. Virendra Natwarlal Shah
8. Mr. Harshad Chandulal Shah

##### *Interest of our Promoters*

The shareholding of our Promoters in Trim Plastics Limited is:

Sr. No.	Name of the shareholder	Number of equity shares	Percentage holding
1.	Mr. Anuj Vipin Sukhadia	1,52,400	3.27
2.	Mr. Dharmesh Ashwin Sukhadia	12,625	0.27
3.	Mr. Divyesh Ashwin Sukhadia	1,625	0.03
4.	Mr. Ketan Vipin Sukhadia	5,000	0.11
5.	Mr. Vipul Ashwin Sukhadia	1,625	0.03
6.	Mr. Ashwin Babulal Sukhadia	8,000	0.17

##### *Financial Performance*

The summary of audited financials of Trim Plastics Limited for the previous three fiscal years is as follows:

*(Rs. in lacs except per share data)*

Particulars	Year ended		
	March 31, 2008	March 31, 2009	March 31, 2010
Equity Share Capital (face value Rs. 10/- each)	5.00	5.00	162.50
Reserves & Surplus (excluding revaluation)	20.37	20.37	48.39

Particulars	Year ended		
	March 31, 2008	March 31, 2009	March 31, 2010
reserve)			
Total Income	432.91	593.90	909.63
Profit/ (Loss) after Tax	1.40	-0.01	28.02
Earnings Per Share (in Rs.)	0.13	0.00	2.66

Trim Plastics Limited has filed the Draft Red Herring Prospectus with SEBI on December 31, 2010.

## 2. **Paramount Nourishment Private Limited**

### *Corporate Information*

Paramount Nourishment Private Limited was incorporated on November 23, 2005 as a private limited company with the Registrar of Companies, Maharashtra, Mumbai. The CIN of Paramount Nourishment Private Limited is U15400MH2005PTC157478.

Paramount Nourishment Private Limited is currently engaged in retailing readymade food products.

### *Board of Directors*

The board of directors of Paramount Nourishment Private Limited as of the date of filing this Red Herring Prospectus consists of the following:

Mr. Divyesh Ashwin Sukhadia  
 Mr. Dharmesh Ashwin Sukhadia  
 Mr. Vipul Ashwin Sukhadia  
 Mr. Ketan Vipin Sukhadia  
 Mrs. Chhaya Anuj Sukhadia

### *Interest of our Promoters*

The shareholding of our Promoters in Paramount Nourishment Private Limited is:

Sr. No.	Name of the shareholder	Number of equity shares	Percentage holding
1.	Mr. Ketan Vipin Sukhadia	2,500	2.27
2.	Mr. Vipul Ashwin Sukhadia	1,700	1.55
3.	Mr. Dharmesh Ashwin Sukhadia	1,650	1.50
4.	Mr. Divyesh Ashwin Sukhadia	1,650	1.50

### *Financial Performance*

The summary of audited financials of Paramount Nourishment Private Limited for the previous three fiscal years is as follows:

*(Rs. in lacs except per share data)*

Particulars	Year ended		
	March 31, 2008	March 31, 2009	March 31, 2010
Equity Share Capital (face value Rs. 10/- each)	11.00	11.00	11.00
Reserves & Surplus (excluding revaluation reserve)	(4.59)	(6.25)	(43.10)
Total Income	0.59	13.50	2.49
Profit/ (Loss) after Tax	(3.28)	(1.66)	(36.85)
Earnings Per Share (in Rs.)	(2.98)	(1.51)	(33.5)
Net Asset Value Per Share (in Rs.)	5.83	4.32	(29.18)

Paramount Nourishment Private Limited is not a sick company and is not under winding up. Paramount Nourishment Private Limited has incurred losses amounting Rs 36.85 lacs, Rs 1.66 lacs and Rs. 3.28 lacs for the financial year March 31, 2010, 2009 and 2008 respectively.

Paramount Nourishment Private Limited is an unlisted company and has not made any public issue of securities in the preceding three years.

### Partnership firms

#### 1. M/s. Parapack

##### Corporate Information

M/s. Parapack is a partnership firm, which is reconstituted vide Partnership Deed dated April 01, 2005. It was originally formed in 1974 under the name of Kquality Pastors. M/s. Parapack is engaged in the business of printing and manufacturing of cartons, labels, dispensers, and related articles.

##### Partners

The partners of M/s. Parapack as of the date of filing this Red Herring Prospectus are the following:

1. Mr. Deepak Shorff
2. Mrs. Paru Shroff
3. Mrs. Neeta Sukhadia
4. Mrs. Ketki Sukhadia
5. Mrs. Jagruti Sukhadia
6. Mrs. Jigna Sukhadia
7. Anuj Sukhadia HUF
8. Ketan Sukhadia HUF
9. Mr. Vanraj Sukhadia
10. Mrs. Bindi Sukhadia

##### Interest of our Promoters

The interest of our Promoters in M/s. Parapack is:

Sr. No.	Partners	Percentage interest
1.	Anuj Sukhadia HUF	13.34
2.	Ketan Sukhadia HUF	13.33

##### Financial Performance

The financial performance of M/s. Parapack for the previous three fiscal years is as follows:

(Rs. in lacs)

Particulars	Year ended		
	March 31, 2008	March 31, 2009	March 31, 2010
Partners Capital	205.78	70.24	68.40
Total Income	423.28	399.91	393.08
Profit/ (Loss) before Tax*	2.11	(20.55)	0.53

\* In a partnership firm, profit before tax is transferred to partner capital account. Hence, the figures of profit before tax is given instead of profit after tax.

M/s. Parapack has incurred losses amounting Rs 20.55 lacs for the financial year March 31, 2009.



## 2. *M/s. S. P. Investments*

### *Corporate Information*

M/s. S. P. Investments is a partnership firm, which is formed vide Partnership Deed dated August 12, 2003. M/s. S. P. Investments is engaged in the business of finance and investment business such as providing financial facilities including bill discounting.

### *Partners*

The partners of M/s. S.P. Investments as of the date of filing this Red Herring Prospectus are the following:

1. Mrs. Madhavi Yogesh Parikh
2. Y. N. Parikh (HUF)
3. Ms. Pankti Y. Parikh
4. Mr. Raj Y. Parikh
5. Mrs. Jigna Ketan Sukhadia
6. Ms. Aesha Ketan Sukhadia
7. Mrs. Chhaya Anuj Sukhadia
8. Mr. Abhishek Anuj Sukhadia
9. Mr. Dharmesh Ashwin Sukhadia
10. Mr. Harshil Dharmesh Sukhadia
11. Mrs. Ketki Vipul Sukhadia
12. Mr. Monang Vipul Sukhadia
13. Mrs. Neeta Divyesh Sukhadia
14. Ms. Ankita Divyesh Sukhadia

### *Interest of our Promoters*

The interest of our Promoters in M/s. S. P. Investments is:

Sr. No.	Partners	Percentage Interest
1.	Mr. Dharmesh Ashwin Sukhadia	5.00

### *Financial Performance*

The financial performance of M/s. S. P. Investments for the previous three fiscal years is as follows:

*(Rs. in lacs)*

Particulars	Year ended		
	March 31, 2008	March 31, 2009	March 31, 2010
Partners Capital	47.70	53.49	61.48
Total Income	46.24	33.95	33.83
Profit/ (Loss) after Tax	8.77	2.86	1.97

### **Defunct Promoter Group Companies**

None of our Group Companies remain defunct and for which an application has been made to the RoC for striking off the name of any company, during the five years preceding the date of the Red Herring Prospectus.

### **Interest of our Promoter Group**

#### *In the promotion of our Company*

None of the persons and entities forming part of our Promoter Group (other than our Promoters) has any interest in the promotion of our Company.

*In the properties acquired in the past two years before filing the Red Herring Prospectus with SEBI or proposed to be acquired by our Company*

Our Company has not acquired nor does it propose to acquire any properties from any persons or entity forming part of our Promoter Group.

*In transactions for acquisition of land, construction of building and supply of machinery*

Our Company has purchased a BOBST punching machine from our Promoter Group entity, M/s. Parapack for an amount of Rs. 20.60 lacs in the fiscal year 2008. Other than as stated above, none of the persons and entities forming part of our Promoter Group has any interest in any transactions for acquisition of land, construction of building and supply of machinery by our Company.

#### **Common Pursuits**

Our Promoter Group entity, M/s. Parapack is also engaged in the printing and packaging business. The business interests of our Promoter Group entities can lead to a conflict of interest.

#### **Related Business Transactions within the Group Companies and Significance on the Financial Performance of our Company**

For details, please refer to “*Related Party Transactions*” on page 137 of the Red Herring Prospectus.

#### **Sale/Purchase between Group Companies and Subsidiaries**

There are no sales or purchases between our Company and our Promoter Group exceeding 10% of the total sale or purchase of our Company in value except as stated under “*Related Party Transactions*” on page 137 of the Red Herring Prospectus.

#### **Disassociation by our Promoters in the last three years**

Our Promoters have not disassociated themselves from any entity in the last three years.

## **RELATED PARTY TRANSACTIONS**

For related party transactions, please refer to “*Related Party Transactions*” on page 137 of the Red Herring Prospectus.

## **DIVIDEND POLICY**

The declaration and payment of dividends will be recommended by our Board of Directors and approved by the shareholders of our Company, in their discretion, and will depend on a number of factors, including but not limited to the earnings, general financial conditions, capital requirements, results of operations, contractual obligations, overall financial position, applicable Indian legal restrictions, our Articles of Association and other factors considered relevant by our Board of Directors. Our Board may choose to distribute interim dividends as and when it considers appropriate.

Our Company has not paid any dividends in the past and it has no stated dividend policy.

## SECTION V – FINANCIAL STATEMENTS

### AUDITOR'S REPORT ON FINANCIAL INFORMATION

(On stand alone financial information of the issuer company)

(as required by Part II of Schedule II of the Companies Act' 1956)

To  
The Board of Directors,  
Paramount Printpackaging Limited  
A-309, T.T.C. Industrial Area,  
M.I.D.C. Mahape,  
New Mumbai – 400 701.

Dear Sirs,

- 1 We have examined the attached financial information of **Paramount Printpackaging Ltd (Formerly known as Paramount Printing Press Pvt. Ltd) (“Company”)**, as approved by the Board of Directors of the Company prepared in terms of the requirements of Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (the “Act”) and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended to date (the “SEBI Regulations”) and terms of our engagement agreed with you in accordance with letter dated 12<sup>th</sup> February, 2011 in connection with the proposed Equity offering by the Company.
- 2 These information have been prepared by the Management from the financial statements for the year ended March 31, 2006, 2007, 2008, 2009, 2010 (including Re-audited Financial information) and for the nine month ended 31<sup>st</sup> December 2010 and approved by the Board of Directors.
- 3 Audit for the financial years ended March 31, 2006, 2007, Re-audit of financial information for the financial year ended 31<sup>st</sup> March 2010 (as required by clause (2) of Schedule VIII, Part A(2) (IX) of the Issue of Capital And Disclosure Requirements (ICDR), Regulation 2009 issued by Securities And Exchange Board of India (SEBI) and Audit for the nine month ended 31<sup>st</sup> December 2010 were conducted by us and for the financial year ended March 2008, 2009 and 2010 were conducted by previous auditors, M/s. K R Manik & Co, Chartered Accountants and accordingly reliance has been placed on the financial information examined by them for the said years. The financial information included for these years are based solely on the report submitted by them except for the financial year ended March 31<sup>st</sup> 2010, for which re-audited financial information are also considered for restatement.
- 4 Without qualifying our report, attention is drawn to:
  - Note No. B-3 of Schedule V regarding confirmation of Sundry debtors, creditors, unsecured loan and Loans and Advances;
  - Note No. B-4 of Schedule V regarding pending reconciliation of balances with Excise and Sales tax Authorities and;
  - Note No. B-11 of Schedule V regarding disclosure of amount due to Micro, Small and Medium enterprises.
- 5 In accordance with the requirements of Paragraph B of Part-II of Schedule-II of the Act, the SEBI Regulations and terms of our engagement agreed with you, we report that:
  - The Restated Summary Statement of Assets and Liabilities of the Company as at March 31, 2006, 2007, 2008, 2009, 2010 and for the nine month ended 31<sup>st</sup> December 2010 as set out in Annexure I to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies (Annexure V), Notes on Adjustments

made for Restated Financial Statement (Annexure IV) and Other Notes on Restated Accounts (Annexure V).

- The Restated Summary Statement of Profit or loss of the company for the year ended March 31, 2006, 2007, 2008, 2009, 2010 and for the nine month ended 31<sup>st</sup> December 2010 as set out in Annexure II to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies (Annexure V), Notes on Adjustments made for Restated Financial Statement (Annexure IV) and Other Notes on Restated Accounts (Annexure V).
- The Restated Summary Statement of Cash Flow of the Company for the years ended March 31, 2006, 2007, 2008, 2009, 2010 and for the nine month ended 31<sup>st</sup> December 2010 as set out in Annexure-III to this report are after making adjustments and regrouping as in our opinion were appropriate.

6 Based on above and also as per the reliance placed on the reports submitted by the previous auditors M/s K R Manik & Co, Chartered Accountants for the respective years, we are of the opinion that the Restated Financial information have been made after incorporating:

- a. Adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods.
- b. Adjustments for the material amounts in the respective financial years to which they relate.
- c. Extra-ordinary items have been disclosed separately.
- d. And there are no qualification in the auditors' reports which remain to be adjusted in the Restated Summary Statements, except as mentioned in Annexure IV, read with Significant Accounting Policies (Annexure V) on Restated Financial Statements.

7 We have also examined the following other financial information relating to the Company prepared by the management and approved by the Board of Directors for the year ended March 31, 2006, 2007, 2008, 2009, 2010 (including re-audited) and for the nine month ended 31<sup>st</sup> December 2010. In respect of the years ended 31<sup>st</sup> March 2010, 2009 and 2008, these information's have been included based upon the reports submitted by previous auditors M/s. K. R. Manik & Co., Chartered Accountants and relied upon by us in addition to referring of reaudited financial information for the financial year ended March 31, 2010.

- (i) Statement of Dividend paid/proposed included in Annexure VI.
- (ii) Statement of Accounting Ratios included in Annexure VII.
- (iii) Statement of Capitalization as at 31.12.2010 included in Annexure VIII.
- (iv) Statement of Secured and Unsecured Loans included in Annexure IX.
- (v) Statement of Other Income included in Annexure X.
- (vi) Statement of Tax Shelter included in Annexure XI
- (vii) Statement of Segment Reporting included in Annexure XII
- (viii) Statement of Related Party Disclosure included in Annexure XIII
- (ix) Statement of Deferred tax assets and liabilities included in Annexure XIV
- (x) Statement of Additional information required under Para 3, 4-C and 4-D in part II of Schedule VI of Companies Act, 1956 included in Annexure XV
- (xi) Statement of Sundry debtors out standing for the period exceeding six months and others included in Annexure XVI

8 In our opinion the financial information contained in Annexure I to XVI of this report read along with Significant Accounting Policies (Annexure V), Notes on Adjustments made for Restated Financial Statements (Annexure IV), and Other Notes on Restated Accounts (Annexure V) have been prepared after

making adjustments and regrouping as considered appropriate in accordance with Paragraph B of Part II of Schedule II of the Act and SEBI Regulations.

- 9 This report should not, in any way, be construed as a reissuance or re-dating of any of the previous audit reports nor should this be construed as a new opinion on any of the financial statements referred to herein.
- 10 Our report is intended solely for the use of management and for inclusion in the offer document in connection with the proposed equity offering of the Company and should not be used, referred to or circulated for any other purpose without our prior written consent.

For M V Damania & Co  
Firm Regn No: 102079W  
Chartered Accountants

Bharat Jain  
Partner  
Membership No 100583

Place: Mumbai  
Date: March 25, 2011

**PARAMOUNT PRINTPACKAGING LIMITED**  
**(Formerly known as Paramount Printing Press Pvt. Limited.)**

Annexure – I

**Summary Statement of Assets and Liabilities as restated**

*(All amount Rupees in lacs)*

Particulars	31st March, 2006	31st March, 2007	31st March, 2008	31st March, 2009	31st March, 2010	31 <sup>st</sup> December 2010
<b><u>Fixed Assets</u></b>						
Gross Block	796.48	688.02	3,055.62	3,101.61	3,280.07	3,546.74
Less: Depreciation	206.19	63.13	184.4	466.77	759.9	995.40
Net Block	590.28	624.89	2,871.22	2,634.85	2,520.17	2,551.34
Capital Work in Progress	34.01	1,753.79	-	-	-	240.00
<b>Total (A)</b>	<b>624.29</b>	<b>2,378.68</b>	<b>2,871.22</b>	<b>2,634.85</b>	<b>2,520.17</b>	<b>2,791.34</b>
<b>Investments (B)</b>	5.27	5.3	5.3	5.3	5.3	5.30
<b><u>Current Assets, Loans &amp; Advances</u></b>						
Inventories (as taken, valued and certified by managing directors)	128.47	165.84	200.85	478.18	610.38	682.05
Sundry Debtors	569.99	555.07	665.62	1,098.35	1,511.24	2,669.54
Cash and Bank Balances	25.63	17.44	26.3	66.4	264.65	323.33
Loans and Advances	88.99	188.31	122.97	388.45	317.21	576.31
<b>Total (C)</b>	<b>813.09</b>	<b>926.67</b>	<b>1,015.75</b>	<b>2,031.38</b>	<b>2,703.47</b>	<b>4,251.24</b>
<b>Total Assets (A+B+C) = D</b>	<b>1,442.65</b>	<b>3,310.65</b>	<b>3,892.26</b>	<b>4,671.53</b>	<b>5,228.94</b>	<b>7,047.88</b>
<b><u>Liabilities and Provisions</u></b>						
Current Liabilities	451.91	611.93	460.76	937.89	966.3	1,291.27
Provisions	-	-	3.79	2.95	63.41	219.18
Secured Loans	606.38	2,138.20	2,221.31	2,259.07	2,497.86	2,907.18
Unsecured Loans	314.62	457.8	526.44	186.76	20.96	288.63
Deferred Tax (Asset)/Liabilities (net)	-	6.22	24.97	30.88	74.88	65.17
<b>Total (E)</b>	<b>1,372.91</b>	<b>3,214.15</b>	<b>3,237.27</b>	<b>3,417.55</b>	<b>3,623.41</b>	<b>4,771.43</b>
<b>Net Worth (D-E)</b>	<b>69.74</b>	<b>96.5</b>	<b>654.99</b>	<b>1,253.98</b>	<b>1,605.53</b>	<b>2,276.45</b>
<b><u>Net Worth represented by</u></b>						
Equity Share Capital	72.13	100	612	732.02	1,131.65	1,170.00
Share application money	-	-	-	-	98.4	482.08
<b><u>Reserve and Surplus</u></b>						
Securities Premium Account	-	-	-	480.08	192.53	269.23
Profit & Loss account	-	-1.88	44.21	42.69	208.45	355.14
<b>Sub-Total</b>	<b>72.13</b>	<b>98.12</b>	<b>656.21</b>	<b>1,254.79</b>	<b>1,631.03</b>	<b>2,276.45</b>
<b>Less: Miscellaneous</b>						



<b>Expenditure</b> (to the extent not written off or adjusted)						
Preliminary Expenses	2.38	1.62	1.22	0.81	-	0
Initial Public Offer Expenses	-	-	--	-	25.5	-
<b>Net Worth</b>	<b>69.74</b>	<b>96.5</b>	<b>654.99</b>	<b>1,253.98</b>	<b>1,605.53</b>	<b>2,276.45</b>

The above statement should be read with the Notes on Adjustments to Restated Financial Statements, Significant Accounting policies and notes to Accounts as appearing in Annexures IV and V.

**PARAMOUNT PRINTPACKAGING LIMITED**  
**(Formerly known as Paramount Printing Press Pvt. Limited.)**

**Annexure - II**

**Summary Statement of Profits and Losses, as restated**

*(All amount Rupees in lacs)*

Particulars	For the Financial Year Ended					
	31st March, 2006	31st March, 2007	31st March, 2008	31st March, 2009	31st March, 2010	31 <sup>st</sup> December 2010
<b><u>INCOME</u></b>						
Sales (Net)	2,223.36	2,328.49	2,754.62	3,387.34	4,649.85	4381.70
Other Income	12.59	11.29	16.51	4.33	13.71	26.07
Increase/(decrease) in Stock	-12.86	-32.24	28.59	-9.25	31.07	(48.97)
<b>Total</b>	<b>2,223.10</b>	<b>2,307.54</b>	<b>2,799.72</b>	<b>3,382.42</b>	<b>4,694.62</b>	<b>4,358.80</b>
<b><u>EXPENDITURE</u></b>						
Raw Material Consumed	974.42	1,012.43	1,220.48	1,055.08	1,449.12	1795.43
Cost of Traded Goods	775.99	781.25	1,001.27	1,307.42	1,806.14	950.07
Manufacturing overheads	90.83	95.15	74.65	98.93	163.4	196.32
Payment to employees	104.49	113.91	160.66	187.87	225.39	204.80
Administration and selling expenses	80.34	86.38	78.17	80.73	96.32	249.28
Financial expenses	127.37	148.6	75.99	363.23	385.44	436.73
Preliminary expenses written off	-	0.41	0.41	0.41	0.81	0
<b>Total</b>	<b>2,153.43</b>	<b>2,238.13</b>	<b>2,611.61</b>	<b>3,093.67</b>	<b>4126.63</b>	<b>3832.63</b>
<b>Adjusted Profit Before Depreciation &amp; Tax</b>	<b>69.67</b>	<b>69.41</b>	<b>188.12</b>	<b>288.75</b>	<b>568.00</b>	<b>526.17</b>
Less: Depreciation	50.48	63.13	121.27	282.36	293.15	235.50
<b>Adjusted Profit Before Tax</b>	<b>19.19</b>	<b>6.28</b>	<b>66.84</b>	<b>6.39</b>	<b>274.85</b>	<b>290.67</b>
<b><u>Provision For Tax</u></b>						
Current Tax	-	-	7.3	0.5	60	116.00
Deferred Tax	-	6.22	18.76	5.91	44	2.90
Fringe Benefit Tax	1.9	1.95	2	2	0.6	0
Short/Excess provision for Tax of earlier year	-	-	-	-	-	0.59
MAT Credit	-	-	-7.3	-0.5	4.49	-
<b>Profit After Tax</b>	<b>17.29</b>	<b>-1.88</b>	<b>46.09</b>	<b>-1.52</b>	<b>165.76</b>	<b>171.17</b>
<b>Surplus brought forward from Previous Year</b>	<b>-</b>	<b>-</b>	<b>-1.88</b>	<b>44.21</b>	<b>42.69</b>	<b>208.45</b>
<b><u>Appropriations</u></b>						
Capitalisation for issue of Bonus Shares	-	-	-	-	-	-
Charge on account of	-	-	-	-	-	24.49

transitional provisions under AS 15						
<b>Adjusted Available Surplus carried forward to Balance Sheet</b>	<b>17.29</b>	<b>-1.88</b>	<b>44.21</b>	<b>42.69</b>	<b>208.45</b>	<b>355.14</b>

**Notes:**

The above statement should be read with the Notes on Adjustments to Restated Financial Statements, Significant Accounting policies and notes to Accounts as appearing in Annexures IV and V.

**PARAMOUNT PRINTPACKAGING LIMITED**  
**(Formerly known as Paramount Printing Press Pvt. Limited.)**

Annexure - III

**Restated Statement of Cash Flows**

*(All amount Rupees in lacs)*

Particulars	31st March, 2006	31st March, 2007	31st March, 2008	31st March, 2009	31st March, 2010	31 <sup>st</sup> December 2010
<b>Cash flows from Operating Activities</b>						
<b>Net profit before taxation, and extraordinary item</b>	<b>19.19</b>	<b>6.28</b>	<b>66.84</b>	<b>6.39</b>	<b>274.85</b>	<b>290.67</b>
<b>Adjustments for:</b>	-	-	-	-	-	-
Preliminary Expenses	-	0.41	0.41	0.41	0.81	-
Initial Public Offer Expenses	-	-	-	-	-	62.90
Interest income	-4.61	-2.39	-1.5	-1.5	-5.98	(16.05)
Sundry balance w/off (Net)	-	-	-2.39	7.1	-	22.33
Depreciation	50.48	63.13	121.27	282.36	293.15	235.50
Exchange Rate Difference	-	-	-	-	-	(0.92)
Profit on Sale of machinery	-	-8.79	-5.4	-	-3.25	-
Interest Expenses	127.37	148.6	75.99	363.23	385.44	436.73
Dividend Income	-0.23	-0.1	-0.74	-0.12	-0.12	(0.09)
<b>Operating Profit before Working Capital Changes</b>	<b>192.2</b>	<b>207.14</b>	<b>254.47</b>	<b>657.87</b>	<b>944.9</b>	<b>1,031.07</b>
Decrease / (Increase) in sundry debtors	-57.34	14.92	-108.16	-439.82	-412.89	-1,180.64
Decrease / (Increase) in loans & advances	-42.53	-94.87	68.2	-264.98	64.67	-246.52
Decrease / (Increase) in inventories	5.78	-37.37	-35.01	-277.33	-132.19	-71.67
Increase / (Decrease) in current liabilities & provisions	-272.41	160.03	-151.17	477.13	28.42	326.84
<b>Cash Generated from Operations</b>	<b>-174.3</b>	<b>249.85</b>	<b>28.32</b>	<b>152.87</b>	<b>492.9</b>	<b>-140.92</b>
Less: Income taxes paid	4.21	6.4	1.06	3.34	-3.16	-0.22
<b>Cash flow before extraordinary item</b>	<b>-178.51</b>	<b>243.45</b>	<b>27.26</b>	<b>149.53</b>	<b>496.06</b>	<b>-140.70</b>
Less: Extra Ordinary Items	-	-	-	-	-	-
<b>Net Cash flow from Operating Activities (A)</b>	<b>-178.51</b>	<b>243.45</b>	<b>27.26</b>	<b>149.53</b>	<b>496.06</b>	<b>-140.70</b>
<b>Cash flows from Investing Activities</b>						
Purchase of Investments	-0.33	-0.03	-	-	-	-
Purchase of fixed assets	-235.52	-1,817.16	-613.81	-45.99	-178.65	-505.76
Sale of fixed assets	2.81	8.79	5.4	-	3.42	-
Dividend Income	0.23	0.1	0.74	0.12	0.12	0.09
Interest income	4.61	2.39	1.5	1.5	4.76	8.83
<b>Net cash from Investing Activities (B)</b>	<b>-228.21</b>	<b>-1,805.91</b>	<b>-606.16</b>	<b>-44.37</b>	<b>-170.35</b>	<b>-496.84</b>
<b>Cash flows from Financing Activities</b>						
Borrowings	519.58	1,675.00	151.75	-301.92	72.99	676.97
Initial Public Offer Expenses	-	-	-	-	-25.5	-37.40
Preliminary Expenses (Pre	-2.38	-	-	-	-	-

operative expenses Part IX)						
Increase in share capital (Incl Application Money)	-14.66	27.87	512	600.1	210.48	498.73
Interest Paid	-127.37	-148.6	-75.99	-363.23	-385.44	-442.10
<b>Net cash used in Financing Activities ( C)</b>	<b>375.17</b>	<b>1,554.27</b>	<b>587.76</b>	<b>-65.05</b>	<b>-127.47</b>	<b>696.20</b>
<b>Net increase in Cash and Cash Equivalents (A+B+C)</b>	<b>-31.56</b>	<b>-8.19</b>	<b>8.86</b>	<b>40.1</b>	<b>198.25</b>	<b>58.68</b>
Add : Cash and cash equivalents at beginning of period	57.19	25.63	17.44	26.3	66.4	264.65
<b>Cash and Cash Equivalents at end of Period</b>	<b>25.63</b>	<b>17.44</b>	<b>26.3</b>	<b>66.4</b>	<b>264.65</b>	<b>323.33</b>

#### **Breakup of Cash and Cash Equivalent**

<b>Particulars</b>	<b>31st March, 2006</b>	<b>31st March, 2007</b>	<b>31st March, 2008</b>	<b>31st March, 2009</b>	<b>31st March, 2010</b>	<b>31<sup>st</sup> December 2010</b>
<u>Bank Balances with Schedule Bank</u>						
In Current Accounts	0.03	0.08	0.45	0.51	1.67	1.55
In Fixed Deposit and Margin Account	22.45	15.88	15.88	62.22	237	272.40
Cash on Hand	3.15	1.48	9.97	3.68	25.98	49.38
	<b>25.63</b>	<b>17.44</b>	<b>26.3</b>	<b>66.4</b>	<b>264.65</b>	<b>323.33</b>

#### **Note :**

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 on Cash Flow Statements as notified by Companies (Accounting Standard) Rules, 2006.

Bank borrowings are considered as part of secured loan and its movements are reflected in Borrowings.

**PARAMOUNT PRINT PACKAGING LIMITED**  
**(Formerly Known as Paramount Printing Press Private Limited)**

**Annexure – IV**

**NOTES ON ADJUSTMENTS FOR RESTATED FINANCIAL STATEMENTS**

1. The Company is formed through Part IX conversion under Companies Act, 1956 of erstwhile firm “Paramount Printing Press” on 24th March, 2006 (w.e.f. 1st April, 2006). All assets and liabilities of the said firm are termed as assets and liabilities of the Company at book value from the effective date.
2. For incorporation of financial information of F.Y.2005-06 of erstwhile firm M/s Paramount Printing Press, we have made following adjustment to adhere to requirements of Paragraphs B, Part II of schedule II of the Companies Act, 1956.

Sr. No.	Accounts head appearing in erstwhile firm	Accounts head appearing in restated financial statement
A.	Partner’s capital Account	Share Capital
B.	Interest & remuneration to partners	Directors remuneration
C.	Pre operative Expenses Part IX	Preliminary Expenses

- D. Closing WDV appearing in books of erstwhile firm as on 31.03.2006 was taken as the Opening Gross Block of assets as on 01.04.2006;
- E. Opening accumulated depreciation as on 01.04.2006 is taken as Nil;
- F. Opening net block as on 01.04.2006 is taken, same as closing WDV as appearing in books of erstwhile firm.
- G. No tax provision has been made for the concerned financial year.

We have not made any adjustment for Depreciation provided as per Income Tax Act as till financial year ended 31st March, 2006 in the opening balance of restated profit and loss account as on 1st April 2005.

3. Consequent to the proposed Initial Public Offer (‘IPO’) of the equity shares, the Company had applied to the Registrar of Companies (‘ROC’) Maharashtra, for conversion from Private Limited Company to a Public Limited Company. The Company has changed its name from “Paramount Printing Press Pvt. Ltd.” to “Paramount Printpackaging Private Limited” on 02<sup>nd</sup> June, 2010. The ROC has accorded his approval for the conversion of the Company into a ‘Public Limited Company’ on 21<sup>st</sup> July, 2010 and the Company accordingly changed its name from ‘Private Limited’ to ‘Limited’ with effect from 21<sup>st</sup> July, 2010.
4. There are no adjustments on account of changes in the accounting policies and hence there is no corresponding effect on profit and losses of the Company in the restated financial statements. The explanatory notes on adjustments on account of errors in restated financial information and regroupings of some of the figures in financial information are as follows:

**(a) Depreciation**

The erstwhile partnership firm “M/s Paramount Printing Press” was converted to Private Limited Company as “Paramount Printing Press Private Limited” under the provision of chapter IX of the Companies Act 1956 on 24<sup>th</sup> March, 2006( w.e.f. 1<sup>st</sup> April, 2006). Up to 31<sup>st</sup> March, 2006 the erstwhile Firm had provided depreciation on written down value method at the rates prescribed in Income Tax Act, 1961. After conversion, the Company is providing depreciation at the rate prescribed under Schedule XIV of the Companies Act, 1956.

Further there was error in calculation of depreciation in financial year 2007-08 and 2008-09 which have been rectified and the effect of such rectification was given as adjustment in the restated financial statements as under.

(All amounts Rupees in lacs)

	31.03.2006	31.03.2007	31.03.2008	31.03.2009	31.03.2010	31.12.2010
Adjustments on account of						
Change in method of depreciation	-	-	-	-	-	-
Prior Period Adjustment on account of depreciation	-	-	6.17	16.77	-	-
Impact of Current Tax						
Provision for Tax	-	-	-0.7	-2	-	-
Less: MAT Credit	-	-	0.7	2	0.43	-
Impact of Deferred Tax	-	-	-9.59	-2.68	4.64	-
Total:	-	-	3.42	-14.09	-4.21	-

**(b) Provision for deferred tax**

The deferred tax liability has also been recomputed taking into consideration the effect of rectification in provision of depreciation as detailed above and disallowances/ adjustments as referred to in computation of income for respective years and accordingly adjustments have been made in the respective years.

**(c) Prior Period Adjustments**

In the financial statements for the years ended 31<sup>st</sup> March, 2010, 2009, 2008, 2007, and 2006, certain items of Income / expenses have been identified as prior period items. For the purpose of this statement, such prior period items have been appropriately adjusted in the respective years.

**(d) Provision for current tax**

The Restated Statement of Profit and Loss has been adjusted for respective years in respect of short/excess provision for income tax as compared to the tax payable as per income tax returns filed by the Company for these years. Further, advance taxes paid towards current tax liability have now been adjusted against the balance in the provision for taxation and the resultant net debit or credit balance has been shown under the head 'Loans and Advances' or 'Provision for tax' as the case may be.

**(e) Segmental Information**

The company was primarily dealing in two segments i.e. printing and packaging Activities and Trading in fabric items. The said trading activity in fabric items was discontinued in March 2009 and thereafter Company is operating in single segment i.e. printing and packaging. Hence segment information for the period under review is not required to be given. Annexure XII includes information required by Accounting Standard 17- "Segment Reporting" as notified in Companies (Accounting Standard) Rules, 2006 for the period 2005-06 to 2009-10.

**(f) Material regrouping**

**i) Manufacturing Overheads:**

Consistent with the manner of presentation adopted in the financial statements as at 31<sup>st</sup> December, 2010, Cess Tax have been regrouped under the head 'Manufacturing Overheads', previously shown under the head 'Administration and Selling Expenses' in Profit and Loss Account in the financial year ended on 31<sup>st</sup> March, 2008.

**ii) Payment to Employees:**

Consistent with the manner of presentation adopted in the financial statements as at 31<sup>st</sup> December, 2010, Director Remuneration/ Interest & remuneration to partners have been regrouped under the head 'Payment to Employees', previously grouped under the head 'Director Remuneration/ remuneration to partners' in Profit and Loss Account in the financial year ended 31<sup>st</sup> March 2008, 31<sup>st</sup> March 2007 and 31<sup>st</sup> March 2006.

**iii) Administration and Selling Expenses:**

Consistent with the manner of presentation adopted in the financial statements as at 31<sup>st</sup> December, 2010, Commission have been regrouped under the head 'Administration and Selling Expenses, previously shown under the head 'Manufacturing Overheads' in Profit and Loss Account in the financial year ended on 31<sup>st</sup> March, 2007 and 31<sup>st</sup> March 2006.

**iv) Administration and Selling Expenses:**

Consistent with the manner of presentation adopted in the financial statements as at 31<sup>st</sup> December, 2010, Prior Period Expenses have been regrouped under the head 'Administration and Selling Expenses, previously shown under the head 'Prior Period Expenses' in Profit and Loss Account in the financial year ended on 31<sup>st</sup> March 2008 and 31<sup>st</sup> March 2006.

**v) Preliminary Expenses written off:**

Consistent with the manner of presentation adopted in the financial statements as at 31<sup>st</sup> December, 2010, Preliminary Expenses written off have been shown separately in the Profit and Loss Account, previously grouped under the head "Administration and Selling Expenses" in Profit and Loss Account in the financial year ended on 31 March, 2010, 31<sup>st</sup> March 2009, 31<sup>st</sup> March 2008, 31<sup>st</sup> March 2007.

**vi) Loans and Advances:**

Consistent with the manner of presentation adopted in the financial statements as at 31<sup>st</sup> December, 2010, Karjat Land have been regrouped separately under the head 'Loans and Advances', previously shown under the head 'Investments' in the financial year ended 31<sup>st</sup> March, 2006.

**vii) Loans and Advances:**

Consistent with the manner of presentation adopted in the financial statements as at 31<sup>st</sup> December, 2010, Provision for FBT has been regrouped and reduced from Loans and Advances - Taxes Paid (net of provision), previously grouped under the head 'Provisions' in the Balance Sheet in the financial year ended 31<sup>st</sup> March, 2007.

**viii) Advances recoverable in cash or in kind or value to be received:**

Consistent with the manner of presentation adopted in the financial statements as at 31<sup>st</sup> December, 2010, Other Assets have been merged under the head 'Advances recoverable in cash or in kind or value to be received', in the financial year ended on 31<sup>st</sup> March 2009, 31<sup>st</sup> March 2008, 31<sup>st</sup> March 2007 and 31<sup>st</sup> March 2006.

**ix) Miscellaneous Expenditure:**

Consistent with the manner of presentation adopted in the financial statements as at 31<sup>st</sup> December, 2010, Pre-Operative Expenses has been regrouped under the head 'Miscellaneous Expenditure' previously grouped under the head 'Loans and Advances' in the Balance Sheet in the financial year ended 31<sup>st</sup> March, 2006.



x) **Other Assets:**

Consistent with the manner of presentation adopted in the financial statements as at 31<sup>st</sup> December, 2010, WCT Receivable has been regrouped under the head 'Balance with Government Authorities', previously grouped under the head 'Provision (net of taxes paid)' in the year ended 31<sup>st</sup> March 2008.

xi) Regrouping done within a particular head of expenses is not disclosed by way of notes.

(g) **Restated Profit and Loss Account as on 1st April, 2005**

There are no adjustments made in profit and loss account balance as on 1<sup>st</sup> April 2005 for arriving at the opening balance of restated profit & loss account.

(h) **Qualifications in the Auditors Report:**

The statutory auditors of the Company for the past five years were as follows:

Sr. No.	Financial Year	Name of Auditor
1	2007-08 to 2009-10*	K.R. Manik & Co.
2	2005-06 & 2006-07	M.V. Damania & Co.

\* Reaudit of financial information for the Financial Year 2009-10 was conducted by us.

For Financial Year 2005-06, provisions of Companies Act, 1956 were not applicable to the Company as the status of Entity during 2005-06 was that of Partnership Firm. The Tax audit for the year 2005-06 was conducted by us.

There is neither any qualification nor any adverse remark/observation by the Statutory Auditors in their Statutory Audit Report for the Financial Statements as at March 31<sup>st</sup>, 2010, 2009, 2008 and 2007, except enumerated below:

➤ **Audit qualifications requiring no adjustment in the restated financial statements:**

Following remark/observation does not require any quantification as the said qualifications is due to absence of required information. Accordingly we have not made any adjustment in the restated financial statements & wherever possible, the information has been included in restated accounts based on the management representation.

**In Annexure to Companies (Auditor's Report) Order, 2003:**

a) **For Period Ended 31.03.2007 and 31.03.2008**

As explained to us, fixed assets has not physically verified by the management during the year.

b) **For Period Ended 31.03.2007, 31.03.2008 and 31.03.2009.**

As the inventory records are not maintained as referred in Notes to Accounts, we are unable to comment on this clause relating to maintenance of proper inventory records

We report that the said quantitative information for the above referred years has been compiled by management for inclusion in notes on adjustments for Restated financial statements & we have relied on the same.

c) **For Period Ended 31.03.2009**

According to the information and explanations given to us, and verification of records of the Company, the Company is generally not regular in depositing with appropriate authorities undisputed statutory dues, including provident fund, investor education protection fund, employee's state insurance, income-tax, service tax, sales-tax, wealth tax, custom duty, excise duty, Cess and other statutory dues applicable to it. There are no undisputed statutory dues as referred to above as at 31st March, 2009 outstanding for a period more than six months from the date they become payable except for profession tax Rs.69,050/-.

**d) For Period Ended 31.03.2010**

According to the information and explanations given to us, and verification of records of the Company, the Company is generally not regular in depositing with appropriate authorities undisputed statutory dues, including provident fund, employee's state insurance, income-tax, service tax, sales-tax, wealth tax, custom duty, excise duty, cess and other statutory dues applicable to it. There are no undisputed statutory dues as referred to above as at 31st March, 2010 outstanding for a period more than six months from the date they become payable except as detailed hereunder:

Nature of Liabilities	Amount
Profession Tax	388,580/-
Provident Fund	3,177,274/-
ESIC	1,154,103/-
Tax Deducted at Source	376,850/-
Maharashtra Value Added Tax & Central Sales Tax	4,774,756/-
Minimum Alternate Tax (including interest) - A.Y. 08-09	705,110/-
A.Y. 09-10	22,880/-

➤ **Audit qualifications requiring adjustment in the restated financial statements:**

Following remark/observation requires quantification and accordingly needs to be provided in the restated financial statements.

**In Audit Report issued under Companies (Auditor's Report) Order, 2003:**

**(a) For Period Ended 31.03.2007, 31.03.2008 and 31.03.2009**

In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books **except maintenance of inventory records as referred in Notes to Accounts of respective years;**

**We report that the said quantitative information for the above referred years has been complied by management for inclusion in restated notes to accounts & we have relied on the same.**

**(b) For Period Ended 31.03.2009 and 31.03.2010 ( Including Re-audit by us of financial information for the period ended 31.03.2010)**

In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standard referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956, in so far as they apply to the Company **except compliance with Accounting Standard 15 "Employee Benefits (Revised)".**

**The statutory auditor had not quantified the amount of provision required to be made by the Company. At the time of restatement of Accounts for filing Red Herring Prospectus (RHP) with appropriate authority, the Company has provided for gratuity liability based on the Actuarial valuation and as per methodology referred in Accounting standard 15 (Revised**

**2005). Based on the transitional provision of said standard, the company has adjusted liability up to 31<sup>st</sup> March 2010 (net of deferred tax) against opening balance of Profit and Loss Account.**

**PARAMOUNT PRINT PACKAGING LIMITED**  
**(Formerly Known as Paramount Printing Press Private Limited)**

**Annexure – V**

**SIGNIFICANT ACCOUNTING POLICIES**

**(For the Financial Statement as at and for the period ended 31st December, 2010)**

**A. Significant Accounting Policies:**

**1. Basis of Preparation of Financial Statements:**

These financial statements are prepared under the historical cost convention on an accrual basis and comply with Accounting Standard referred to in section 211(3C) of the Companies Act, 1956. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

**2. Use of Estimates:**

The preparation of financial statement in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period.

**3. Fixed Assets:**

Fixed Assets are stated at cost of acquisition including direct/ indirect expenses incurred to put assets to actual use but excludes CENVAT and VAT setoff availed.

**4. Depreciation:**

- a) Depreciation on fixed assets has been provided on Straight Line basis at the rates and in the manner specified in the Schedule XIV of the Companies Act, 1956 on single shift basis except in case of plant & machinery and Electrical installation, where depreciation has been provided on triple shift basis.
- b) Leasehold land has not been amortized over the primary period of the lease.
- c) Depreciation is provided on pro-rata basis with reference to the date of addition / installation / deletion except in case of assets costing Rs. 5,000 or less, which are depreciated at 100 % in the year of acquisition.

**5. Intangibles:**

Intangible assets are stated at costs less accumulated amortization.

Intangible assets are amortized over a period of five years

**6. Impairment of Assets:**

Where there is an indication that an asset is impaired, the recoverable amount if any, is estimated and the impairment loss is recognized to the extent carrying amount exceeds recoverable amount.

**7. Inventories:**

Raw materials are valued at cost derived on average cost basis or net realizable value whichever is lower.

Finished goods are stated at Average material consumption cost and direct attributable overheads or Net realizable value whichever is lower.

Semi Finished Goods are valued at cost on the basis of process completion.

**8. Foreign Currency Transactions:**

Transactions in foreign currency are accounted at the exchange rate prevailing at the time of transaction. Gains or Losses upon settlement of transaction during the year is recognized in the profit and loss account.

Assets and liabilities denominated in foreign currency are restated at the yearend rates. Gains or losses arising as a result of the above are recognized in the profit and loss account. In respect of foreign exchange transactions covered by forward exchange contracts, the difference between the forward contract rate and the exchange rate at the date of the transaction is recognized as income or expenses over the life of contracts. Gains or losses on cancellation or renewal of forward exchange contracts are recognized as income or expenses.

**9. Investments:**

Investments, which are long term in nature, are stated at cost of acquisition with provision where necessary for diminution, other than temporary, in the value of investments.

**10. Current Assets, Loans and Advances:**

Loans and Advances are stated at the value if realized in the ordinary course of business. Irrecoverable amounts, if any are accounted and/or provided for as per management's judgment or only upon final settlement of accounts with the parties.

**11. Borrowing Costs:**

Borrowing costs directly attributable to the acquisition or construction of Fixed Assets are capitalized as part of the cost of the assets, upto the date the asset is put to use. Other borrowing costs are charged to the Profit and Loss Account in the year in which they are incurred.

**12. Leases:**

Leases wherein a significant portion of the risks and reward of ownership are retained by the lessor are classified as Operating Leases. Lease rentals in respect of such leases are charged to the Profit and Loss Account.

**13. Retirement Benefits:**

a. Short term employees Benefits:

Short term employees' benefits are recognized in the period during which the services have been rendered.

Leave Encashment liability on account of unavailed earned leave is provided as per the prevailing company's policies.

b. Long term employees Benefits:

i. Provident fund, family Pension fund & employees' State Insurance Scheme:

As per the employees' Provident funds and miscellaneous Provisions Act, 1952, all employees of the company are entitled to receive benefits under the provident fund & family pension fund, which is a defined contribution plan. These contributions are made to the fund administrated and managed by Government of India. In addition, some employees of the company are covered under employees' State Insurance Scheme act, 1948, which are also defined contribution schemes recognized and administrated by Government of India

The company's contributions to these schemes are recognized as expense in profit and loss account during the period in which the employee renders the related service. The company has no further obligation under these plans beyond its monthly contributions.

ii. Gratuity:

The liabilities is a defined benefit obligation and are the present value of the obligation under defined benefits plan is determined based on actuarial valuation using the Project Unit Credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up final obligation. The obligation is measured at the present value of the estimated cash flows. The discount rate used for determining the present value of the defined obligation under defined benefit plan, is based on the market yields on Government securities as at the balance sheet date. Actuarial gains and losses are recognized in Profit and Loss account as and when determined.

**14. Provisions, Contingent Liabilities and Contingent Assets:**

The Concern recognizes a provision when there is a present obligation as a result of a past event on which it is probable that there will be outflow of resources to settle the obligation in respect of which reliable estimate can be made.

Contingent liabilities are disclosed by way of note to the Financial Statements after careful evaluation by the Management of facts and legal aspects of the matter involved.

Contingent Assets are neither recognized nor disclosed.

**15. Taxation:**

Tax expenses comprise of current and deferred tax.

Provision for current income tax is made on the basis of relevant provisions of Income Tax Act, 1961 as applicable to the financial year.

Deferred Tax is recognized subject to the consideration of prudence on timing differences, being the difference between taxable Income and Accounting Income that originate in one period and are capable of reversal in one or more subsequent periods.

Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

**B. Notes on Accounts:**

1. In the opinion of the directors :

- a) The current assets, loans and advances are approximately of the value stated, if realized in the ordinary course of business.
- b) The provision for all known liabilities are adequate and not in excess of the amount reasonably necessary.

- | <u>Contingent liabilities not provided for in respect of:</u>  | <b>Current Period<br/>Rupees</b> | <b>Previous Year<br/>Rupees</b> |
|--|----------------------------------|---------------------------------|
| a. Estimated amount of contracts remaining to be executed on capital account.  | 113,893,749/-                    | 30,000/-                        |
| b. Sales Tax Dues pending with appellate authorities   | 10,757,203/-                     | Nil                             |
| c. The Company has purchased Fixed Assets under the “Export Promotion Capital Goods Scheme” (EPCG). As per the terms of the license granted under the scheme, the Company is required to achieve export commitment of Rs 419,764,292 over a period as defined in EPCG License expiring at various dates. In the event of company being unable to execute its export obligations, the Company shall be liable to pay customs duty of Rs. 52,941,879/-and interest on the same at the rate of 15 percent compounding annually. The Company is hopeful of meeting its export obligation and accordingly no provision is required for the same in books of accounts. |                                  |                                 |
3. Sundry debtors, Sundry creditors, Other Liabilities, Deposits and Loan and Advances are subject to confirmation and reconciliation, if any.
4. Balance with Excise Authorities (Net) and Sales Tax Authorities is subject to reconciliation with the corresponding records or orders. In the opinion of the management, effect of the reconciliation is not having material impact on the Financial Statement of the Company.
5. Legal and Professional Fees included expenses pertaining to Initial Public Offer (IPO) amounting to Rs. 6,290,000/- out of which Rs. 2,550,000/- is pertaining to Financial Year 2009-10.
6. Consequent to the proposed Initial Public Offer (IPO) of the equity shares, the Company had applied to the Registrar of Companies (ROC) Maharashtra, for conversion from Private Limited Company to Public Limited Company. The Company has changed its name from “Paramount Printing Press Private Limited” to “Paramount Printpackaging Private Limited” on 02<sup>nd</sup> June, 2010. The ROC has accorded his approval for the conversion of the Company into a ‘Public Limited Company’ on 21<sup>st</sup> July, 2010 and the Company accordingly changed its name from ;Private Limited’ to ‘Limited’ with effect from 21<sup>st</sup> July,2010.
7. The erstwhile partnership firm “M/s Paramount Printing Press” was converted to private limited Company as “Paramount Printing Press Private Limited” under the provision of Chapter IX of the Companies Act 1956 on 24<sup>th</sup> March, 2006 (w.e.f. 1<sup>st</sup> April, 2006). Upto 31<sup>st</sup> March, 2006 the erstwhile Firm had provided depreciation on written down value method at the rates prescribed in Income Tax Act, 1961. After conversion, the Company is providing depreciation at the rate prescribed under Schedule XIV of the Companies Act, 1956.

Further there was error in calculation of depreciation in financial year 2007-08 and 2008-09 which have been rectified and the effect of such rectification was given as earlier year adjustments in Reserve and Surplus Account with corresponding effect to respective accounts.

<b>Particulars</b>	<b>Amounts (in Rupees)</b>
Accumulated Depreciation	(2,294,696)
Provision for Tax	43,353
Deferred Tax	762,869
<b>Net Effect to Reserve and Surplus</b>	<b>(1,488,474)</b>

- 8.
- Cash credit loan, term loans and LC (Non fund based) from State Bank of India amounting to Rs.171,733,519/- (Previous Year Rs Nil) are primarily secured against hypothecation charge on stock book debt, plant & machineries & fixed assets of the company. These loans also have collateral securities in the form of paripassu equitable mortgage of fixed assets of the company

being plot No. A 309, TTC Industrial Area, Navi Mumbai with Shamrao Vithal Co-Op.Bank Ltd, pari-passu equitable mortgage on flat no.401,501,502, Nathdwara, Poddar Lane, Saibaba Road, Santacruz (west), Mumbai with Shamrao Vithal Co-Op.Bank Ltd. and Assignment of keymen / life insurance policies of Rs.80 Lacs and personal guarantee of all directors of the company and owners of the above stated properties.

- Cash credit loan, working capital term loans and LC (Non fund based) from Axis Bank have been taken over by State Bank of India during the period under review. The out standing balance of LC Rs.6,866,721/- as on 31<sup>st</sup> December, 2010 was discharged by the Company on their respective due dates. The LC facility is secured against goods procured under LC and pledge of Fixed Deposits with Bank.
- Cash credit loan, term loans and LC (Non Fund based) from Shamrao Vithal Co-operative Bank Ltd amounting to Rs.161,502,520/ (Previous Year Rs 167,899,590/-) are primarily secured against hypothecation charge on entire current assets, present and future. These loans also have collateral securities in the form of hypothecation charge on movable fixed assets of the company, present & future (excluding vehicles and assets hypothecated to Orix Auto & Business solutions Limited), equitable mortgage on fixed assets of the company being plot No. A 309, TTC Industrial Area, Navi Mumbai equitable mortgage on flat no.401,501,502, Nathdwara, Poddar Lane, Saibaba Road, Santacruz (west), Mumbai, Assignment of keymen / life insurance policies of Rs.80 Lacs and personal guarantee of all directors of the company and owners of above stated properties.
- Term Loan from Orix Auto Infrastructure Services Limited amounting to Rs 6,931,251/- (Previous Year Rs 11,098,192/-) are primarily secured against hypothecation charges on BOBST Machinery.
- Amount due in respect of term loans within a period of 12 months is Rs.45,834,540/- (Previous year Rs.38,884,828/-)
- Vehicle loan amounting to Rs.811,423/- (Previous Year Rs 1,223,923) from Sundaram Finance Limited are primarily secured against hypothecation charge on Vehicles.

9.	<u>Payment to Directors:</u>	<b>Current Period</b>	<b>Previous Year</b>
		<b>Rupees</b>	<b>Rupees</b>
	Salary and Allowances	3,375,000/-	5,400,000/-

The company has provided Managerial Remuneration as per the provisions of part II of Schedule XIII of Companies Act, 1956 and the said Managerial Remuneration is approved by Remuneration Committee.

10.	<u>Payment to Auditors:</u>		
	a) Audit Fees	1,000,000/-	33,090/-
	b) Income Tax and other matters	Nil	Nil
		<u>1,000,000/-</u>	<u>33,090/-</u>

**11. DISCLOSURE IN ACCORDANCE WITH PART I OF SCHEDULE VI OF THE COMPANIES ACT 1956 IN RESPECT OF MICRO AND SMALL ENTERPRISES:**

The company is in the process of compiling relevant information from its creditors about their coverage under the Micro, Small & Medium Enterprises Development Act, 2006. As the company has not received any information from its creditors as on date regarding their status under the above said Act and hence no disclosure has been made.



12. Adjustment relating to previous year amounting to Rs. 1,283,333/- (net Debit) (Previous year Rs. 286,584/- net Credit). The same has been debited/credited under respective heads of accounts..

13. **Employees Benefits:**

During the year, the Company has adopted Accounting Standard 15 (Revised) "Employee Benefits" as notified by Companies (Accounting Standard) Rules, 2006. In accordance with the stipulations of the Standard, the Company has adjusted Rs. 2,448,550/- (net of deferred tax aggregating to Rs. 1,260,812) towards the additional liability in respect of gratuity liability up to 31st March, 2010 against the opening balance of Profit and Loss Account as on 1<sup>st</sup> April, 2010.

During the year, Company has recognised the following amounts in the financial statements:

a) **Defined Contribution Plan**

Contribution to Defined Contribution Plan, recognized as expense for the year are as under:

<i>(In Rupees)</i>	
<b>Particulars</b>	<b>Current Period</b>
Employer's Contribution to Provident fund & family Pension fund	1,062,756
Employer's Contribution to Employees' State Insurance Scheme	462,385
Leave Encashment	621,568

b) **Defined Benefit Plan**

Reconciliation of opening and closing balances of Defined Benefit obligation:

<i>(In Rupees)</i>	
<b>Particulars</b>	<b>Current Period</b>
Defined Benefit obligation at the beginning of the year	3,709,362
Current Service Cost	250,248
Interest Cost	240,991
Actuarial (gain)/loss	(174,561)
Benefits Paid	(129,620)
Defined Benefit obligation at year end	3,896,420

Reconciliation of fair value of plan assets and benefit obligations :

<i>(In Rupees)</i>	
<b>Particulars</b>	<b>Current Period</b>
Fair value of assets as at 31 <sup>st</sup> December, 2010	--
Present value of obligation as at 31 <sup>st</sup> December, 2010	3,896,420
Amount recognized in balance sheet	3,896,420

Expense recognized during the period (Under the head "Payments to Employees" - refer Schedule Q)

<i>(In Rupees)</i>	
<b>Particulars</b>	<b>Current Period</b>
Current Service Cost	250,248
Interest Cost	240,991
Expected return on Plan assets	--
Actuarial (gain)/loss	(174,561)
Expense recognized in profit and loss account	316,678

Actuarial Assumptions:

<b>Particulars</b>	<b>Current Period</b>
Discount Rate	8.25%
Expected Rate of Return on Plan assets	--
Salary Escalation	6.00%

14. Deposits include Rs. 600,000/- (Previous year Rs. Nil) given to the directors as security deposit under the leave and license agreement.

15. The Business and Revenue segments of Companies are mainly consist of the Printing & packaging Activities only, Segmental information as required by Accounting Standard 17 as notified by Companies (Accounting Standard) Rules, 2006 is not considered for disclosure requirement.

16. The company has taken Motor Car on operating lease. The lease rent paid on the same amounting to Rs.Nil (Previous year Rs Nil) is included under the head compensation rent and rates and taxes. The minimum future lease rentals payable in respect thereof are as follows:-

*(In Rupees)*

<b>Particulars</b>	<b>Current Period</b>	<b>Previous Year</b>
Not Later than One Year	386,400	Nil
Later than one year but not later than five years	676,200	Nil
Later than five years	Nil	Nil

17. Previous year's figures are given under brackets and are regrouped and rearranged wherever considered necessary

18. In view of financial statements being prepared for the period of Nine months i.e.1<sup>st</sup> April, 2010 to 31<sup>st</sup> December, 2010 and hence Previous year's figures are not comparable.

**PARAMOUNT PRINTPACKAGING LIMITED**  
**(Formerly known as Paramount Printing Press Pvt. Limited.)**

**Annexure-VI**

**Statement of Dividend Declared**

The details of dividends declared by the Company is as under:

*(All amount Rupees in lacs)*

Particulars	31st March, 2006	31st March, 2007	31st March, 2008	31st March, 2009	31st March, 2010	31 <sup>st</sup> December 2010
Equity Share Capital	N.A	100	612	732.02	1131.654	1170.00
Number of Equity Shares	N.A	1,000,000	6,120,000	7,320,200	11,316,540	11700040
Equity Shares Face Value	N.A	10	10	10	10	10
<b>Rate of Dividend (%)</b>						
Interim	N.A	0%	0%	0%	0%	0%
Final	N.A	0%	0%	0%	0%	0%
<b>Amount of Dividend on Equity Shares</b>						
Interim	N.A	Nil	Nil	Nil	Nil	Nil
Final	N.A	Nil	Nil	Nil	Nil	Nil
<b>Total tax on Dividend</b>	N.A	Nil	Nil	Nil	Nil	Nil

**PARAMOUNT PRINTPACKAGING LIMITED**  
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**Annexure-VII**

**SUMMARY OF ACCOUNTING RATIOS**

*(All amounts Rupees in lacs)*

<b>Particulars</b>	<b>31st March, 2006</b>	<b>31st March, 2007</b>	<b>31st March, 2008</b>	<b>31st March, 2009</b>	<b>31st March, 2010</b>	<b>31<sup>st</sup> December 2010</b>
<b><u>a) Earnings Per Share</u></b>						
Adjusted Profit after tax but before extraordinary items	N.A	-1.88	46.09	-1.52	165.76	171.17
Weighted Average number of Equity shares outstanding	N.A	47.72	47.86	102.3	111	115.67
Basic Earning Per Share (Rs.)	N.A	-0.04	0.96	-0.01	1.49	1.48
Diluted Earning Per Share (Rs.)	N.A	-0.04	0.96	-0.01	1.49	1.48
<b><u>b) Net Asset Value Per Share</u></b>						
Total Asset (a)	N.A	3,310.65	3,892.26	4,671.53	5,228.94	7,047.88
Total Liabilities (b)	N.A	3,214.15	3,237.27	3,417.55	3,623.41	4,771.43
Asset Value [(a)-(b)]	N.A	96.5	654.99	1,253.98	1,605.53	2,276.45
Weighted Average number of Equity shares outstanding	N.A	47.72	47.86	102.3	111	115.67
Net Asset Value per share (Rs.)	N.A	2.02	13.68	12.26	14.46	19.68
<b><u>c) Return on Net Worth (%)</u></b>						
Adjusted Profit after tax but before extraordinary items	N.A	-1.88	46.09	-1.52	165.76	171.17
Net Worth	N.A	96.5	654.99	1,253.98	1,605.53	2,276.45
Return on Net Worth (%)	N.A	-1.95	7.04	-0.12	10.32	7.52
Weighted Average number of Equity shares outstanding during the year considered for Basic and diluted EPS, Net Asset Value per Share and Return on Net Worth	N.A	47.72	47.86	102.3	111	115.67

Note : Basic and Diluted EPS for the financial year ended 31st March, 2006 is not provided as the status of assessee (issuer) was partnership firm as of that date. The Company was formed through part IX conversion under Companies Act, 1956 of erstwhile firm "Paramount printing press on 24<sup>th</sup> March 2006 (w.e.f. April 1, 2006)

**Formulae:**

$$\text{Earnings Per Share} = \frac{\text{Adjusted profit after tax but before extraordinary items}}{\text{Weighted Average Number of Equity Shares outstanding during the year}}$$

	Net worth excluding Revaluation Reserve
Net Asset Value Per Share	-----
=	-----
	Weighted Average Number of Equity Shares outstanding during the year
Return on Net Worth (%)	Adjusted profit after tax but before extraordinary items
=	-----
	Net worth excluding Revaluation Reserve

Note: Net Worth = Equity Share Capital + Reserves & Surplus (Excluding revaluation reserve) – Miscellaneous Expenditure

**Notes:**

1) Earnings per Share is calculated in accordance with Accounting Standard 20 "Earnings Per Share" as notified by Companies (Accounting Standard) Rules, 2006. In terms of para 24 of AS-20, the number of equity shares outstanding before the issue of bonus shares is adjusted for the change in number of equity shares issued as bonus shares as if the shares were issued at the beginning of the earliest reported period.

2) During the year ended 31st March, 2010 the company has issued 37,72,180 bonus shares to the shareholders in the ratio of one shares for every two shares held by them. Since the bonus issue is an issue without consideration, it has been treated as if it had occurred from the beginning of the earliest period reported i.e. 31st March, 2006, both for the purpose of computing EPS and Net Asset Value per Share.

3) The above ratios have been calculated based on restated financial statements.

Calculation of Weighted Average Number of Shares during the Year

Particulars	31st March, 2006	31st March, 2007	31st March, 2008	31st March, 2009	31st March, 2010	31 <sup>st</sup> December 2010
<b>Total number of equity shares outstanding at the beginning of the year</b>						
Nominal value of equity shares – (Rs.)	N.A	10	10	10	10	10
Number of Share originally issued	N.A	1,000,000	1,000,000	6,120,000	7,320,200	1,13,16,540
– @ Rs. 10 per share paid up - [A]	N.A	1,000,000	1,000,000	6,120,000	7,320,200	1,13,16,540
<u>Equity shares issued during the year/period :</u>						
<u>Date of Issue of shares:</u>						
-						
31.03.08	N.A	-	5,120,000	-	-	-
16.01.09	N.A	-	-	400,200	-	-
31.03.09	N.A	-	-	800,000	-	-
20.03.10	N.A	-	-	-	224,160	-
30.04.10	-	-	-	-	-	55,500
21.08.10	-	-	-	-	-	3,28,000
Total equity shares at the end of the year/period	N.A	1,000,000	6,120,000	7,320,200	7,544,360	11,700,040
Equity shares in proportion to outstanding days remained during the year/period - [B]	N.A	-	14,027	337,699	7,370	209,040
Bonus Equity Shares issued [C] [31.03.2010]	N.A	3,772,180	3,772,180	3,772,180	3,772,180	0

Weighted Average number of Equity shares outstanding during the year/period – Considered for Basic EPS [A+B+C]	N.A	4,772,180	4,786,207	10,229,879	11,099,750	1,15,66,881
Potential Equity Shares outstanding as at the Balance Sheet date [D]	N.A	-	-	-	-	-
Weighted Average number of Equity shares outstanding during the year/period – Considered for Diluted EPS [A+B+C+D]	N.A	4,772,180	4,786,207	10,229,879	11,099,750	1,15,66,881

**PARAMOUNT PRINTPACKAGING LIMITED**  
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**Annexure-VIII**

**CAPITALISATION STATEMENT, AS RESTATED**

*(All amounts Rupees in lacs)*

Particulars	Pre Issue As on 31.12.2010	Post Issue
<u>Loans - Secured and Unsecured</u>		
Short Term Debt	1657.02	[*]
Long Term Debt	1538.79	[*]
Total Debt	3195.81	[*]
<u>Share Holders Funds</u>		
Share Capital	1652.08	[*]
Reserves and Surplus	624.37	[*]
Sub-Total	2276.45	[*]
Less : Preliminary Expenses not written off	0	[*]
Total Share Holder's Fund	2276.45	[*]
Long Term Debt / Equity	0.68	[*]

\*Post issue details will be updated at the time of submission of prospectus.

**Note :**

- a) The above has been computed on the basis of restated statements of accounts.
- b) Short Term Debts are debts maturing within next one year.
- c) Security Premium under the head Reserves and Surplus for the post issue capitalisation will be determined after fixation of the issue price.
- d) There has been a further issue of equity shares after 31.12.2010, as per details set herein below :

Date of Allotment	Share Capital(Rs.)
February 21, 2011	9,83,300
March 16, 2011	1,78,24,950
March 21, 2011	2,50,000

**PARAMOUNT PRINTPACKAGING LIMITED**  
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Annexure-IX

STATEMENT OF SECURED LOANS, AS RESTATED

*(All amounts Rupees in lacs)*

Particulars	31st March, 2006	31st March, 2007	31st March, 2008	31st March, 2009	31st March, 2010	31 <sup>st</sup> December 2010
<b>a) Working Capital Loans</b>						
<b><u>From bank</u></b>						
<b><u>Cash Credit</u></b>						
Axis Bank (Refer Note:2 & 3)	-	-	-	351	501	-
Shamrao Vithal Cop-op Bank (Refer Note:4)	260.75	294.7	310.58	260.29	488.61	498.14
State Bank of India - Cash Credit (Refer Note 5 & 8)	-	-	-	-	-	994.67
	-	-	-	-	-	-
<b>Total (a)</b>	<b>260.75</b>	<b>294.7</b>	<b>310.58</b>	<b>610.85</b>	<b>989.31</b>	<b>1,492.81</b>
<b>b) Term Loan (Incl Working Capital Loan)</b>						
<b><u>I. From bank</u></b>						
Shamrao Vithal Cop-op Bank (Refer Note:4 & 9)	175.43	1,291.48	1,260.91	1,145.64	1,020.37	927.39
HSBC	-	136.53	260.05	-	-	-
Axis Bank (Refer Note:2 & 3)	-	-	-	303.38	364.96	-
<b><u>State Bank of India (Refer Note - 5 &amp; 8)</u></b>						409.55
<b><u>II. From Financial Institutions</u></b>						
Associated India Finance Services Limited	52	-	-	-	-	-
Orix Auto & Business solution Limited (Refer Note: 7)	106.25	332.7	268.83	196.22	110.98	69.31
Indiabulls Housing Finance Limited	-	78.59	116.56	-	-	-
<b>Total (b)</b>	<b>333.68</b>	<b>1,839.30</b>	<b>1,906.35</b>	<b>1,645.23</b>	<b>1,496.31</b>	<b>1,406.25</b>
<b>c) Vehicle loans</b>						
<b><u>I. From bank</u></b>						
HDFC	1.54	-	-	-	-	-
Standard Chartered Bank	1.5	-	-	-	-	-
ICICI Bank	5.76	2.51	4.25	-	-	-
<b><u>II. From Financial Institutions</u></b>						
Sundaram Finance (Refer Note: 6)	3.15	1.69	0.13	-	12.24	8.11
Kotak Mahindra Prime Limited	-	-	-	2.99	-	-
<b>Total (c)</b>	<b>11.95</b>	<b>4.21</b>	<b>4.38</b>	<b>2.99</b>	<b>12.24</b>	<b>8.11</b>
<b>Total (a+b+c)</b>	<b>606.38</b>	<b>2,138.20</b>	<b>2,221.31</b>	<b>2,259.07</b>	<b>2,497.86</b>	<b>2,907.18</b>

Note 1

Description of securities has been given in respect of facility as at 31.12.2010



Note 2

Primary security -

Cash credit loan, working capital term loans and LC (Non fund based) from Axis Bank have been taken over by State Bank of India during the period under review. The out standing balance of LC as on 31st December, 2010 was discharged by the Company on their respective due dates.

Note 3

Primary security -

The LC facility with AXIS Bank is secured against goods procured under LC and pledge of Fixed Deposits with Bank.

Note 4

Primary security -

First paripassu Hypothecation charge on entire current assets present and future for SVC & AXIS Bank

Note 5

Primary security -

Parripassu hypothecation charge on stock book debt, plant & machineries & fixed assets of the company.

Note 6

Primary security -

Hypothecation of Mitsubishi and Mahindra Bolero Camper

Note 7

Primary security -

Hypothecation of One Bobst Machine (Model Amazon 105 Universal Folder Gluer)

**Note 8**

**Collateral security-**

(a) Paripassu EM mortgage of Factory Building located at plot no A/309, TTC Industrail Area, Opp Electric Bhavan, Mahape, Navi Mumbai, 400 701 with Shamrao Vitthal Co-OP Bank Ltd

(b) Panpassu EM charge on flat no. 401, 501 & 502, Nathdwara Complex, Poddar Lane, Saibaba Road, Santacruz (West), Mumbai 400 056 with Shamrao Vithal Co-Op bank Ltd.

(c) Assignment of Key Man / life insurance policy of INR 0.80 crores

**Personal guarantee**

Personal guarantee of all the directors of the company and owners of propeities offered as security.

**Note 9**

**Collateral security-**

(a) First pan passu hypothecation charge on all movable fixed assets of the company, present and future (excluding vehicles and assets hypothecated to Orix Auto & Business Solutions Limited).

(b) First paripassu EM charge on immovable fixed assets of the Company being plot no A/309, TTC Industrail Area, Opp Electric Bhavan, Mahape, Navi Mumbai, 400 701

(c) First pan passu EM charge on flat no. 401, 501 & 502, Nathdwara Complex, Poddar Lane, Saibaba Road, Santacruz (West), Mumbai 400 056

(d) Assignment of Key Man / life insurance policy

**Personal guarantee**

All the directors and owners of properties.

**PARAMOUNT PRINTPACKAGING LIMITED**

**(Formerly known as Paramount Printing Press Pvt. Limited.)**

**STATEMENT OF UNSECURED LOANS, AS RESTATED**

*(All amounts Rupees in lacs)*

Particulars	31st March, 2006	31st March, 2007	31st March, 2008	31st March, 2009	31st March, 2010	31 <sup>st</sup> December 2010
<b><u>Loan From Director</u></b>						
Anuj Sukhadia	-	5.06	-	-	-	-
Ashwin B. Sukhadia	-	5.99	-	-	-	-
Dharmesh Sukhadia	-	27.13	-	-	-	-
Vipul Sukhadia	-	4.82	-	-	-	-
Divyesh Sukhadia	-	-	-	2.85	-	-
<b>Total (A)</b>	-	<b>43</b>	-	<b>2.85</b>	-	-
<b><u>Loan From Others</u></b>						
Anuj V.Sukhadia (HUF )	0.5	0.5	-	-	-	-
Ketan V.Sukhadia (HUF)	0.5	0.5	-	-	-	-
Ketki V.Sukhadia	17.19	28.93	-	11.07	-	-
Pramila Sukhadia	8.26	8.26	-	-	-	-
Rasilaben R Merchant	4.45	-	-	-	-	-
Tushar Chokshi	3.07	-	-	-	-	-
Vanraj V.Sukhadia	15.43	15.43	-	-	-	-
Vanraj V.Sukhadia ( HUF)	0.5	0.5	-	-	-	-
Neeta D. Sukhadia	-	2.85	-	0.48	-	-
Vidyaben Merchant	0.11	-	-	-	-	-
Jagruti Sukhadia	-	-	4.5	-	-	-
Nikhil Kapadia	7.33	7.33	7.65	7.75	1.45	-
Rajesh C.Ahuja	-	-	-	50	-	-
Peter Paul	-	-	-	10	-	-
<b>Total (B)</b>	<b>57.34</b>	<b>64.3</b>	<b>12.15</b>	<b>79.31</b>	<b>1.45</b>	-
<b><u>Loan From Bank and Financial Institution</u></b>						
Chola Mandlam DBS	-	4.89	3.49	-	-	-
HDFC Bank	-	5.84	-	-	-	-
Indiabulls Credit Services	-	25.3	-	-	-	-
Kotak Mahindra Bank	-	28.21	-	-	-	-
Standard Chartered Bank	-	23.34	-	-	-	-
ABN Amro Bank	-	-	14.06	-	-	-
Barclays Bank	-	-	9.71	7.2	4.03	1.21
Chola Mandlam DBS	-	-	11.3	-	-	-
Citi Bank	-	-	8.3	-	-	-
DCB Bank Limited	-	-	9.2	-	-	-
HDFC Bank Limited.	-	-	4.03	-	-	-
India Bulls Credit Services Limited.	-	-	17.61	-	-	-
Kotak Mahindra Prime Limited.	-	-	8.06	-	2.43	61.18
Kotak Mahindra Bank Limited.	-	-	19.74	-	-	-
Reliance finance Limited.	-	-	9.86	-	-	-
Standard Chartered Bank	-	-	21.08	23.22	13.06	4.95
Bajaj Finance Limited	-	-	-	-	-	23.51
Tata Capital Limited	-	-	-	-	-	33.56
<b>Total (C)</b>	-	<b>87.58</b>	<b>136.46</b>	<b>30.42</b>	<b>19.52</b>	<b>124.42</b>
<b><u>Loan From Incorporates</u></b>						
Para Pack	25	60	107	-	-	-
S.P.Investment	232.28	186.64	-	-	-	-
Paramount Nourishment Pvt. Limited.	-	16.28	150.84	74.17	-	-

Trim Plastic Limited.	-	-	120	-	-	-
Bell Finvest India Ltd	-	-	-	-	-	88.16
Mamani Investment and Finance Pvt. Ltd.	-	-	-	-	-	6.00
S.E.Investments Ltd.	-	-	-	-	-	70.06
<b>Total (D)</b>	<b>257.28</b>	<b>262.92</b>	<b>377.84</b>	<b>74.17</b>	-	<b>164.21</b>
<b>Total (A)+(B)+( C)+(D)</b>	<b>314.62</b>	<b>457.8</b>	<b>526.44</b>	<b>186.76</b>	<b>20.96</b>	<b>288.63</b>

**PARAMOUNT PRINTPACKAGING LIMITED**  
**(Formerly known as Paramount Printing Press Pvt. Limited.)**

Annexure-X

STATEMENT OF OTHER INCOME, AS RESTATED

*(All amount Rupees in lacs)*

Particulars	31st March, 2006	31st March, 2007	31st March, 2008	31st March, 2009	31st March, 2010	31 <sup>st</sup> December 2010
<b>Other Income</b>						
Insurance Claim	7.75	0.01	3.86	-	-	9.01
Dividend	0.23	0.1	0.74	0.12	0.12	0.09
Profit on Sale of Assets	-	8.79	5.4	-	3.25	-
Sales Tax Refund	-	-	2.6	-	-	-
Interest Income	4.61	2.39	1.5	1.5	5.98	16.05
Miscellaneous Income	0	-	-	2.71	-	-
Exchange rate difference	-	-	-	-	0.39	0.92
Interest on Income tax refund	-	-	-	-	1.06	-
Rate Difference & discount	-	-	2.39	-	-	-
Sundry Balance W/off (Net)					2.92	-
<b>Total</b>	<b>12.59</b>	<b>11.29</b>	<b>16.51</b>	<b>4.33</b>	<b>13.71</b>	<b>26.07</b>

**PARAMOUNT PRINTPACKAGING LIMITED**  
**(Formerly known as Paramount Printing Press Pvt. Limited.)**

**Annexure-XI**

**Statement of Tax Shelters**

*(All amount Rupees in lacs)*

Particulars	31st March, 2006	31st March, 2007	31st March, 2008	31st March, 2009	31st March, 2010	31 <sup>st</sup> December 2010
<b>Profit before tax (A)</b>	17.29	6.28	66.84	6.39	274.85	290.67
Tax	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
SC	3.00%	3.00%	0.00%	0.00%	3.00%	2.25%
EC	0.66%	0.66%	0.90%	0.90%	0.99%	0.97%
Tax rate	33.66%	33.66%	30.90%	30.90%	33.99%	33.22%
<b>Tax at notional rate on profits</b>	<b>5.82</b>	<b>2.12</b>	<b>20.65</b>	<b>1.97</b>	<b>93.42</b>	<b>96.55</b>
<b>Adjustments:</b>						
<b>Permanent differences (B)</b>						
Donation	0.01	0.09	-	-	-	-
Disallowance u/s37	-	-	4.67	1.74	-	-
Prior Period Expenses	0.17	-	-	-	-	12.83
Dividend	-0.23	-0.1	-0.74	-	-0.12	-
Profit on Sale of Machinery		-8.79	-5.4	-	-	
Penalty on Sales tax						0.50
<b>Total Permanent differences (B)</b>	<b>-0.05</b>	<b>-8.8</b>	<b>-1.47</b>	<b>1.74</b>	<b>-0.12</b>	<b>13.33</b>
<b>Timing differences (C)</b>						
Difference between tax depreciation and book depreciation		-14.09	-117.08	-91.07	-45.6	-12.58
Preliminary Expenses w/off	-	-	-	-	0.41	49.91
Disallowance of ESIC	-	0.94	-	-	-	-
Disallowance of Employees Contribution to PF	-	5.18	-	-	-	-
Disallowance u/s 36 (i) (va)	-	-	10.68	11	12.08	-
Amount disallowed in preceding prev year but allowable	-	-	-	-24.18	-56.25	-12.23
Disallowance u/s 40(a)(ia)/40A(3)	2.29	4.6	24.18	56.25	-	-
Disallowance u/s 43B	-	-	29.08	18.83	-	-
Exchange Rate Difference U/S 43A						0.92
Gratuity Payable						1.87
<b>Total Timing Differences (C)</b>	<b>2.29</b>	<b>-3.38</b>	<b>-53.14</b>	<b>-29.17</b>	<b>-89.36</b>	<b>27.90</b>
<b>Net Adjustments (B+C)</b>	<b>2.24</b>	<b>-12.18</b>	<b>-54.61</b>	<b>-27.43</b>	<b>-89.48</b>	<b>41.23</b>
Tax Saving thereon	0.75	-4.1	-16.88	-8.48	-30.41	13.70
<b>Profit (D)=(A+B+C)</b>	<b>19.53</b>	<b>-5.9</b>	<b>12.23</b>	<b>-21.04</b>	<b>185.37</b>	<b>331.90</b>
Brought Forward Losses adjusted (E)	-	-	-	-	26.94	-
<b>Taxable Income (D-E)</b>	<b>19.53</b>	<b>-5.9</b>	<b>12.23</b>	<b>-21.04</b>	<b>158.44</b>	<b>331.90</b>
Taxable Income as per MAT	N.A	0	64.84	4.39	274.85	290.67
Tax as per MAT.	-	0	6.68	0.45	46.72	52.32
<b>Tax Payable</b>	<b>6.57</b>	<b>-</b>	<b>3.78</b>	<b>-</b>	<b>53.85</b>	<b>110.25</b>
Interest u/s 234 (As per return of Income) /	0.28	-	0.62	-	5.56	4.92

(Provisional computation)						
<b>Total Tax Payable [(X+Y)]</b>	<b>6.85</b>	<b>0</b>	<b>6.68</b>	<b>0.45</b>	<b>59.41</b>	<b>115.17</b>
<b>Total tax payable or MAT whichever is Higher</b>	<b>6.57</b>	<b>0</b>	<b>6.68</b>	<b>0.45</b>	<b>53.85</b>	<b>110.25</b>

**Notes:-**

1) The aforesaid Statement of Tax Shelters has been prepared as per the 'Summary of Restated Profit and Loss Account'.

2) The figures for the nine months period ended 31st December, 2010 are based on the provisional computation of total income prepared by the company. Since, the same has not been filed, it is subject to any changes which may be between the date of this statement and filing of return of income for the year ended 31st March 2011.

2) The effects of assessment/appellate orders have not been considered above.

**PARAMOUNT PRINTPACKAGING LIMITED**  
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**Annexure-XII**  
**Segmental Information**

Sr . No .	Particulars	2005-06			2006-07			2007-08			2008-09			2009-2010		
		Tradi ng	Man ufac turi ng	Tota l	Tradi ng	Man ufac turi ng	Tota l	Tradi ng	Ma nufa ctur ing	Tota l	Tradi ng	Ma nufa ctur ing	Tota l	Tradi ng	Ma nufa ctur ing	Tota l
1	Revenues															
	Sales	826.80	1,396.56	2,223.36	823.60	1,504.89	2,328.49	1,043.01	1,711.62	2,754.62	1,330.60	2,056.74	3,387.34	1,950.02	2,699.82	4,649.85
	Allocable Other income	-	7.75	7.75	-	0.01	0.01	-	8.86	8.86	-	2.71	2.71	-	3.31	3.31
	Non allocable other income	-	-	4.84	-	-	11.28	-	-	7.65	-	-	1.62	-	-	10.41
	<b>Total Revenues</b>	<b>826.80</b>	<b>1,404.32</b>	<b>2,233.59</b>	<b>823.60</b>	<b>1,504.90</b>	<b>2,339.78</b>	<b>1,043.01</b>	<b>1,720.47</b>	<b>2,771.13</b>	<b>1,330.60</b>	<b>2,059.44</b>	<b>3,391.67</b>	<b>1,950.02</b>	<b>2,703.13</b>	<b>4,663.56</b>
2	Results															
	Segmental Results	50.81	78.75	129.57	42.35	99.68	142.03	41.74	86.85	128.60	23.19	314.87	338.05	143.88	467.86	611.74
	Add/Less: Unallocable items															
	Less: Interest Paid	-	-	115.21	-	-	147.03	-	-	69.40	-	-	333.28			347.30
	Add: Interest Received	-	-	4.61	-	-	2.39	-	-	1.50	-	-	1.50			7.04
	Add :Dividend & other non operative income	-	-	0.23	-	-	8.89	-	-	6.14	-	-	0.12			3.37
	Operating Profit Before Tax (PBT)	-	-	19.19	-	-	6.28	-	-	66.85	-	-	6.39			274.85
	Less : Tax Provision	-	-	1.90	-	-	8.17	-	-	20.76	-	-	7.91			109.09
	<b>Profit After Tax (PAT)</b>	<b>-</b>	<b>-</b>	<b>17.29</b>	<b>-</b>	<b>-</b>	<b>(1.88)</b>	<b>-</b>	<b>-</b>	<b>46.09</b>	<b>-</b>	<b>-</b>	<b>(1.52)</b>			<b>165.76</b>
3	Segment Assets	6.28	1,209.00	1,215.27	22.35	1,295.17	1,317.52	41.95	3,166.96	3,208.92	339.01	3,606.64	3,945.65	148.51	4,137.23	4,285.74
	Unallocated Assets			227.38			1,993.13			683.35			725.88	-	-	943.19
	<b>Total Assets</b>	<b>6.28</b>	<b>1,209.00</b>	<b>1,442.65</b>	<b>22.35</b>	<b>1,295.17</b>	<b>3,310.65</b>	<b>41.95</b>	<b>3,166.96</b>	<b>3,892.26</b>	<b>339.01</b>	<b>3,606.64</b>	<b>4,671.53</b>	<b>148.51</b>	<b>4,137.23</b>	<b>5,228.94</b>
4	Segment Liabilities	-	401.01	401.01	-	477.15	477.15	-	319.00	319.00	289.66	531.65	821.32	-	821.46	821.46
	Unallocated Liabilities	-	-	971.90	-	-	2,737.00	-	-	2,918.27	-	-	2,596.23	-	-	2,801.95
	<b>Total Liabilities</b>	<b>-</b>	<b>401.01</b>	<b>1,372.91</b>	<b>-</b>	<b>477.15</b>	<b>3,214.15</b>	<b>-</b>	<b>319.00</b>	<b>3,237.27</b>	<b>289.66</b>	<b>531.65</b>	<b>3,417.55</b>	<b>-</b>	<b>821.46</b>	<b>3,623.41</b>
5	Capital Employed			69.74			96.50			654.99			1,253.98	-		1,605.53
6	Capital Expenditures(unallocable)			2,147.98			2,112.26			340.38			570.34	-		598.14

7	Depreciation			50.4			63.1			121.			282.	-		293.
				8			3			27			36			15

Note: During the period covered under review and corresponding previous year, the Company is engaged in printing and packaging activity only and hence segmental information for the period under audit have not been given.



**PARAMOUNT PRINTPACKAGING LIMITED**  
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**Annexure XIII**

**STATEMENT OF RELATED PARTY TRANSACTION, AS RESTATED**

**Details of related party transactions**

**I. Entities where significant influence exists of the Company or Key Managerial Personnel**

Sr.No.	As on 31.12.2010
1	M/s Parapack
2	Paramount Nourishment Pvt.Limited.
3	Trim Plastics Limited.
4	S.P. Investments

**II. Joint Ventures in which significant influence of the company exists**

Sr.No.	As on 31.12.2010
	N.A

**Relatives of  
Key  
Management  
Personnel**

**III. Key Management Personnel**

Sr. No.	As On 31.12.2010
1	Divyesh Ashwin Sukhadia
2	Dharmesh Ashwin Sukhadia
3	Vipul Ashwin Sukhadia
4	Anuj Vipin Sukhadia
5	Vanraj Sukhadia

Sr. No.	As On 31.12.2010
1	Ashwin Sukhadia
2	Neeta Divyesh Sukhadia
3	Chaya Sukhadia
4	Jagruiti Dharmesh Sukhadia
5	Ketki Vipul Sukhadia
6	Pooja Anuj Sukhadia
7	Aaasha Ketan Sukhadia
8	Nilkil Kapadia
9	Jigna Sukhadia
10	Ketan Sukhadia

**Transaction with entities where significant influence exists of the company  
or Key Managerial Personnel:**

*(All amounts Rupees in lacs)*

Sr. No.	Nature Of Transaction	31.03.2006	31.03.2007	31.03.2008	31.03.2009	31.03.2010	31.12.2010
1	Purchase	9.88	15.87	12.92	14.22	2.98	1.31
2	Purchase of machinery	-		20.60			-
3	Sales	3.01	3.28	11.76	5.63	11.71	8.87
4	Labour Charges	30	39.68	18.13	2.49	1.82	4.47
5	Labour Charges Received	-	0.05	3.98	13.46	1.81	0.32
6	Bill	1.34	-	-	-	-	-

	Discounting Charges						
7	Interest Paid	42.78	35.37	37.27	-	-	
8	Interest Received	1.5	1.5	1.50	1.5	1.5	1.13
9	Managerial Remuneration	-	-	-	-	-	-
10	Managerial Interest	-	-	-	-	-	-
11	Loan Received	25	52.7	392.56	-	24.23	-
12	Loans Granted	-	-	254.64	326.67	98.4	-
	<b>Balance Outstanding at end</b>						
	Due to Company	23.12	24.96	40.53	59.37	11.6	13.39
	Payable by Company	270.93	286.66	460.81	118.48	113.09	33.53

**Transaction with Joint Venture where significant influence exists of the company or Key Managerial Personnel:**

Sr. No.	Nature Of Transaction	31.03.2006	31.03.2007	31.03.2008	31.03.2009	31.03.2010	31.12.2010
		N.A.					

**Transaction with Key Managerial Personnel & Relatives:**

*(All Amounts Rs. In lacs)*

Sr. No.	Nature Of Transaction	31.03.2006	31.03.2007	31.03.2008	31.03.2009	31.03.2010	31.12.2010
1	Purchase	-	-	-	-	-	
2	Sales	-	-	-	-	-	
3	Labour Charges	-	-	-	-	-	
4	Labour Charges Received	-	-	-	-	-	
5	Bill Discounting Charges	-	-	-	-	-	
6	Interest Paid	0.21	5.04	8.93	1.62	1.55	
7	Interest Received	-	-	-	-	-	
8	Managerial Remuneration	21.51	30	29.16	42	54	33.75
9	Partners Remuneration	-	-	-	-	-	
10	Partners Interest	-	-	-	-	-	
11	Loans Granted	-	206.58	250.74	24.88	83.62	
12	Loans Recd	17	189.7	158.61	57.97	62.21	-1.45
	<b>Balance Outstanding</b>						
	Due to Company	0.3	-	23.07	-	-	
	Payable by Company	24.51	82.1	12.15	22.16	1.45	5.65
	Partners Capital	72.13	-	-	-	-	

**PARAMOUNT PRINTPACKAGING LIMITED**  
(Formerly Known as Paramount Printing Press Private Limited)

**Annexure – XIV:**

**Statement of Deferred tax assets and liabilities as restated**

The Accounting standard relating to 'Accounting for Taxes on Income' (AS 22), as notified by Companies (Accounting Standard) Rules, 2006 became applicable to the Company from the financial year 1<sup>st</sup> April, 2006. Company has provided for deferred tax assets/liability arising on the timing differences, if any, in the financial statements for the year ended March 31 2007, 2008, 2009, 2010 and for the period ended 31<sup>st</sup> December, 2010.

Following are the components of deferred tax item(s) provided in the Restated Financial Statements of the Company:

*(All amounts Rupees in lacs)*

	As at 31st March					31 <sup>st</sup> December 2010
	2006	2007	2008	2009	2010	
Deferred Tax Liability						
Difference between book and tax base of:						
Depreciation	-	7.78	43.25	71.39	91.9	94.13
Provision for Gratuity	-	-	-	-	-	-12.64
Loss on Sale of Fixed Asset	-	-	-	-	-	-
Expenses Disallowed u/s 40(a)(ia)	-	-1.56	-7.47	-17.38	-	-
Unabsorbed Depreciation	-	-	-1.82	-8.32	-	-
Amortisation of Preliminary Expenses and Issue expenses U/s 35 D	-	-	-	-	-0.13	-16.33
Disallowance U/s 36(i)(v) & 43B	-	-	-8.99	-14.8	-16.89	-
Charge on account of transitional provisions under AS 15	-	-	-	-	-	-12.61
Deferred Tax Liability for the year	-	6.22	18.76	5.91	44.0	2.89
Opening Deferred Tax Liability	-	-	6.22	24.97	30.88	74.88
Closing Deferred Tax Liability	-	6.22	24.97	30.88	74.88	65.17

Note:

Deferred Tax Assets / Liabilities is computed on the basis of restated financial statements.

**PARAMOUNT PRINTPACKAGING LIMITED**  
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**Annexure XV : Statement of Additional information required under Para 4-C & 4-D in part II of Schedule VI of the Companies Act, 1956 as restated**

(as certified by the management and relied upon by the Auditors) to the extent applicable is as follows

Particular	2005-06	2006-07	2007-08	2008-09	2009-10	31 <sup>st</sup> December 2010
Value of import on CIF basis Capital Goods	N.A.	11,547,797	NIL	NIL	3,028,424	8,019,459
Value of import of CIF basis – Purchase of Goods	NIL	NIL	NIL	NIL	NIL	1,164,615
Expenditure in Foreign Currency	N.A.	154,500	33,511	NIL	NIL	292,375
Earning in Foreign Exchange	N.A.	NIL	NIL	NIL	960,000	NIL

**Licensed & Installed Capacity:**

Particular	2005-06	2006-07	2007-08	2008-09	2009-10	31 <sup>st</sup> December 2010
Licensed Capacity	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Installed Capacity		60 crores Small & medium sized cartons	60 crores Small & medium sized cartons	60 crores Small & medium sized cartons	60 crores Small & medium sized cartons	60 crores Small & medium sized cartons

**a) Information in respect of Opening and closing stock of trading goods in quantity and value**

2005-06								
Particulars	Opening Stock		Purchases		Sales		Closing Stock	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Printing papers and card boards (Nos)	-	-	-	-	-	-	-	-
Fabric & Textile Material (Mtr)	-	-	1,288,650	77,598,563	1,288,650	82,679,789	-	-
<b>Total</b>	-	-	<b>1,288,650</b>	<b>77,598,563</b>	<b>1,288,650</b>	<b>82,679,789</b>	-	-
2006-07								
Particulars	Opening Stock		Purchases		Sales		Closing Stock	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Printing papers and card boards (Nos)	-	-	-	-	-	-	-	-
Fabric & Textile Material (Mtr)	-	-	1,331,285	78,124,782	1,331,285	82,359,665	-	-
<b>Total</b>	-	-	<b>1,331,285</b>	<b>78,124,782</b>	<b>1,331,285</b>	<b>82,359,665</b>	-	-
2007-08								

Particulars	Opening Stock		Purchases		Sales		Closing Stock	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Printing papers and card boards (Nos)	-	-	-	-	-	-	-	-
Fabric & Textile Material (Mtr)	-	-	1,659,406	100,126,663	1,659,406	104,300,952	-	-
<b>Total</b>	-	-	<b>1,659,406</b>	<b>100,126,663</b>	<b>1,659,406</b>	<b>104,300,952</b>	-	-
<b>2008-09</b>								
Particulars	Opening Stock		Purchases		Sales		Closing Stock	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Printing papers and card boards (Nos)	-	-	5,261,078	68,204,227	5,261,078	69,822,764	-	-
Fabric & Textile Material (Mtr)	-	-	1,036,330	62,537,559	1,036,330	63,237,595	-	-
<b>Total</b>	-	-	<b>6,297,408</b>	<b>130,741,786</b>	<b>6,297,408</b>	<b>133,060,359</b>	-	-
<b>2009-10</b>								
Particulars	Opening Stock		Purchases		Sales		Closing Stock	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Printing papers and card boards (Nos)	-	-	1,492,662	180,614,204	1,492,662	195,002,223	-	-
Fabric & Textile Material (Mtr)	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	<b>1,492,662</b>	<b>180,614,204</b>	<b>1,492,662</b>	<b>195,002,223</b>	-	-
<b>31<sup>st</sup> December 2010</b>								
Particulars	Opening Stock		Purchases		Sales		Closing Stock	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Printing papers and card boards (Nos)	-	-	6,86,620	9,50,07,425	6,86,620	10,06,67,620	-	-
Fabric & Textile Material (Mtr)	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	<b>6,86,620</b>	<b>9,50,07,425</b>	<b>6,86,620</b>	<b>10,06,67,620</b>	-	-

**b) Classification of the value of Raw Materials consumed:**

Particulars	2005-06		2006-07		2007-08		2008-07		2009-10		31 <sup>st</sup> December 2010	
	Rupees	%	Rupees	%	Rupees	%	Rupees	%	Rupees	%	Rupees	%
Import	----	---	----	---	----	---	----	---	----	---	11,64,615	0.65
Indigenous	9,74,42,000	100	10,12,43,000	100	12,20,48,000	100	10,55,08,000	100	14,49,12,468	100	17,83,78,769	99.35
<b>Total</b>	<b>9,74,42,000</b>	<b>100</b>	<b>10,12,43,000</b>	<b>100</b>	<b>12,20,48,000</b>	<b>100</b>	<b>10,55,08,000</b>	<b>100</b>	<b>14,49,12,468</b>	<b>100</b>	<b>17,95,43,384</b>	<b>100</b>

**c) Quantitative details in respect of principal items of raw material consumed:**

Particulars	Quantity	Quantity	Quantity	Quantity	Quantity	Quantity
	2005-06	2006-07	2007-08	2008-09	2009-10	31 <sup>st</sup> December

						<b>2010</b>
Paper (Kgs)	1,420,064	1,826,754	1,817,871	3,007,075	2,081,349	32,08,066
Ink (Kgs)	23,874	48,726	113,770	16,616	7,128	13,109
Roll (Kgs)	11,679	29,779	90,853	36,664	77,413	19,166
Adhesive Gum (Kgs)	4,914	31,425	9,522	434	37,889	34,868
Plate & Blanket (Nos)	4,062	7,260	2,916	3,274	46,243	2,131

Note: The consumption quantity shown above has been arrived at on the basis of opening stock plus purchases minus closing stock as taken, valued and certified by managing director.

**d) Information in respect of Opening stock, Production, Sales and Closing stock of finished goods:**

Description	Opening Stock		Production Quantity (No.)	Sales		Closing Stock	
	Quantity (No.)	Value (Rs.)		Quantity (No.)	Value (Rs.)	Quantity (No.)	Value (Rs.)
<b>Board &amp; Paper (Years)</b>							
2005-06	2,401,815	1,243,669	427,991,146	428,094,554	139,656,418	2,298,408	1,190,124
2006-07	2,298,408	1,190,124	446,216,702	448,353,690	150,191,130	161,420	83,584
2007-08	161,420	83,584	537,135,334	530,323,059	170,347,542	6,973,695	3,611,005
2008-09	6,973,695	3,611,005	277,714,015	279,053,945	202,271,586	5,633,765	2,500,462
2009-10	5,633,765	2,500,462	418,723,839	421,397,998	269,738,035	2,959,606	2,933,969
<b>31<sup>st</sup> December 2010</b>	29,59,606	29,33,969	38,38,08,935	38,14,98,076	33,73,59,932	52,70,465	18,49,024

**PARAMOUNT PRINTPACKAGING LIMITED**  
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**Annexure XVI : Sundry Debtors outstanding for the period exceeding six months and others**

Particulars	As at March 31, 2006	As at March 31, 2007	As at March 31, 2008	As at March 31, 2009	As at March 31, 2010	As at Decembe r 31, 2010
Sundry Debtor						
(Unsecured, Consider Good unless stated otherwise						
Debts Outstanding for the period exceeding six months and considered						
Good	11.63	8.96	9.59	177.44	154.17	810.19
Doubtful	0.00	0.00	0.00	0.00	0.00	0.00
Total	11.63	8.96	9.59	177.44	154.17	810.19
Others Debts, considered good	558.36	546.11	656.03	920.91	1357.06	1859.35
Total	569.99	555.07	665.62	1098.35	1511.24	2669.54

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our standalone financial condition and results of operations should be read in conjunction with our financial statements, restated in accordance with SEBI Regulations, including the notes thereto, included in the Red Herring Prospectus. Our restated financial statements are prepared in accordance with Indian GAAP. Unless otherwise indicated, references in this discussion and analysis to our results of operations or financial condition for a specified year are to our Fiscal year ending on March 31 of each year and nine month period ended December 31, 2010.

### Business Overview

Paramount Printpackaging Limited (formerly known as Paramount Printpackaging Private Limited) is promoted by members of the Sukhadia family. M/s. Paramount Printing Press, a partnership firm of members of the Sukhadia family was operating in 1941 through its facility at Dalal Street, Fort, Mumbai consisting of a stationery shop complemented by four manually operated letterpress treadle machines. The Promoters of our Company gradually shifted from stationery printing to packaging in 1982. Today our Company operates out of a fully automated plant at Navi Mumbai, capable of supplying hundreds of different types of folding box cartons that suit the needs of its customers. Our Company's plant has the capacity to convert approximately 500 tons of paper board every month. In terms of finished products, our Company has the capacity to produce 20 lac cartons a day.

### Significant developments subsequent to the last financial year

Recently we have installed on bailing machine which helps to keep clean the entire work place. The waste generated is packed mechanically instead of hand. We have also installed two hand punching machine to cater to printed corrugated cartons which helps in increasing sales.

### Key factors affecting the results of operation

Our company's future results of operations could be affected potentially by the following factors:

**General economic and business conditions:** The demand for our product and services is dependent on general economic conditions in the country. Our operations would be affected by any adverse change in the government policies, rules and regulations.

**Demand:** Currently, the demand for products is predominantly for packaging. The prospects and earnings growth of the customers will have an impact on our ability to generate revenues.

**Competition:** Selling prices of our products may be affected if competition intensifies. Further, as a result of increase in scale of operations, adoption of aggressive pricing strategies by our competitors in order to gain market share or new competitors entering the markets, may adversely affect our operations and financial results.

**Interest rate risk:** Increase in operation would require additional working capital. If we are required to finance our operations by raising working capital borrowings, at fixed / floating rates of interest our cost of servicing such debt will increase, thereby adversely impacting our results of operations, planned capital expenditures and cash flows. Our profits will also be affected by interest rate variation.

**Fixed assets and depreciation:** Fixed assets are stated at cost less accumulated depreciation. Cost includes freight, duties, taxes and incidental expenses related to acquisition and installation of the fixed assets. Depreciation on fixed assets is provided pro rata to the period on Straight line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

**Sundry debtors/Recovery of receivables:** Any delay in the recovery of outstanding receivables, may affect our results of operation, as we may then have to resort to increased borrowings for our working capital requirement, which may further pressure on outgo towards interest thereby reducing our profits.



**Discussion on results of operation:** The following discussion on results of operations should be read in conjunction with the audited financial results of our company for the years ended 31st March 2006, 2007, 2008, 2009 and 2010.

### Results of Operations

The following table sets forth certain information with respect to our Revenue, expenditures and profits for the period indicated.

(Rs. In Lacs)

Particulars	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010	Nine Month period ended December 31, 2010
Operating Income	2,223.36	2,328.49	2,754.62	3,387.34	4,649.85	4381.70
Increase/(decrease) %		5%	18%	23%	37%	
Other Income	12.59	11.29	16.51	4.33	13.71	26
Increase/(decrease) %		-10%	46%	-74%	217%	
Increase/(decrease) in Finished Goods	(12.86)	(32.24)	28.59	(9.25)	31.07	(49)
<b>Total</b>	<b>2,223.10</b>	<b>2,307.54</b>	<b>2,799.72</b>	<b>3,382.42</b>	<b>4,694.62</b>	<b>4,359</b>
<b>Expenditure</b>						
Raw Material Consumed	974.42	1,012.43	1,220.48	1,055.08	1,449.12	1,795.43
Increase/(decrease) %		4%	21%	-14%	37%	
% of operating income	43.83%	43.48%	44.31%	31.15%	31.16%	40.98%
Cost of Traded Goods	775.99	781.25	1,001.27	1,307.42	1,806.14	950
Increase/(decrease) %		1%	28%	31%	38%	
% of operating income	34.90%	33.55%	36.35%	38.60%	38.84%	21.68%
Manufacturing overheads	90.83	95.15	74.65	98.93	163.40	196.32
Increase/(decrease) %		5%	-22%	33%	65%	
% of operating income	4.09%	4.09%	2.71%	2.92%	3.51%	4.48%
Payment to employees	104.49	113.91	160.66	187.87	225.39	205
Increase/(decrease) %		9%	41%	17%	20%	
% of operating income	4.70%	4.89%	5.83%	5.55%	4.85%	4.67%
Administration and selling expenses	80.34	86.38	78.17	80.73	96.32	249
Increase/(decrease) %		8%	-10%	3%	19%	
% of operating income	3.61%	3.71%	2.84%	2.38%	2.07%	5.69%
Financial expenses	127.37	148.60	75.99	363.23	385.44	437
Increase/(decrease) %		17%	-49%	378%	6%	
% of operating income	5.73%	6.38%	2.76%	10.72%	8.29%	9.97%
Preliminary expenses written off	-	0.41	0.41	0.41	0.81	-
Increase/(decrease) %			0%	0%	100%	
% of operating income	0.00%	0.02%	0.01%	0.01%	0.02%	
PBDT	<b>69.67</b>	<b>69.41</b>	<b>188.12</b>	<b>288.75</b>	<b>568.00</b>	526.17
Increase/(decrease) %		0%	171%	53%	97%	
% of operating income	3.13%	2.98%	6.83%	8.52%	12.22%	12.01%
Depreciation	50.48	63.13	121.27	282.36	293.15	236
Increase/(decrease) %		25%	92%	133%	4%	
% of operating income	2.27%	2.71%	4.40%	8.34%	6.30%	5.37%
PBT	<b>19.19</b>	<b>6.28</b>	<b>66.84</b>	<b>6.39</b>	<b>274.85</b>	290.67
Increase/(decrease) %		-67%	964%	-90%	4202%	
% of operating income	0.86%	0.27%	2.43%	0.19%	5.91%	6.63%
<b>Provision for Tax</b>	<b>1.90</b>	<b>8.17</b>	<b>20.76</b>	<b>7.91</b>	<b>109.09</b>	<b>119</b>
Increase/(decrease) %		330%	154%	-62%	1279%	

% of operating income	0.09%	0.35%	0.75%	0.23%	2.35%	2.73%
<b>Profit after Tax</b>	<b>17.29</b>	<b>(1.88)</b>	<b>46.09</b>	(1.52)	165.76	<b>171</b>
Increase/(decrease) %		PL	LP	PL	LP	
% of operating income	0.78%	-0.08%	1.67%	-0.04%	3.56%	3.91%

**Financial statements for the nine months period ended December 31, 2010 compared with financial statements for the nine months period ended December 31, 2009**

Our financial statements as of nine months period ended December 31, 2010 cannot be compared with the financial statements as of March 31, 2010, as December 31, 2010 financial includes nine months performance whereas March 31, 2010 financial includes 12 months performance.

**Comparison of the Fiscal 2010 with Fiscal 2009**

**Income from Operations:** Our Income from operations increased by 37% to Rs.4,649.85 lacs in Fiscal 2010 from Rs.3,387.34 lacs in Fiscal 2009. This increase resulted from a change in product mix and better conversion rate.

**Other Income:** Our other Income has increased by 217% to Rs.13.71 lacs in Fiscal 2010 from Rs.4.33 lacs in Fiscal 2009. The increase resulted mainly due to sale of assets of Rs.3.25 lacs, receipt of interest on deposit of Rs.5.98 lacs, and income tax refund of Rs.1.06 lacs during the Fiscal 2010.

**Raw Material Consumed:** Raw material has increased by 35% to Rs.1,422.39 lacs in Fiscal 2010 from Rs.1,053.22 lacs in Fiscal 2009 due to increase in sales.

**Cost of Traded Goods:** Our cost of traded goods has increased by 38% to Rs.1,806.14 lacs in Fiscal 2010 from Rs.1,307.42 lacs in Fiscal 2009.

**Manufacturing overheads:** Our manufacturing overhead has increased by 65% to Rs.163.40 lacs in Fiscal 2010 from Rs.98.93 lacs in Fiscal 2009. Sharp increase in manufacturing overheads was seen on account of rise in power & fuel from Rs.47.45 lacs in Fiscal 2009 to Rs.60.59 lacs in Fiscal 2010 and labour charges from Rs.12.61 lacs in Fiscal 2009 to Rs.64.21 lacs in Fiscal 2010. However as a percentage of total Income, manufacturing overheads were 3.51% in Fiscal 2010 and 2.92% in Fiscal 2009.

**Administrative and Selling Expenses:** Our administrative expenses mainly include office maintenance, traveling and conveyance, printing and stationery, communication expenses, Legal and professional charges etc. Our administrative and selling expenses increased by 19% to Rs.96.32 lacs in Fiscal 2010 from Rs.80.73 lacs in Fiscal 2009. However as a percentage of operating Income, Administrative expenses were 2.07% in Fiscal 2010 and 2.38% in Fiscal 2009.

**Employees Expenses:** Our employee's expenses mainly include office salaries and wages, director remuneration, contribution to provident fund and other staff & labour welfare expenses. Our employee's expenses increased by 20% to Rs.225.39 lacs in Fiscal 2010 from Rs. 187.87 lacs in Fiscal 2009. However as a percentage of total Income, employees' expenses were 4.85% in Fiscal 2010 and 5.55% in Fiscal 2009. The number of employees has increased from 77 in Fiscal 2009 to 78 in Fiscal 2010.

**Financial Expenses:** The financial expenses increased by 6% to Rs.385.44 lacs in Fiscal 2010 from Rs.363.23 lacs in Fiscal 2009.

**Depreciation:** The depreciation increased by 4% to Rs.293.15 lacs in Fiscal 2010 from Rs.282.36 lacs in Fiscal 2009.

**Profit Before Tax:** The Profit before tax increased by 4202% to Rs.274.85 lacs in Fiscal 2010 from Rs.6.39 lacs in fiscal 2009. However, as a percentage of operating Income, PBT were 5.91% in Fiscal 2010 and 0.19% in Fiscal 2009. The sharp jump in PBT was due to increase in sales, better realization and some cost cutting measure.

**Total Tax:** The total tax increased to Rs.109.09 lacs in Fiscal 2010 from Rs.7.91 lacs in Fiscal 2009. In fiscal 2010 company falls under normal corporate tax bracket as compared to fiscal 2009 where company was covered under MAT provisions.

**Profit after Tax:** As results of better conversion rate, change in product mix and higher capacity utilization company turnaround in the Fiscal 2010 and reported profit of Rs.165.76 lacs as against the loss of Rs.1.52 lacs in Fiscal 2009. This was due to increase in total income, better cost control measures and absorption of fixed overhead due to increased revenue base.

### **Comparison of the Fiscal 2009 with Fiscal 2008**

**Income from Operations:** Our Income from operations increased by 23% to Rs.3,387.34 lacs in Fiscal 2009 from Rs.2,754.62 lacs in Fiscal 2008. This increase resulted from our constant endeavor to going for a value added product.

**Other Income:** Our other Income has decreased by 74% to Rs. 4.33 lacs in Fiscal 2009 from Rs.16.51 lacs in Fiscal 2008.

**Raw Material Consumed:** Raw material has decreased by 14% to Rs.1,053.22 lacs in Fiscal 2009 from Rs.1,227.16 lacs in Fiscal 2008. Lower consumption of raw material was on account of change in product mix and better operational efficiency. As a percentage of total income, raw materials were 31.09% in fiscal 2009 as compared to 44.55% in Fiscal 2008.

**Manufacturing overheads:** Our manufacturing overhead has increased by 33% to Rs.98.93 lacs in Fiscal 2009 from Rs.74.65 lacs in Fiscal 2008. Sharp increase in manufacturing overheads was seen on account of rise in power & fuel from Rs.25.19 lacs in Fiscal 2008 to Rs.47.45 lacs in Fiscal 2009 and cess tax from Rs.11.66 lacs in Fiscal 2008 to Rs.22.66 lacs in Fiscal 2009.

**Administrative and Selling Expenses:** Our administrative expenses mainly include office maintenance, traveling and conveyance, printing and stationery, communication expenses, Legal and professional charges etc. Our Administrative and selling expenses increased by 3% to Rs.80.73 lacs in fiscal 2009 from Rs.78.17 lacs in fiscal 2008. However, as a percentage of operating Income, Administrative expenses declined to 2.38% in fiscal 2009 from 2.84% in Fiscal 2008.

**Employees Expenses:** Our employee's expenses mainly include office salaries and wages, director remuneration, contribution to provident fund and other staff & labour welfare expenses. Our employee's expenses increased by 17% to Rs.187.87 lacs in Fiscal 2009 from Rs.160.66 lacs in Fiscal 2008. However as a percentage of total Income, employee expenses declined to 5.55% in fiscal 2009 from 5.83% in fiscal 2008. The number of employees has decreased from 80 in Fiscal 2008 to 77 in fiscal 2009.

**Financial Expenses:** The financial expenses increased by 378% to Rs.362.23 lacs in fiscal 2009 from Rs.75.99 lacs in fiscal 2008. The sharp jump in interest cost was seen on account of additional borrowing for capacity addition and working capital. Capacity addition was done in fiscal 2008 where major interest cost was capitalized. The full impact of higher debt is visible in FY09 due to which there is significant jump in interest cost as compared to last year.

**Depreciation:** The depreciation increased by 133% to Rs.282.36 lacs in Fiscal 2009 from Rs.121.27 lacs in Fiscal 2008. The sharp jump in depreciation was account of increase in capacity in fiscal 2008 which was operational for only 3 months in fiscal 2008. Full impact of expansion is reflected in fiscal 2009.

**Profit Before Tax:** The Profit before taxation decreased by 90% to Rs.6.39 lacs in fiscal 2009 from Rs.66.84 lacs in fiscal 2008. As a percentage of operating Income, PBT decreased to 0.19% in Fiscal 2009 from 2.43% in Fiscal 2008. The sharp decrease was due to higher depreciation and interest cost.

**Total Tax:** The total tax decreased to Rs.7.91 lacs in fiscal 2009 from Rs.20.76 lacs in fiscal 2008. Lower tax was due to MAT provisions.

**Profit after Tax:** Our company reported a loss of Rs.1.52 lacs in fiscal 2009 from a profit of Rs.46.09 lacs in fiscal 2008.

#### **Comparison of the Fiscal 2008 with Fiscal 2007**

**Income from Operations:** Our Income from operations increased by 18% to Rs.2754.62 lacs in fiscal 2008 from Rs.2328.49 lacs in fiscal 2007.

**Other Income:** Our other Income has increased by 46% to Rs.16.51 lacs in fiscal 2008 from Rs.11.29 lacs in fiscal 2007. The increase resulted mainly due to insurance claim of Rs.3.86 lacs, sale of assets of Rs.5.40 lacs and sales tax refund of Rs.2.6 lacs during the fiscal 2008.

**Raw Material Consumed:** Raw material has increased by 19% to Rs.1227.16 lacs in fiscal 2008 from Rs.1033.6 lacs in fiscal 2007.

**Manufacturing overheads:** Our manufacturing overhead has decreased by 22% to Rs.74.65 lacs in fiscal 2008 from Rs.95.15 lacs in fiscal 2007. Decrease in manufacturing overheads was seen on account of decline in power & fuel from Rs.32.02 lacs in fiscal 2007 to Rs.25.19 lacs in fiscal 2008 and labour charges from Rs.44 lacs in fiscal 2007 to Rs.23.03 lacs in fiscal 2008.

**Administrative and Selling Expenses:** Our administrative expenses mainly include office maintenance, traveling and conveyance, printing and stationery, communication expenses, legal and professional charges etc. Our administrative and selling expenses decreased by 10% to Rs.78.17 lacs in fiscal 2008 from Rs.86.38 lacs in fiscal 2007. As a percentage of operating Income, administrative expenses decreased to 2.84% in fiscal 2008 from 3.71% in fiscal 2007.

**Employees Expenses:** Our employee's expenses mainly include office salaries and wages, director remuneration, contribution to provident fund and other staff & labour welfare expenses. Our employee expenses increased by 41% to Rs.160.66 lacs in fiscal 2008 from Rs.113.91 lacs in fiscal 2007. As a percentage of total Income, employee expenses were 5.83% in fiscal 2008 and 4.89% in fiscal 2007. The number of employees has increased to 77 in fiscal 2008 from 62 in fiscal 2007.

**Financial Expenses:** The financial expenses decreased by 49% to Rs.75.99 lacs in fiscal 2008 from Rs.148.60 lacs in fiscal 2007. Decrease in interest cost was primarily on account of financial expenses capitalization toward the capital expenditure.

**Depreciation:** The depreciation increased by 92% to Rs.121.27 lacs in fiscal 2008 from Rs.63.13 lacs in Fiscal 2007.

**Profit Before Tax:** The Profit before taxation increased by 964% to Rs.66.84 lacs in fiscal 2008 from Rs.6.28 lacs in fiscal 2007. As a percentage of operating Income, PBT were 2.43% in fiscal 2008 from 0.27% in fiscal 2007. This is result of interest cost and other expenses capitalization towards capital expenditure.

**Total Tax:** The total tax increased to Rs.20.76 lacs in fiscal 2008 from Rs.8.17 lacs in fiscal 2007.

**Profit after Tax:** Our company reported a profit of Rs.46.09 lacs in fiscal 2008 from a loss of Rs.1.88 lacs in fiscal 2007.

#### **Comparison of the Fiscal 2007 with Fiscal 2006**

**Income from Operations:** Our Income from operations decreased by 5% to Rs.2328.49 lacs in fiscal 2007 from Rs.2223.36 lacs in Fiscal 2006.

**Other Income:** Our other Income has decreased by 10% to Rs.11.29 lacs in Fiscal 2007 from Rs.12.59 lacs in fiscal 2006.

**Raw Material Consumed:** Raw material has increased by 5% to Rs.1033.6 lacs in fiscal 2007 from Rs.986.74 lacs in fiscal 2006.

**Manufacturing overheads:** Our manufacturing overhead has increased by 5% to Rs.95.15 lacs in fiscal 2007 from Rs.90.83 lacs in fiscal 2006.

**Administrative and Selling Expenses:** Our administrative and selling expenses increased by 8% to Rs.86.38 lacs in fiscal 2007 from Rs.80.34 lacs in fiscal 2006. As a percentage of operating Income, Administrative expenses were 3.71% in fiscal 2007 and 3.61% in fiscal 2006.

**Employees Expenses:** Our employee's expenses mainly include office salaries and wages, director remuneration, contribution to provident fund and other staff & labour welfare expenses. Our employee expense increased by 9% to Rs.113.91 lacs in fiscal 2007 from Rs.104.49 lacs in fiscal 2006. As a percentage of total Income, employee's expenses were 4.89% in fiscal 2007 and 4.70% in fiscal 2006. The number of employees has increased from 57 in fiscal 2006 to 62 in fiscal 2007.

**Financial Expenses:** The financial expenses increased by 17% to Rs.148.60 lacs in fiscal 2007 from Rs.127.37 lacs in fiscal 2006.

**Depreciation:** The depreciation increased by 25% to Rs.63.13 lacs in fiscal 2007 from Rs.50.48 lacs in fiscal 2006.

**Profit Before Tax:** The Profit before taxation decreased by 67% to Rs.6.28 lacs in fiscal 2007 from Rs.19.19 lacs in fiscal 2006. However as a percentage of operating Income, PBT were 0.27% in fiscal 2007 and 0.86% in fiscal 2006.

**Total Tax:** The total tax increased to Rs.8.17 lacs in fiscal 2007 from Rs.1.90 lacs in fiscal 2006.

**Profit After Tax:** Our company reported a loss of Rs.1.88 lacs in fiscal 2007 from a profit of Rs.17.29 lacs in fiscal 2006.

## Liquidity and Capital Resources

### Liquidity

Historically, our primary liquidity requirements have been to finance our working capital requirements for our operations and our capital expenditures. We have met these requirements from cash flows from operations as well as from borrowings.

### Cash flows

The table below summarizes our cash flows, as restated, for the periods indicated:

(Rs. In Lacs)

Particular	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010	Nine Month period ended December 31, 2010
Net Cash flow from Operating activities	-178.51	243.45	27.26	149.53	496.06	-140.70
Net cash flow from (used in) investing activities	-228.21	- 1,805.91	-606.16	-44.37	-170.35	-496.84
Net cash flow from (used in) financing activities	375.17	1,554.27	587.76	-65.05	-127.47	696.20
Cash and Cash equivalents at the beginning of the period	57.91	25.63	17.44	26.3	66.4	264.65
Cash and cash equivalent at the end of the	25.63	17.44	26.3	66.4	264.65	323.33

period						
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### ***Operating activities***

Net cash generated from our operating activities for Fiscal 2010 amounted to Rs.496.06 lacs after refund of direct tax of Rs.3.16 lacs. This consist of net profit before tax and extraordinary items of Rs.274.85 lacs and a net positive adjustment of Rs.670.05 lacs, principally comprising of a positive adjustment for depreciation of Rs.293.15 lacs and for financial cost on long term borrowings of Rs.385.44 lacs. This resulting in operating profit before carrying working capital changes of Rs.944.90 lacs. During this period our negative cash adjustments for working capital requirement was Rs.452.00 lacs. The working capital adjustments include increase in sundry debtors by Rs.412.89 lacs, decrease of loans and advances by Rs.64.67 lacs and increase in trade and other payables by Rs.28.42 lacs.

Net cash generated from our operating activities for Fiscal 2009 amounted to Rs.149.53 lacs after payment of direct tax of Rs.3.34 lacs. This consisted of net profit before tax and extraordinary items of Rs.6.39 lacs and a net positive adjustment of Rs.651.48 lacs, principally comprised of a positive adjustment for depreciation of Rs.282.36 lacs and financial costs on long term borrowings of Rs.363.23 lacs, resulting in operating profit before working capital changes of Rs.657.87 lacs. For the Fiscal 2009, our negative adjustment for change in working capital requirement was Rs.505.00 lacs. The working capital adjustments include increase in sundry debtors by Rs.439.82 lacs, increase in loans and advances by Rs.264.98 lacs and increase in trade and other payables by Rs.477.13 lacs.

Net cash generated from our operating activities for Fiscal 2008 amounted to Rs.27.26 lacs after payment of direct tax of Rs.1.06 lacs. This consisted of net profit before tax and extraordinary items of Rs.66.84 lacs and a net positive adjustment of Rs.187.63 lacs, principally comprised of a positive adjustment for depreciation of Rs.121.27 lacs and financial cost on long term borrowings of Rs.75.99 lacs, resulting in operating profit before working capital changes of Rs.254.47 lacs. For the Fiscal 2008, our negative cash adjustment for working capital requirement was Rs. 226.15 lacs. The working capital adjustments include increase in sundry debtors by Rs. 108.16 lacs, decrease in loans and advances by Rs.68.30 lacs, increase in inventories by Rs.35.01 lacs and decrease in trade and other payables by Rs.151.17 lacs.

Net cash generated from our operating activities for Fiscal 2007 amounted to Rs.243.45 lacs after payment of direct tax of Rs.6.40 lacs. This consisted of net profit before tax and extraordinary items of Rs.6.28 lacs and a net positive adjustment of Rs.200.85 lacs, principally comprised of a positive adjustment for depreciation of Rs.63.13 lacs and financial cost on long term borrowings of Rs.148.60 lacs, resulting in operating profit before working capital changes of Rs.207.14 lacs. For the Fiscal 2007, our positive cash adjustment for working capital requirement was Rs.42.71 lacs. The working capital adjustments include decrease in sundry debtors by Rs.14.92 lacs, increase in loans and advances by Rs.94.87 lacs, increase in inventories by Rs.37.37 lacs and increase in trade and other payables by Rs. 160.03 lacs.

Net cash generated from our operating activities for Fiscal 2006 amounted to Rs.-178.51 lacs after payment of direct tax of Rs.4.21 lacs. This consisted of net profit before tax and extraordinary items of Rs.19.19 lacs and a net positive adjustment of Rs.173.01 lacs, principally comprised of a positive adjustment for depreciation of Rs.50.48 lacs and financial cost on long term borrowings of Rs.127.37 lacs, resulting in operating profit before working capital changes of Rs.192.2 lacs. For the Fiscal 2006, our negative cash adjustment for working capital requirement was Rs.366.50 lacs. The working capital adjustments include increase in sundry debtors by Rs.57.34 lacs, increase in loans and advances by Rs.42.53 lacs, decrease in inventories by Rs.5.78 lacs and decrease in trade and other payables by Rs.272.41 lacs.

### ***Investing Activities***

In Fiscal 2010, we utilised Rs.170.35 lacs for investment activities. We utilised Rs.178.65 lacs for purchase of fixed assets. We have also received Rs.3.42 lacs from sale of our fixed assets during the period.

In Fiscal 2009, we utilised Rs.44.37 lacs for our investment activities. We utilised funds mainly for purchase of fixed assets of Rs.45.99 lacs.

In Fiscal 2008, we utilised Rs.606.16 lacs for our investment activities. We utilised funds mainly for purchase of fixed assets of Rs.613.81 lacs. We have also received Rs.5.40 lacs from sale of our fixed assets during the period.

In Fiscal 2007, we utilised Rs.1805.91 lacs for our investment activities. We utilised funds mainly for purchase of fixed assets of Rs.1817.16 lacs. Due to sale of our fixed assets we have received Rs.8.79 lacs during the period.

In Fiscal 2006, we utilised Rs.228.21 lacs for our investment activities. We utilised funds mainly for purchase of fixed assets of Rs.235.52 lacs. Due to sale of our fixed assets we have received Rs.2.81 lacs during the period.

### ***Financing activities***

In Fiscal 2010, net cash used in financing activities stood at Rs.127.47 lacs primarily on account of finance and interest costs and proceeds from borrowing and issue of fresh shares of our Company.

In Fiscal 2009, net cash used in financing activities stood at Rs.65.05 lacs primarily on account of finance and interest costs and proceeds from borrowing and issue of fresh shares of our Company.

In Fiscal 2008, net cash generated from financing activity was Rs.587.76 lacs, primarily as a result of proceeds from borrowing and proceeds from issue of fresh shares of our Company.

In Fiscal 2007, net cash generated from financing activity was Rs.1,554.27 lacs, primarily as a result of proceeds from borrowing and finance and interest costs.

In Fiscal 2006, net cash generated from financing activity was Rs.375.17 lacs, primarily as a result of proceeds from borrowing and finance and interest costs.

### **Quantitative and Qualitative Disclosure about Market Risk**

#### ***Credit Risk***

We are exposed to credit risk on accounts receivable owed to us by our clients. If our clients, do not pay promptly or at all it is possible that we may have to make provisions for or write off such amounts.

#### ***Interest Rate Risk***

Our financial results are subject to changes in interest rates, which may affect our debt service obligations and our access to funds. As on December 31, 2010, our long-term indebtedness aggregated Rs. 1,538.79 lacs.

#### ***Inflation***

Over the past few years, inflation rates have increased significantly. According to the Office of the Economic Advisor, Department of Industrial Policy and Promotion, the annual rate of inflation, calculated on a point to point basis, was provisionally 8.31% for February, 2011. Although the Government has initiated several economic measures to curb the rise in inflation rates, it is unclear at this stage whether these measures will have the desired effect. This sharp rise in inflation rates in recent months may adversely affect growth in the Indian economy and our results of operations.

### **Significant Economic changes that materially affected or are likely to affect income from continuing operations:**

#### **Significant Regulatory Changes**

Except as described in “*Key Industry, Regulations and Policies*” on page 68, there have been no significant regulatory changes that could affect our income from continuing operations.

#### **Known trends or uncertainties**

Except as described in the Herring Prospectus in general and the section titled “Risk Factors” on page xi and this section, in particular, to the best of our knowledge and belief, there are no known trends or uncertainties that have or had or are expected to have any material adverse impact on revenues or income of our Company from continuing operations.

#### **Future relationship between expenditure and revenues**

Except as described in “*Risk Factors*”, “*Business Overview*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on page xi, 57 and 144 respectively, to the best of our knowledge, there is no future relationship between expenditure and income that will have a material adverse impact on the operations and finances of our Company.

#### **Extent to which material increase in net sales or revenue are due to increased sale volume, introduction of new products or services or increased sales price**

#### **Total turnover of each major industry segment in which the issue company operated**

We operate in Printing & Packaging Industry. Relevant published data, as available, for the industry have been included in the “*Industry Overview*” on page 49 of the Red Herring Prospectus.

#### **Seasonality of business**

The printing and packaging business of our company is not seasonal in nature.

#### **Over dependence on single supplier/Customers**

Our customers are based all over India and we are not under threat from excessive dependence on any single customer. We depend on some suppliers for purchase of raw material as per the nature of industry in which operate.

#### **Competitive conditions**

We face competition from both organised and unorganized players in the printing & packaging industry as well from well-established players and smaller proprietary firms. We have also been securing repeat business from the private sector companies to whom we have been catering.



## FINANCIAL INDEBTEDNESS

The details of the secured loans are as set forth below:

Sr. No.	Name of the Lenders	Facility	Amount sanctioned (in Rs. Lacs)	Total outstanding amount as on December 31, 2010 (in Rs. Lacs)	Interest (p.a.)	Security
1.	State Bank of India	Term loan	64	59.49	14.25	Hypothecation of Stock, Book debts, plant and machineries, & Fixed Assets on pari passu basis.  Collateral security- Pari passu equitable mortgage of factory building located at Plot No. A - 309, TTC Industrial Area, Mahape, Navi Mumbai, and Flat no. 401, 501 and 502 at Nathdwara, Poddar lane, Saibaba Road, Santacruz (W), Mumbai-400 056 with Shamrao Vithal Co-operative Bank Limited.  Assignment of key man policies.  Personal guarantee of the directors and property owners.
2.		Term loan	279	269.94	14.25	
3.		Term loan	250	80.12	14.25	
		Letter of Credit	650	313.12	As may be decided by the lender from time to time	
		Cash credit loan	1,200	994.67	13.5	
4.	Axis Bank	Letter of Credit	300	68.67	As may be decided by the lender from time to time	Hypothecation of goods procured under the Letter of Credit and pledge of Fixed Deposits with the bank.
5.	Shamrao Vithal Co-operative Bank Limited	Term loan	49.23	13.98	15	First paripasu hypothecation charge on entire current assets present and future.
6.		Term loan	112.5	31.92		
7.		Term loan	108.73	14.85		
8.		Term loan	1000.00	866.65		
9.		Cash Credit	400	498.14		
10.		Letter of Credit	200	189.5	As may be decided by the lender from time to time	Collateral security- Pari passu equitable mortgage of factory building located at Plot No. A - 309, TTC Industrial Area, Mahape, Navi Mumbai, and Flat no. 401, 501 and

Sr. No.	Name of the Lenders	Facility	Amount sanctioned (in Rs. Lacs)	Total outstanding amount as on December 31, 2010 (in Rs. Lacs)	Interest (p.a.)	Security
					time.	502 at Nathdwara, Poddar lane, Saibaba Road, Santacruz (W), Mumbai-400 056 with State Bank of India.  Assignment of key man policies.  Personal guarantee of the directors and property owners.
11.	Orix Auto Infrastructure Services Limited	Term loan	258.49	69.31	13.5	Hypothecation of a BOBST machinery.
12.	Sundaram Finance Limited	Vehicle Loan	5.25	2.59	13.5	Hypothecation of vehicle.
13.		Vehicle Loan	4.4	2.17	13.5	Hypothecation of vehicle.
14.		Vehicle Loan	6.8	3.35	13.5	Hypothecation of vehicle.

### ***Restrictive Covenants***

The various loan agreements executed by our Company for availing the above facilities contain certain covenants requiring our Company to take prior approval of our lenders and restricting us from taking certain actions. Such covenants in our loan agreements are summarised below:

- Our Company shall not effect any change in its capital structure;
- Our company shall not permit any change in its ownership or control or management;
- Our Company shall not make any amendments in the Memorandum and Articles of Association;
- Our Company shall not formulate any scheme of amalgamation or reconstruction;
- Our Company shall not implement any scheme of expansion/diversification/modernization other than incurring routine capital expenditures;
- Our Company shall not declare any dividends;
- Our Company shall not make any corporate investments or investment by way of share capital or debentures or lend or advance funds to or place deposits with any other concern except give normal trade credits or place on security deposits in the normal course of business or make advances to employees; provided that our Company may make such investments by way of deposits or advances that are required statutorily to be made as per the existing laws of India or the rules or regulations issued from time to time by governmental authorities; and

- Our Company shall not undertake guarantee obligations on behalf of any third party or any other company.

Each time we undertake or propose to undertake such restricted activities, we will be required to obtain specific consents of our lenders for such activity.

We have obtained consents from State Bank of India dated March 24, 2011 and Shamrao Vithal Co-operative Bank Limited dated September 20, 2010 for the Issue.

## SECTION VI – LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION, DEFAULTS AND MATERIAL DEVELOPMENTS

*Except as stated below there are no outstanding litigation, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, Directors, Promoters and Promoter Group and there are no defaults, non-payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debenture, bonds and fixed deposits and arrears of preference shares issue by our Company, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of our Company, its Directors, its Promoters and Promoter Group and no disciplinary action has been taken by SEBI or any stock exchange against our Company, its Promoters, Promoter Group and our Directors. Our Company, Promoters and Promoter Group and our Directors have not been detained as wilful defaulters by the RBI or any government authority and there have been no violation of securities laws in the past or any proceeding involving the violation of securities laws pending against them.*

For details of contingent liabilities of our Company, refer to the financial statements of our Company on page 101 of the Red Herring Prospectus.

#### **A. Litigation involving our Company**

##### *Litigation against our Company*

1. A show cause notice dated July 21, 2010 under section 9 (2) of the Central Sales Tax Act read with rule 90 of the MVAT Act, 2005 has been issued by the Sales Tax officer, Thane against our Company for failure to make e-payment in the month of May, 2010 within the prescribed time. Our Company was asked why a penalty of Rs. 2,000 with daily fine of Rs. 100 should not be imposed for the aforementioned offence. The matter is currently pending.
2. A show cause notice dated July 19, 2010 under rule 90 of the MVAT Act, 2005 has been issued by the Sales Tax officer, Thane against our Company for failure to make e-payment in the month of May, 2010 within the prescribed time. Our Company was asked why a penalty of Rs. 2,000 with daily fine of Rs. 100 should not be imposed for the aforementioned offence. The matter is currently pending.
3. A show cause notice was issued under the Bombay Sales Tax Act, 1959 (the “**BST Act**”) and Central Sales Tax Act, 1956, in February, 2007. Since our Company was unable to attend the scheduled hearing on the appointed date, an ex parte order dated December 31, 2009 was passed against our Company. On appeal, this order was cancelled on March 19, 2010 in accordance with the provisions of section 33-D of the Act and our Company was granted another chance to resolve the matter. Fresh show cause notices dated May 10, 2010 and October 18, 2010 were served on our Company under section 9(2) and 33 (4) (5) of the BST Act. Since our Company was unable to attend the scheduled hearing on the appointed date, an ex parte order dated October 20, 2010 directing our Company to pay an amount of Rs. 43,98,743 as sales tax was passed by the Deputy Commissioner of Sales Tax (Assmt.), B-137, Worli division. Our Company has appealed against this order on December 17, 2010. The matter is currently pending.
4. A show cause notice was issued under the BST Act and Central Sales Tax Act, 1956, in March, 2007 on our Company under section 9(2) and 33 (4) (5) of the BST Act. Since our Company was unable to attend the scheduled hearing on the appointed date, an ex parte order dated January 9, 2009 was passed against our Company. On appeal, this order was cancelled on June 23, 2009 in accordance with the provisions of section 33-D of the Act and our Company was granted another chance to resolve the matter. Since our Company did not produce the necessary books of accounts by the appointed date, an ex parte order dated October 30, 2009 directing our Company to pay an amount of Rs. 65,58,460 as sales tax was passed by the Deputy Commissioner of Sales Tax (Assmt.), B-137, Worli division. Our Company has appealed against this order on December 21, 2009. The matter is currently pending.

*Litigation by our Company*

NIL.

**B. Litigation involving the Directors**

*Litigation against the Directors*

NIL.

*Litigation by the Directors*

NIL.

**C. Litigation involving the Promoters**

*Litigation against the Promoters*

NIL.

*Litigation by the Promoters*

NIL.

**D. Litigation involving our Group Companies**

***Trim Plastics Limited***

*Litigation against Trim Plastics Limited*

1. A show cause notice dated June 16, 2010 under section 272A (2) (k) of the I.T. Act has been issued by the Additional Commissioner of Income Tax Officer against Trim Plastics Limited for the failure to deliver a copy of the statement within the specified time for the assessment years 2006-2007, 2007-2008 and 2009-2010. The matter is currently pending.
2. A show cause notice dated December 16, 2009 under section 272A (2) (c) of the I.T. Act has been issued by the Joint Commissioner of Income Tax Officer against Trim Plastics Limited for the failure to furnish the statement within the specified time for the assessment years 2006-2007, 2007-2008 and 2009-2010. A reply dated January 20, 2010 was filed before the Joint Commissioner providing reasons for the inadvertent delay and for waiver of the penalty. Orders dated June 30, 2010 were passed by the Additional Commissioner of Income Tax directing Trim Plastics Limited to pay Rs. 30,600/-, Rs. 20,800/- and Rs. 23,700/- as penalties for late filing of the quarterly return in the assessment years 2006-2007, 2007-2008 and 2009-2010 respectively. Demand notices dated June 30, 2010 have been issued under section 156 of the I. T. Act by the Income Tax officer against Trim Plastics Limited for the penalties. Trim Plastics Limited has preferred an appeal dated August 2, 2010 before the Commissioner of Income Tax under section 246A (1) (0) of the I. T. Act. The matter is currently pending.

*Litigation by Trim Plastics Limited*

NIL.

***Paramount Nourishments Private Limited***

*Litigation against Paramount Nourishments Private Limited*

NIL.

*Litigation by Paramount Nourishments Private Limited*

NIL.

***M/s. Parapack***

*Litigation against M/s. Parapack*

NIL.

*Litigation by M/s. Parapack*

NIL.

***M/s. S. P. Investments***

*Litigation against M/s. S. P. Investments*

NIL.

*Litigation by M/s. S. P. Investments*

NIL.

**Material Developments**

In the opinion of our Board of Directors, there has not arisen, since the date of the last audited financial statements disclosed in the Red Herring Prospectus, any circumstances that materially or adversely affect or are likely to affect the profitability of our Company or the value of our assets or our ability to pay our material liabilities within the next twelve months.

## GOVERNMENT, STATUTORY AND BUSINESS APPROVALS

Our Company has received all the necessary licenses, permissions and approvals from the Central and State Governments and other government agencies/certification bodies required for its business and no further approvals are required by our company for carrying on the present business activities of our Company. No further approvals from any Government authority/Reserve Bank of India (RBI) are required by our Company to undertake the existing activities, save and except those approvals, which may be required to be taken in the normal course of business from time to time.

The following statement sets out the details of licenses, permissions and approvals obtained by our Company under various central and state laws for carrying out its business.

Sr. No.	Issuing Authority	Registration/ License No.	Nature of Registration/License	Date of Issue	Validity
<b>Registration under the Companies Act, 1956</b>					
1.	Registrar of Companies, Maharashtra, Mumbai	CIN: U22200MH2006PTC160735	Certificate of Incorporation	March 24, 2006	-
2.	Registrar of Companies, Maharashtra, Mumbai	CIN: U22200MH2006PTC160735	Fresh Certificate of Incorporation Consequent upon Change of Name for change of name from Paramount Printing Press Private Limited to Paramount Printpackaging Private Limited	June 2, 2010	-
3.	Registrar of Companies, Maharashtra, Mumbai	CIN: U22200MH2006PTC160735	Fresh Certificate of Incorporation Consequent upon Change of Name	July 21, 2010	
<b>Registration under Tax Laws</b>					
1.	Income Tax Department	AADCP8527D	Permanent Account Number (PAN)	March 24, 2006	-
2.	Department of Income Tax	MUMP22003C	Tax Deduction Number (TAN)	September 29, 2010	
3.	Sales Tax Officer (VAT-C-002), Thane City Division, Thane	27200551089V	Registration under Maharashtra Value Added Tax Act, 2002	April 01, 2006	-
4.	Sales Tax Officer (VAT-C-002), Thane City Division, Thane	27200551089C	Registration under Central Sales Tax (Registration & Turnover) Rules, 1957	April 01, 2006	
5.	Assistant Commissioner, Central Excise, Belapur III Division	AADCP8527DEM003	Central Excise registration certificate for manufacturing of excisable goods	December 26, 2010	
6.	Joint Director General of Foreign Trade	0388112042	Import Export Code	April 01, 1988	-

7.	Sales Tax Officer, Thane Division, Thane	PT/R/1/2/12/13679	Registration as an employer under The Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975	July 11, 2006	-
<b>Registration under various Industrial and Labour Laws</b>					
1.	Dy. Assistant Director, Sub-Regional Office, Thane, Employee State Insurance Corporation	Employer's Code Number 31-18879-83	Registration under the Employee State Insurance Act, 1948	March 21, 2003	-
2.	Employee State Insurance Corporation	-	Pay in slip for contribution under the Employee State Insurance Act, 1948	March 2007	-
3.	Employees Provident Fund Organization	MH/16577	Payment challan under the Employees Provident funds and Miscellaneous Provisions Act, 1952	March 12, 2009	-
<b>Other Registrations and Approvals from Governmental/ Regulatory Authorities</b>					
1.	Inspector of Factory	Thane-2 (m) (i) / 123 / 07/ 222 / 2	Factory License	August 27, 2007	Year 2013
2.	Maharashtra Industrial Development Corporation	DE/MHP (C)/A-309/1392/2007	Occupancy certificate, building completion certificate, drainage completion certificate, tree plantation certificate	September 20, 2007	-
3.	Maharashtra Pollution Control Board	MPCB/SRONM-II/CC/C-432	Consent by the Maharashtra Pollution Control Board under the Air (Prevention and Control of Pollution) Act, 1981, Water (Prevention and Control of Pollution) Act, 1974 and the Hazardous Waste Management and Handling Rules, 1989	January 13, 2010 (change of name on March 16, 2011)	February 28, 2012
4.	Secretariat of Industrial Assistance	6110/SIA/IMO/2006	Acknowledgment receipt for IEM for manufacture of printing of packaging articles	December 14, 2006	-
5.	Secretariat of Industrial Assistance	6110/SIA/IMO/2006	Amendment to the Acknowledgment receipt	December 29, 2006	-
6.	Maharashtra State Electricity Board	SE/VC/TECH/W-1271/0024	Sanction for power supply of 22KV with a connected load of 600KW and maximum demand of 500 KVA	January 02, 2007	-
7.	TUV SUD Management Service GmbH	Certificate Registration No. 12 100 35064 TMS	Certificate of fulfillment of requirements of ISO 9001:2008 stating that our Company has established and applies a quality management system for manufacturing and supply of printed duplex board packaging.	November 16, 2009	December 14, 2011



8.	Maharashtra Industrial Development Corporation	DE/SPA/Final—NOC/A-309/3291/2010	Final no objection certificate from MIDC for firefighting arrangement	September 28, 2010	
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**Pending approvals**

- Our Company has applied for the registration of its name and logo under class 18 of the Trademarks Act, 1999.
- Our Company has applied for the TIN number and CST number in the name of Paramount Printpackaging Limited, pursuant to its change in name on conversion to public limited company.
- Our Company has applied for the ESI certificate in the name of Paramount Printpackaging Limited, pursuant to its change in name on conversion to public limited company.
- Our Company has applied for the PF registration in the name of Paramount Printpackaging Limited, pursuant to its change in name on conversion to public limited company.
- Our Company has applied for the registration with the Navi Mumbai Municipal Corporation in the name of Paramount Printpackaging Limited, pursuant to its change in name on conversion to public limited company.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

Our Board of Directors have, pursuant to a resolution passed at its meeting held on August 21, 2010 authorised the Issue, subject to the approval of the shareholders of our Company under Section 81 (1A) of the Companies Act.

The shareholders of our Company have authorized the Issue by a special resolution dated September 20, 2010 under Section 81(1A) of the Companies Act, 1956.

The Board of Directors have pursuant to its resolution dated March 21, 2011, approved this Red Herring Prospectus.

The Company has received in-principle approvals from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated January 21, 2011 and January 12, 2011, respectively.

Our Company has obtained all necessary governmental, regulatory consents and approvals and has received all necessary contractual consents required for this Issue. For further information, please refer to “*Government, Statutory and Business Approvals*” on page 159 of the Red Herring Prospectus.

### Prohibition by SEBI

Our Company, our Directors, our Promoters, other companies promoted by our Promoters, our Promoter Group and companies with which our Directors are associated as directors have not been prohibited from accessing or operating in the capital markets under any order or direction passed by SEBI or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI. There has been no violation of any securities law committed by any of them in the past and no such proceedings are currently pending against any of them.

### Association of Directors with the securities market

None of our Directors are associated with securities markets in any manner, nor has SEBI initiated action or proceeding against them.

### Prohibition by RBI

Our Company, our Directors, our Promoters, Promoter Group and the companies with which our Directors are associated as directors or promoters (other than as disclosed in the Red Herring Prospectus), relatives of Promoters (as defined under the Companies Act) have not been declared as wilful defaulters by the RBI or any other governmental authority.

### Compliance with accounting norms

Our Company confirms and undertakes that it shall comply with such disclosures and accounting norms specified by SEBI from time to time.

### Eligibility for this Issue

Our Company is eligible for the Issue in accordance with sub-Regulation (1) of Regulation 26 of the SEBI Regulations, which states as follows:

“26. (1) An issuer may make an initial public offer, if:

- (a) *it has net tangible assets of at least three crore rupees in each of the preceding three full years (of twelve months each), of which not more than fifty per cent. are held in monetary assets:*

*Provided that if more than fifty per cent. of the net tangible assets are held in monetary assets, the issuer has made firm commitments to utilize such excess monetary assets in its business or project;*

- (b) *it has a track record of distributable profits in terms of section 205 of the Companies Act, 1956, for at least three out of the immediately preceding five years:*

*Provided that extraordinary items shall not be considered for calculating distributable profits;*

- (c) *it has a net worth of at least one crore rupees in each of the preceding three full years (of twelve months each);*
- (d) *the aggregate of the proposed issue and all previous issues made in the same financial year in terms of issue size does not exceed five times its pre-issue net worth as per the audited balance sheet of the preceding financial year;*
- (e) *if it has changed its name within the last one year, at least fifty per cent of the revenue for the preceding one full year has been earned by it from the activity indicated by the new name.”*

Our Company is eligible for the Issue as explained under the eligibility criteria calculated in accordance with our Company's financial statements under Indian GAAP:

- Our Company has net tangible assets of at least Rs. 3 crores in each of the preceding three full years, of which not more than 50% is held in monetary assets;
- Our Company has had a pre-issue net worth of not less than Rs. 1 crore in each of the three preceding full years;
- 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;
- Our Company has changed its name in the last one year but at least fifty per cent of the revenue for the preceding one full year has been earned by our Company from the activity indicated by the new name; and
- The aggregate of the proposed Issue, including all previous public issues in the same financial year, is not expected to exceed five times the pre-Issue net worth as per the audited accounts for the year ended March 31, 2010.

The net tangible assets, monetary assets, distributable profits and net worth of our Company during the nine month period ended December 31, 2010, and for the last three years ended March 31, 2010, 2009 and 2008, as per our Company's audited and restated financial statements, are as under:

*(Rs. In Lacs, except monetary assets as a percentage of net tangible assets)*

<b>Particulars</b>	<b>As at March 31, 2008</b>	<b>As at March 31, 2009</b>	<b>As at March 31, 2010</b>	<b>As at December 31, 2010</b>
Net tangible assets <sup>(1)</sup>	2,727.16	2963.50	3203.92	3910.57
Monetary assets <sup>(2)</sup>	26.30	66.40	264.65	323.33
Monetary assets as a percentage of net tangible assets (%)	0.96	2.24	8.26	8.27
Distribution profits <sup>(3)</sup>	44.2	522.8	401.0	624.4
Net worth <sup>(4)</sup>	654.99	1,253.98	1,605.53	2,276.45

**Note:**The above figures are based on the restated accounts

In above calculation, Deferred Tax Liability (DTL) excluded from current liability on the same ground for Deferred Tax Assets (DTA) Cash credit being working capital loan of short term in nature and subject to review every year considered as a part of short term liability for the purpose of above calculation

Long Term working capital term loans are not considered as a part of current liability or other short term liability

All unsecured loans other than from banks & financial institution are treated as short term liabilities for the purpose of above calculation

Provision for gratuity being long term in nature not considered as a part of provision for the purpose of above calculation.

- (1) Net tangible assets are defined as the sum of 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.
- (2) Monetary assets include cash on hand, bank balances and quoted investments, including investments in mutual funds.
- (3) Distributable profits for the year have been defined in terms of section 205 of the Companies Act
- (4) Net worth is the aggregate of the Paid-up Share capital and Reserves and Surplus (excluding revaluation reserve) as reduced by the aggregate of Miscellaneous Expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account

The Company will comply with the Regulation 43(2) of the ICDR Regulations; accordingly, not more than 50% of the Net Issue shall be available for allocation to Qualified Institutional Bidders and not less than 15% and 35% of the Net Issue shall be available for allocation to Non-Institutional Bidders and Retail Individual Bidders, respectively, subject to valid Bids being received.

Further in accordance with Regulation 26 (4) of the SEBI Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be allotted will be not less than 1,000.

#### **DISCLAIMER CLAUSE OF SEBI**

**AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF DRAFT RED HERRING PROSPECTUS TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, ONELIFE CAPITAL ADVISORS LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER, ONELIFE CAPITAL ADVISORS LIMITED, IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, ONELIFE CAPITAL ADVISORS LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED MARCH 25, 2011 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:**

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE,**

**PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:**

- (A) THE DRAFT RED HERRING PROSPECTUS FILED WITH 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 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 BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.**
  - 4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.**
  - 5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.**
  - 6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.**
  - 7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE - NOT APPLICABLE.**
  - 8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS'**

**LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**

- 9. WE CONFIRM THAT NECESSARY ARRANGEMENTS SHALL BE MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.**
- 10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE - NOT APPLICABLE AS THE ISSUE SIZE IS MORE THAN RS. 10 CRORES, HENCE UNDER SECTION 68B OF THE COMPANIES ACT, THE ALLOTMENT WILL BE MADE ONLY IN DEMAT FORM.**
- 11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**
- 12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:**
  - (A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND**
  - (B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.**
- 13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.**
- 14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.**
- 15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY."**

**THE FILING OF THE RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT,**

**1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.**

**All legal requirements pertaining to the Issue will be complied with at the time of filing of this Red Herring Prospectus with the Registrar of Companies, Mumbai at Maharashtra, in terms of section 60B of the Companies Act. All legal requirements pertaining to the Issue will be complied with at the time of filing of the Prospectus with the Registrar of Companies, Mumbai at Maharashtra, in terms of section 56, section 60 and section 60B of the Companies Act.**

#### **Disclaimer Statement from our Company and the Book Running Lead Manager**

Our Company and the BRLM accept no responsibility for statements made otherwise than those contained in the Red Herring Prospectus or in any advertisements or any other material issued by or at the instance of the above mentioned entities and anyone placing reliance on any other source of information, including our Company's website [www.pppltd.in](http://www.pppltd.in) or the website of any of the Promoters or member of the Promoter Group, or of any affiliate or associate of our Company, would be doing so at his or her own risk.

#### **Caution**

The BRLM accepts no responsibility, save to the limited extent as provided in the Underwriting Agreement to be entered into between the Underwriters and our Company and the Memorandum of Understanding between the BRLM and our Company on September 21, 2010.

Our Company and the BRLM shall make all information available to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centers or elsewhere.

The BRLM, its associates and affiliates may engage in transactions with, and perform services for, our Company and our Promoter Group Companies, affiliates or associates of our Company or third parties in the ordinary course of business and have engaged, and may in future engage, in commercial banking or other financial services with our Company and our Promoter Group Companies, affiliates or associates or third parties, for which they have received, and may in future receive, compensation.

Neither our Company nor the BRLM or any Syndicate Member is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Investors that bid in this Issue will be required to confirm and will be deemed to have represented to our Company, the Underwriters, the Book Lead Running Manager 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 the BRLM 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.

#### **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), Hindu undivided families (HUFs), companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, public financial institutions as specified in Section 4A of the Companies Act, VCFs, state industrial development

corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 25 crores, pension funds with minimum corpus of Rs. 25 crores, the National Investment Fund, insurance funds set up and managed by the army, navy and/or air force of the Union of India, insurance funds set and managed by the Department of Posts, India and to permitted non-residents including FIIs, Eligible NRIs, multilateral and bilateral development financial institutions, FVCIs and other eligible foreign investors, provided that they are eligible under all applicable laws and regulations to hold Equity Shares of our Company.

The Red Herring Prospectus does not, however, constitute an invitation to subscribe to the Equity Shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession the 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 Mumbai, Maharashtra, India only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus was filed with SEBI for its observations. Accordingly, the Equity Shares, represented hereby may not be offered or sold, directly or indirectly, and the 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 the Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Our Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Equity Shares have not been, and will not be, registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Further, each Bidder where required agrees that such Bidder will not sell or transfer any Equity Shares or create any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable laws and legislations in each jurisdiction, including India.

#### **Disclaimer Clause of the Bombay Stock Exchange Limited (BSE)**

Bombay Stock Exchange Limited (the "BSE") has given by its letter dated January 12, 2011, to this Company to use the BSE's name in this offer document as one of the stock exchanges on which the Company's securities are proposed to be listed. The BSE has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. The BSE does not in any manner:

- (i) warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- (ii) warrant that this Company's securities will be listed or will continue to be listed on the BSE; or
- (iii) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of the Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the BSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so



pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE or omitted to be stated herein or for any other reason whatsoever.

#### **Disclaimer Clause of the National Stock Exchange of India Limited (NSE)**

As required, a copy of this offer document has been submitted to National Stock Exchange of India Limited (the "NSE"). NSE has given by its letter ref.: NSE/LIST/156736-Y dated January 21, 2011 permission to the Issuer to use the NSE's name in this offer document as one of the stock exchanges on which the Issuer's securities are proposed to be listed. The NSE has scrutinized the draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of the Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

#### **Disclaimer clause of IPO Grading Agency**

ICRA Limited's IPO grading is a onetime assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by ICRA Limited to be accurate and reliable. However, ICRA Limited, does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. ICRA Limited's IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that ICRA Limited performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the issuer; also it does not indicate compliance/violation of various statutory requirements. ICRA Limited shall not be liable for any losses incurred by users from any use of the IPO grading.

#### **Filing**

A copy of the Draft Red Herring Prospectus was filed with the SEBI at Corporation Finance Department, SEBI Bhavan, Plot No. C4-A, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered for registration to the RoC at the office of the RoC. A copy of the Prospectus to be filed under Section 60 of the Companies Act will be delivered for registration with the RoC at the office of the Registrar of Companies, 100, Everest, 5th Floor, Marine Drive, Mumbai 400 002, India.

#### **Listing**

Applications have been made to the BSE and the NSE for permission to deal in and for an official quotation of the Equity Shares.

The Bombay Stock Exchange Limited will be the Designated Stock Exchange with which the basis of allotment will be finalized for the QIB, Non- Institutional Portion and Retail Portion.

If the permissions to deal in and for an official quotation of our Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest, all money received from the Bidders in pursuance of the Red Herring Prospectus. 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 Bid/Issue Closing date,

whichever is earlier), then our Company, and every Director of our Company who is an officer in default shall, on and from such expiry of eight days, be jointly and severally liable to repay the money, with interest at the rate of 15% per annum on the Bid Amount, as prescribed under Section 73 of Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within seven working days of finalisation and adoption of the Basis of Allotment for this Issue. Pursuant to a Circular (CIR/CFD/DIL/3/2010) dated April 22, 2010 issued by SEBI, the listing of the Equity Shares in the Issue is required to be completed within 12 working days (as defined in such circular) of the Bid/Issue Closing Date.

### **Impersonation**

Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

*“Any person who:*

- (a) makes in a fictitious name, a Bid 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: our Directors; our Company Secretary and Compliance Officer; our Auditors; Bankers to our Company; Escrow Collection Bank(s); Refund Bank(s); Syndicate Members; IPO Grading Agency; BRLM; the Registrar and the Legal Advisor to this Issue, to act in their respective capacities, will be obtained and will 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.

In accordance with the Companies Act and SEBI Regulations, M/s. M.V. Damania & Co., our statutory auditors, have given their written consent to the inclusion of their report dated March 25, 2011 in the form and context in which it appears in the Red Herring Prospectus and such consent and report has not been withdrawn up to the time of filing of the Red Herring Prospectus with SEBI.

M/s. M.V. Damania & Co., our statutory auditors, have given their written consent to the inclusion of their report on possible tax benefits accruing to our Company and its members dated March 25, 2011 in the form and context in which it appears in the Red Herring Prospectus and has not withdrawn such consent up to the time of filing of the Red Herring Prospectus with SEBI.

### **Expert Opinion**

Except the report of our Auditors dated March 25, 2011, the statement of tax benefits dated March 25, 2011 and the report dated February 22, 2011 of ICRA Limited in respect of the IPO grading of this Issue, furnishing the rationale for its grading which will be provided to the Designated Stock Exchange, annexed herewith to the Red Herring Prospectus, our Company has not obtained any expert opinions. The term ‘expert’ as used in the Red Herring Prospectus is not intended to be considered an ‘expert’ within the meaning of Section 11 of the U.S. Securities Act, 1933.

## Undertaking from our Promoter and Directors

Our Company accepts full responsibility for the accuracy of the information given in the Red Herring Prospectus and confirms that to the best of our knowledge and belief, there are no other facts, their omission of which make any statement in the Red Herring Prospectus misleading and our Company further confirms that our Company has made all reasonable inquiries to ascertain such facts. Our Company further declares that the Stock Exchanges to which an application for official quotation is proposed to be made do not take any responsibility for the financial soundness of the Issue or for the price at which the Equity Shares are offered or for the correctness of the statement made or opinions expressed in the Red Herring Prospectus. Our Promoters/Directors declare and confirm that no information/material likely to have a bearing on the decision of investors in respect of the Equity Shares offered in terms of the Red Herring Prospectus has been suppressed, withheld and/or incorporated in the manner that would amount to misstatement, misrepresentation and in the event of its transpiring at any point of time till allotment/refund, as the case may be, that any information/material has been suppressed /withheld and/or amounts to a misstatement/ misrepresentation, our Promoters/ Directors undertake to refund the entire application monies to all the subscribers within 7 days thereafter without prejudice to the provisions of Section 63 of the Companies Act.

## Expenses of the Issue

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The total expenses of the Issue are estimated to be approximately Rs. [●]. The estimated Issue Expenses are as follows:

*(Rs. in lacs)*

Particulars	Expenses**	Percentage of the Issue Expenses	Percentage of the Issue Size
Lead management fees*	[●]	[●]	[●]
Registrar to the Issue*	[●]	[●]	[●]
Bankers to the Issue*	[●]	[●]	[●]
Underwriting commission, brokerage and selling commission*	[●]	[●]	[●]
SCSB's Commission*	[●]	[●]	[●]
Advertising and marketing expenses*	[●]	[●]	[●]
Printing and stationery*	[●]	[●]	[●]
Others (Listing fees etc.)*	[●]	[●]	[●]
Total estimated Issue expenses	[●]	[●]	[●]

\* Will be incorporated at the time of filing Prospectus with the RoC.

\*\* Will be completed after finalization of the Issue Price

All expenses with respect to this Issue will be borne by our Company.

## Details of Fees Payable

### Fees Payable to the BRLM

The total fees payable to the BRLM will be as per the Engagement Letter dated April 5, 2010 and as stated in the Memorandum of Understanding dated September 21, 2010, executed between our Company and BRLM, a copy of which is available for inspection at our Registered Office.

### Fees Payable to the Registrar to this Issue

The fees payable to the Registrar to this Issue for processing of application, data entry, printing of CAN/refund order (or revised CANs, if required), preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Memorandum of Understanding dated July 8, 2010, executed between our Company and the Registrar to the Issue, a copy of which is available for inspection at our Registered Office.

The Registrar to the Issue will 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 send refund orders or allotment advice by registered post/speed post/under certificate of posting.

#### **Underwriting Commission, Brokerage and Selling Commission**

Since this is the initial public offer 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 subscription for any of the Equity Shares since our inception.

The underwriting commission and selling commission for this Issue is as set out in the Syndicate Agreement to be entered into between our Company and the BRLM. The underwriting commission shall be paid as set out in the Underwriting Agreement to be entered into based on the Issue Price and amount underwritten in the manner mentioned in the Prospectus.

Payment of underwriting commission, brokerage and selling commission would be in accordance with applicable laws.

#### **Fees Payable to Others**

The total fees payable to the auditor, credit rating agency and advertiser, etc. will be as per the terms of their respective engagement letters.

#### **Particulars regarding previous rights and public issues during last five years**

Our Company has not made any previous rights and/or public issues during the last five years.

#### **Previous issue of Equity Shares otherwise than for cash**

Save and except as stated in “*Capital Structure*” on page 18 of the Red Herring Prospectus, our Company has not issued any Equity Shares for consideration other than for cash.

#### **Commission and Brokerage on Previous Issues**

Since this is the initial public offer of the Equity Shares by our Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our Company’s inception.

#### **Listed companies under the same Management**

There are no listed companies under the same management as our Company within the meaning of Section 370(1B) of the Companies Act, 1956 which have made any capital issues in the last three years.

#### **Promise vis-à-vis performance- Public/ Rights Issue of our Company and/ or listed subsidiaries, Group Companies and associates of our Company**

##### ***Our Company***

Our Company has not made any public or rights issue in the past.

##### ***Our Group Companies***

None of our Group Companies have made any public or rights issue in the past.

### ***Outstanding debentures, bonds, redeemable preference shares and other instruments issued by our Company***

As on the date of filing the Red Herring Prospectus with SEBI, our Company has no outstanding debentures, bonds or redeemable preference shares.

### **Option to Subscribe**

Equity Shares being offered through the Red Herring Prospectus can be applied for in dematerialized form only.

### **Stock Market Data for our Equity Shares**

This Issue being an initial public offering of our Company, there is no stock market data available for the Equity Shares of our Company as they are not listed in any stock exchange.

### **Mechanism for Redressal of Investor Grievances**

The Memorandum of Understanding between the Registrar and our Company will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of dispatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar to the Issue with a copy to our Company Secretary and Compliance Officer, giving full details such as the name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection center where the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant 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 ASBA Bid cum Application Form was submitted by the ASBA Bidders.

### **Disposal of Investor Grievances by our Company**

Our Company or the Registrar to the Issue or the SCSB in case of ASBA Bidders shall redress routine investor grievances. Our Company estimates that the average time required by our Company or the Registrar to this Issue or the SCSB for the redressal of routine investor grievances will be 15 days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has constituted a Shareholder/Investor Grievance Committee pursuant to a resolution passed at the meeting of our Board of Directors held on August 21, 2010. The shareholder/investor grievance committee comprises of Mr. Hemang Jagadish Engineer as the Chairman; and Mr. Rohit Parmananddas Doshi and Mr. Dharmesh Ashwin Sukhadia as the members.

For more information, please refer to “*Our Management*” on page 76 of the Red Herring Prospectus.

Our Company has appointed Ms. Ashwini Rao as the Company Secretary and Compliance Officer and she may be contacted at the following address:

#### **Ms. Ashwini Rao**

A/309, TTC Industrial Estate,  
Mahape Road,  
Navi Mumbai,  
Maharashtra 400 701  
Tel. No.: +91 22 4162 7777  
Fax No.: +91 22 2778 2743

Email: pppl.ipo@pppltd.in

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

#### **Changes in Auditors during the last three financial years and reasons therefore**

The changes in the Auditors of our Company in the last three (3) years are detailed below:

<b>Sr. No.</b>	<b>Name of Auditor</b>	<b>Date of Appointment</b>	<b>Date of Cessation</b>	<b>Reason for Change</b>
1.	K. R. Manik & Co.	March 25, 2006	August 21, 2010	Resignation by previous auditors
2.	M. V. Damania & Co.	August 21, 2010	N.A.	Appointment

#### **Capitalisation of Reserves or Profits**

Save and except as stated in “*Capital Structure*” on page 18 of the Red Herring Prospectus, our Company has not capitalized its reserves or profits at any time since inception.

#### **Revaluation of assets**

Our Company has not revalued its assets since incorporation.

## SECTION VII – ISSUE RELATED INFORMATION

### TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, the SEBI Regulations, our Memorandum and Articles of Association, the terms of the Red Herring Prospectus, the Prospectus, Bid cum Application Form, the ASBA Bid cum Application Form, the Revision Form, the Confirmation of Allocation Note, the allotment advice, the Listing Agreements with the Stock Exchanges 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 RoC, the 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 issued shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares of our Company including rights in respect of dividend. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends, voting rights and/or other corporate benefits, if any, declared by our Company after the date of Allotment. For further information, please refer to “*Main Provisions of the Articles of Association*” on page 212 of the Red Herring Prospectus.

#### Mode of Payment of Dividend

Our Company shall pay dividends to our shareholders in accordance with the provisions of the Companies Act, our Articles of Association and the provision of the Listing Agreements. The declaration and payment of dividends will be recommended by our Board of Directors and our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial condition. Our Company 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 of Equity Shares is Rs. [●] per Equity Share.

The Issue Price will be determined by our Company in consultation with the BRLM on the basis of assessment of market demand for the Equity Shares offered by way of book building and advertised in three widely circulated national newspapers (one each in English, Hindi and Marathi), at least two working days prior to the Bid/Issue Opening Date. At any given point of time there shall be only one denomination for the Equity Shares, subject to applicable laws. The Issue Price is [●] times the face value of the Equity Shares.

#### Compliance with the SEBI

Our Company shall comply with all applicable disclosure and accounting norms as specified by SEBI from time to time.

#### Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the equity shareholders of our Company shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation subject to any statutory and other preferential claims being satisfied;

- Right of free transferability of the Equity Shares, subject to applicable foreign direct investment policy, foreign exchange regulations and other applicable laws; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreement executed with the Stock Exchanges, and our Company's Memorandum and Articles of Association.

For a detailed description of the main provisions of our Articles relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, please refer to “*Main Provisions of the Articles of Association*” on page 212 of the Red Herring Prospectus.

### **Joint Holders**

Where two or more persons are registered as the holders of the Equity Shares, they shall be entitled to hold the same as joint tenants with benefits of survivorship.

### **Market Lot and Trading Lot**

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. As per the SEBI Regulations, the trading of our Equity Shares shall only be in dematerialised form for all investors. 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 Share subject to a minimum Allotment of [●] Equity Shares. For details of Allotment, please refer to “*Basis of Allotment*” on page 206 of the Red Herring Prospectus.

### **Nomination Facility to Investor**

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Section 109B of the Companies Act, any Person who becomes a nominee by virtue of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialised form, there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective depository participant.



**Bidding Period**

Bidders may submit their Bids only in the Bidding Period. The Bid Opening Date is April 20, 2011 and the Bid Closing Date is April 25, 2011 for QIB, Non Institutional and Retail Bidders.

**Minimum Subscription**

If our Company does not receive the minimum subscription of 90% of the Issue through the offer document, including devolvement of Underwriters, within 60 days from the Bid/Issue Closing Date, our Company shall forthwith refund the entire subscription amount received, within a period of eight days from the Bid/Issue Closing Date. 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 accordance with Regulation 26 (4) of the SEBI Regulations, our Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be allotted under the Issue shall not be less than 1,000.

**Arrangement for disposal of Odd Lots**

The Equity Shares will be traded in dematerialized form only. The market lot for the Equity Shares will be one. Thus, 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 as detailed in "*Capital Structure*" on page 18 of the Red Herring Prospectus, and except as provided in the Articles, there are no restrictions on transfers and transmission of shares/ debentures and on their consolidation/ splitting except as provided in our Articles. For more information, please refer to "*Main Provisions of our Articles of Association*" on page 212 of the Red Herring Prospectus.

**Jurisdiction**

Exclusive jurisdiction for the purpose of this Issue is with competent courts/authorities in Mumbai, Maharashtra, India.

## ISSUE STRUCTURE

The present Issue comprising of 1,30,94,175 Equity Shares, at a price of Rs. [●] per Equity Share (including a premium of Rs. [●] per Equity Share) for cash aggregating to Rs. [●] is being made through the 100% book building process. The Issue will constitute 49.04% of the post Issue paid-up capital of our Company.

Our Company has allotted 19,05,825 Equity Shares to certain investors pursuant to a pre-IPO placement through board resolutions dated February 21, 2011, March 16, 2011 and March 21, 2011. For details of the allotment, please see “Equity Share Capital History of our Company” on page 19 of the Red Herring Prospectus. Details of the Issue structure are tabulated below:

Particulars	QIB Bidders (including ASBA Bidders)	Non Institutional Bidders (including ASBA Bidders)	Retail Individual Bidders (including ASBA Bidders)
Number of Equity Shares*	Not more than 65,47,088 Equity Shares.	Not less than 19,64,126 Equity Shares or the Issue size less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 45,82,961 Equity Shares or the Issue size less allocation to QIB Bidders and Non-Institutional Bidders.
Percentage of Issue Size available for allocation	Not more than 50% of the Issue shall be Allotted to QIB Bidders.  However, 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only. 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 in the Mutual Fund reservation will be available for Allocation to QIB Bidders.	Not less than 15% of the Issue or the Issue size less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 35% of the Issue or the Issue size less allocation to QIB Bidders and Non-Institutional Bidders.
Basis of allocation if respective category is oversubscribed	Proportionate as follows:  (a) 3,27,354 Equity Shares shall be allocated on a proportionate basis to Mutual Funds; and  (b) 62,19,734 Equity Shares shall be allocated on a proportionate basis to all QIB Bidders including Mutual Funds receiving allocation as per (a) above.	Proportionate.	Proportionate.
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 2,00,000 and in multiples of 150 Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs. 2,00,000 and in multiples of 150 Equity Shares thereafter.	150 Equity Shares and in multiples of 150 Equity Shares thereafter.
Maximum Bid	Such number of Equity Shares not exceeding the size	Such number of Equity Shares not exceeding the size	Such number of Equity Shares whereby Bid Amount

	of this Issue, subject to applicable limits.	of this Issue, subject to applicable limits.	does not exceed Rs. 2,00,000.
Mode of allotment	Compulsorily in dematerialised Form.	Compulsorily in dematerialised Form.	Compulsorily in dematerialised Form.
Bid/ Allotment Lot	150 Equity Shares in multiples of 150 Equity Shares.	150 Equity Shares in multiples of 150 Equity Shares.	150 Equity Shares in multiples of 150 Equity Shares.
Trading Lot/ Market Lot	One Equity Share.	One Equity Share.	One Equity Share.
Who can apply **	QIBs as defined on page vi of this Red Herring Prospectus.	Resident Indian individuals, HUF (in the name of Karta), companies, Eligible NRIs, corporate bodies, Scientific Institutions, Societies and Trusts, sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals, including ASBA Bidders.	Individuals (including Eligible NRIs and HUFs in the name of Karta) applying for Equity Shares such that the Bid Amount does not exceed Rs. 2,00,000 in value, including ASBA Bidders.
Terms of Payment	Full Bid Amount applicable to Retail Individual Bidder at the time of submission of (1) Bid cum Application Form to the Member of Syndicate or (ii) submission of ASBA form to SCSB.	Full Bid Amount applicable to Retail Individual Bidder at the time of submission of (1) Bid cum Application Form to the Member of Syndicate or (ii) submission of ASBA form to SCSB.	Full Bid Amount applicable to Retail Individual Bidder at the time of submission of (1) Bid cum Application Form to the Member of Syndicate or (ii) submission of ASBA form to SCSB.
Amount on Bidding	Full Bid Amount on Bidding	Full Bid Amount on Bidding	Full Bid Amount on Bidding

\* *Subject to valid Bids being received at or above the Issue Price. This Issue is being made through the 100% Book Building Process, wherein not more than 50% of the Issue shall be allocated on a proportionate basis to QIB Bidders, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIB Bidders including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price.*

*Under subscription, if any, in any category would be met with spill over to other categories at the sole discretion of our Company in consultation with the BRLM. However, if the aggregate demand by Mutual Funds is less than 3,27,354 Equity Shares (QIB Portion is not more than 50% of the Issue size, i.e. 65,47,088 Equity Shares), the balance Equity Shares available for allocation in the Mutual Funds Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders.*

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

### **Withdrawal of the Issue**

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue anytime after the Bid/Issue Opening Date but before the Allotment of Equity Shares. In such an event our Company would issue a public notice in the newspapers, in which the pre-Issue advertisements were published, within two days of the Bid/Issue Closing Date, providing reasons for not proceeding with the Issue. Our Company shall also inform the same to Stock Exchanges on which the Equity Shares are proposed to be listed. Any further issue of Equity Shares by our Company shall be in compliance with applicable laws.

### **Bidding/ Issue Period**

<b>BID/ISSUE OPENS ON</b>	April 20, 2011
<b>BID/ISSUE CLOSES ON</b>	April 25, 2011

Bids and any revision in Bids shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time “IST”) during the Bidding Period as mentioned above at the Bidding Centres mentioned on the Bid cum Application Form or, in case of Bids submitted through ASBA, the Designated Branches of the SCSBs except that on the Bid/Issue Closing Date, Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and uploaded until (i) 4.00 p.m. (IST) in case of Bids by QIB Bidders, Non-Institutional Bidders where the Bid Amount is in excess of Rs. 2,00,000 and (ii) until 5.00 p.m. (IST) in case of Bids by Retail Individual Bidders, where the Bid Amount is up to Rs. 2,00,000 which may be extended up to such time as deemed fit by the Stock Exchanges after taking into account the total number of applications received up to the closure of timings and reported by the BRLM to the Stock Exchanges within half an hour of such closure. Due to limitation of the time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 3.00 p.m. (IST) 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 public offerings in India, 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 under this Issue. If such Bids are not uploaded, the Issuer, BRLM, Syndicate Members and the SCSB will not be responsible. Bids will only be accepted on Working Days i.e. Monday to Friday (excluding any public holiday). All times mentioned in the Red Herring Prospectus are Indian Standard Time. ASBA Bidders cannot revise their Bids. Bids by ASBA Bidders shall be uploaded by the SCSBs in the electronic system to be provided by the NSE and the BSE.

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

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 the time period for acceptance of Bid-cum-Application Forms as stated herein and reported by the BRLM to the Stock Exchange within half an hour of such closure. Our Company, in consultation with the BRLM, reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI Regulations provided that the Cap Price is 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 Floor Price can be revised up or down to a maximum of 20% of the Floor Price advertised at least one day before the Bid /Issue Opening Date.

**In case of revision in the Price Band, the Bidding Period will be extended for three additional working Days after revision of the Price Band subject to the Bidding Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the website of the BRLM and at the terminals of the members of the Syndicate.**

## ISSUE PROCEDURE

*This section applies to all Bidders. Please note that all Bidders can participate in the Issue through the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all Bidders (other than ASBA Bidders) are required to make payment of the full Bid Amount with the Bid cum Application Form. In case of ASBA Bidders, an amount equivalent to the full Bid Amount will be blocked by the SCSBs. All Bidders other than the ASBA Bidders are required to submit their Bids through the Syndicate. ASBA Bidders are required to submit their Bids through the SCSBs. Further, as per the circular issued by SEBI dated October 12, 2010, the Syndicate and sub-syndicate members have been permitted to procure ASBA Bid cum Application Forms from the ASBA Bidders and submit the forms to the SCSBs. However, SEBI is yet to notify relevant instructions for modification of existing systems and procedures in this regard.*

It may be noted that pursuant to the SEBI Circular (no. CIR/CFD/DIL/2/2010) dated April 06, 2010 SEBI has decided to extend the ASBA facility to QIBs in all public issues opening on or after May 1, 2010.

### **Book Building Procedure**

This Issue is being made through the 100% Book Building Process, wherein not more than 50% of the Issue shall be available for allocation on a proportionate basis to QIBs, of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder shall be available for allocation on a proportionate basis to all QIB Bidders including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

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

All Bidders (other than ASBA Bidders) are required to submit their Bids through the Syndicate. ASBA Bidders are required to submit their Bids to the SCSBs. In case of QIB Bidders, our Company in consultation with the BRLM 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; our Company would have a right to reject the Bids only on technical grounds.

**Investors should note that the Equity Shares will be allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account shall be treated as incomplete and rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.**

### **Bid cum Application Form**

Bidders (other than ASBA Bidders) shall only use the specified Bid cum Application Form bearing the stamp of a Syndicate Member for the purpose of making a Bid in terms of the Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. 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.

ASBA Bidders shall submit an ASBA Bid cum Application Form either in physical or electronic form to the SCSB authorising blocking of funds that are available in the bank account specified in the ASBA Bid cum Application Form only.

Before being issued to Bidders, the Bid cum Application Form (except in relation to ASBA Bidders) shall be serially numbered. ASBA Bid cum Application Forms downloaded and printed from the websites of the Stock Exchanges shall bear a system generated unique application number.

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 Syndicate Member/SCSBs, the Bidder or the ASBA 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 or the ASBA 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 and Eligible NRIs applying on a non-repatriation basis	White
Eligible NRIs, FIIs or Foreign Venture Capital Funds, registered Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis	Blue
ASBA Bidders	White/Green

*Bid cum Application forms for ASBA Bidders will also be available on the website of the NSE ([www.nseindia.com](http://www.nseindia.com)) and BSE ([www.bseindia.com](http://www.bseindia.com)) at least one day prior to Bid/Issue Opening Date. A hyperlink to the website of the Stock Exchanges for this facility will be provided on the website of the BRLM and the SCSBs.*

#### Who can Bid?

- Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
- Indian nationals resident in India who are not minors in single or joint names (not more than three);
- Hindu undivided families or HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: “Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta”. Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares;
- Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non repatriation basis subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this issue;
- Indian Financial Institutions, commercial banks (excluding foreign banks), regional rural banks, cooperative banks (subject to RBI regulations and the SEBI Regulations and other laws, as applicable);
- FIIs and sub-account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual under the QIB category;
- Venture Capital Funds registered with SEBI;
- State Industrial Development Corporations;

- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorised under their constitution to hold and invest in equity shares;
- Scientific and/or industrial research organisations authorised to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority;
- Provident Funds with minimum corpus of Rs. 2500 lacs and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with minimum corpus of Rs. 2500 lacs and who are authorised under their constitution to hold and invest in equity shares;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non Institutional Bidders category;
- Foreign Venture Capital Investors registered with SEBI;
- Multilateral and bilateral development financial institutions;
- National Investment Fund set up by Government of India; and
- Insurance funds set up and managed by the army, navy or air force and Department of Posts of the Union of India.

Please note that, as per the existing regulations, Overseas Corporate Bodies (OCBs) cannot bid/participate in this 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 BRLM and Syndicate Members**

The BRLM and Syndicate Members shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLM and Syndicate Members may subscribe to or purchase Equity Shares in the Issue, either in the QIB Portion or in Non-Institutional Portion as may be applicable to such investors, where the allocation is on a proportionate basis. Such holding or subscription may also be on behalf of their clients.

#### **Bids by Mutual Funds**

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than 3,27,354 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion. Bids by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such bids are made.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with 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.

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.

#### **Bids by Eligible NRIs**

1. Bid cum Application Forms (White in colour) have been made available for Eligible NRIs at our corporate/registered office and with members of the Syndicate and the Registrar to the Issue.
2. Eligible NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (White in colour).

#### **Bids by FIIs**

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

The issue of Equity Shares to a single FII should not exceed 10% of our post-issue issued capital. 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, the aggregate FII holding in our Company cannot exceed 24% of our total issued capital. With the approval of the board and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as on this date, no such resolution has been recommended to the shareholders of our Company for adoption.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended 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, such as participatory notes, equity linked notes or any other similar instruments which is issued overseas by a foreign Institutional investor against underlying securities listed or proposed to be listed in any recognized stock exchange in India 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 of “Know Your Client” requirements. An FII or its sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove issued by it is made to any person that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations. Associates and affiliates of the underwriters, including the BRLM and the Syndicate Members, that are FIIs, may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue. Any such Offshore Derivative Instrument does not constitute any obligation or claim on or an interest in, our Company.

#### **Bids by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors**

The SEBI (Venture Capital Funds) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, as amended prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI.

Accordingly, the holding by any individual Venture Capital Fund or foreign venture capital investor registered with SEBI in any company should not exceed 25% of the corpus of the Venture Capital Fund/Foreign Venture Capital Investor Further, Venture Capital Funds and Foreign Venture Capital Investors can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.



Pursuant to the SEBI Regulations, the shareholding of a SEBI registered VCF held in a company prior to making an initial public offering would be exempt from lock-in requirements only if the equity shares have been held by them for at least one year prior to the time of filing the draft prospectus with SEBI. In case, such equity shares have resulted pursuant to conversion of fully paid-up compulsorily convertible securities, the holding period of such convertible securities as well as that of resultant equity shares together shall be considered for the purpose of calculation of one year period.

### **Bids by Non-Residents including Eligible NRIs, FIIs and Foreign Venture Capital Investors on a repatriation basis**

Bids and revision to Bids must be made in the following manner:

1. On the Bid cum Application Form or the Revision Form, as applicable (White 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. Bids on a repatriation basis shall be in the names of individuals, or in the name of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

**Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into 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.**

**There is no reservation for Eligible NRIs and FIIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.**

### **Bids made by Provident Funds**

In case of the Bids made by provident funds, subject to applicable law, with minimum corpus of Rs. 25 crores and pension funds with minimum corpus of Rs. 25 crores, 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. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

### **Bids under Power of Attorney**

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies and provident funds with a minimum corpus of Rs. 25 crores (subject to applicable law) and pension funds with a minimum corpus of Rs. 25 crores, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In addition to the above, certain additional documents are required to be submitted by the following entities:

1. With respect to Bids by FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form.

2. With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form.
3. With respect to Bids made by provident funds with a minimum corpus of Rs. 25 crores (subject to applicable law) and pension funds with a minimum corpus of Rs. 25 crores, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form.

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 and the BRLM may deem fit.

#### **Maximum and Minimum Bid Size**

1. ***For Retail Individual Bidders:*** The Bid must be for a minimum of 150 Equity Shares and in multiples of 150 Equity Share thereafter, so as to ensure that the Bid Price payable by the Bidder does not exceed Rs. 2,00,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Price does not exceed Rs. 2,00,000. In case the Bid Price is over Rs. 2,00,000 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 indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
2. ***For Other Bidders (Non-Institutional Bidders and QIBs):*** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 2,00,000 and in multiples of 150 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 Regulations, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date. **A QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay the Bid Amount upon submission of the Bid. Our Company, in consultation with the BRLM, may close Bid/Issue Period for QIBs one Working Day prior to the Bid/ Issue Closing Date. Accordingly, a QIB bidder will not be allowed to withdraw their Bids after the Bid/Issue Closing Date or one Working Day prior to the Bid/ Issue Closing Date as may be applicable.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 2,00,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 2,00,000 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”.

**Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Red Herring Prospectus.**

**The above information is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws or regulations.**

#### **Information for the Bidders:**

The Company will file the Red Herring Prospectus with the RoC at least three (3) days before the Bid/Issue Opening Date.

### *Bidders other than ASBA Bidders*

1. Copies of the Bid cum Application Forms and the Red Herring Prospectus will be available with the members of the Syndicate.
2. Any investor (who is eligible to invest in the Equity Shares) who would like to obtain the Red Herring Prospectus along with the Bid cum Application Form can obtain the same from the Registered Office of the Company or from any of the members of the Syndicate.
3. Eligible investors who are interested in subscribing for the Equity Shares should approach the BRLM or Syndicate Members or their authorized agent(s) to register their Bids.
4. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the member of the Syndicate. Bid cum Application Forms which do not bear the stamp of a member of the Syndicate will be rejected.

### *ASBA Bidders*

1. The Company shall ensure that adequate copies of the Red Herring Prospectus and the ASBA Bid cum Application Form are made available to the SCSBs and the SCSBs will then make such copies available to investors applying under the ASBA process. Additionally, the Company shall ensure that the SCSBs are provided with soft copies of the abridged prospectus and the ASBA Bid cum Application Form. The SCSBs shall make such documents available on their websites. The ASBA Bid cum Application Form can also be downloaded from the websites of the Stock Exchanges. The BRLM shall ensure that certain information, including a soft copy of the abridged prospectus, is provided to the Stock Exchanges at least two days prior to the Bid/Issue Opening Date to enable the Stock Exchanges to include such information in the ASBA Bid cum Application Form before it is made available on their websites.
2. ASBA Bidders, under the ASBA process, who wish to obtain the Red Herring Prospectus and/or the ASBA Bid cum Application Form can obtain such documents from the Designated Branches of the SCSBs or the BRLM. ASBA Bidders can also obtain a copy of the abridged prospectus and/or the ASBA Bid cum Application Form in electronic form from the websites of the SCSBs and the Stock Exchanges.
3. The Bids should be submitted on the prescribed ASBA Bid cum Application Form either in physical mode or in electronic mode through the internet banking facility offered by an SCSB for bidding and blocking funds in the accounts of the respective eligible investors.
4. The ASBA Bid cum Application Forms should bear the stamp of a member of the Syndicate and/or the Designated Branch of the SCSB. ASBA Bid cum Application Forms which do not bear the stamp of a member of the Syndicate and/or an SCSB will be rejected.
5. ASBA Bidders shall correctly mention the bank account number in the ASBA Bid cum Application Form and ensure that funds equal to the Bid Amount are available in the bank account maintained with the SCSB before submitting the ASBA Bid-cum-Application Form to the applicable Designated Branch. In case the amount available in the bank account specified in the ASBA Bid cum Application Form is insufficient for blocking the amount equivalent to the Bid Amount, the SCSB shall reject the Bid.
6. If the ASBA Account holder is different from the ASBA Bidder, the ASBA Bid cum Application Form should be signed by the account holder as provided in the ASBA Bid cum Application Form.

**Bidders should note that in case the PAN, the DP ID and Client ID mentioned in the Bid cum Application form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Members do not match with PAN, the DP ID and Client ID available in the depository database, the Bid cum Application form is liable to be rejected. With effect from August 16, 2010, the demat accounts for Bidders for which PAN**

**details have not been verified shall be “suspended credit” and no credit of Equity Shares pursuant to the Issue shall be made into accounts of such Bidders.**

### **Method and Process of Bidding**

1. The Price Band and the minimum Bid lot will be decided by our Company in consultation with the BRLM and advertised in two national newspapers (one each in English and Hindi) and in one Marathi newspaper with wide circulation, at least two (2) working days prior to the Bid/Issue Opening Date. The Members of the Syndicate and the SCSBs shall accept Bids from the Bidders during the Bid/Issue Period in accordance with the terms of the Syndicate Agreement.
2. The Bid/Issue Period shall be for a minimum of three (3) working days and shall not exceed 10 working days. The Bid/ Issue Period may be extended, if required, by an additional three working days, subject to the total Bid/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be published in three (3) national newspapers (one (1) each in English and Hindi and Marathi) with wide circulation and also by indicating the change on the websites of the BRLM and at the terminals of the members of the Syndicate.
3. During the Bid/Issue Period, eligible investors who are interested in subscribing for the Equity Shares should approach the Syndicate Members or their authorised agents to register their Bid. The Syndicate Members shall accept Bids from all Bidders and have the right to vet the Bids during the Bid/Issue Period in accordance with the terms of the Red Herring Prospectus. Bidders who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Bids. Copies of ASBA Bid cum Application Forms will be available for downloading and printing, from website of the Stock Exchanges (which provide electronic interface for ASBA facility).
4. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to “*Bids at Different Price Levels*” on page 189 of the Red Herring Prospectus) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.
5. The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any Syndicate Member or the SCSBs. Submission of a second Bid cum Application Form to either the same or to another Syndicate Member or the SCSB 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 under “*Build up of the Book and Revision of Bids*” on page 189 of the Red Herring Prospectus.
6. The Syndicate Members/the SCSBs 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.
7. Along with the Bid cum Application Form, all Bidders (other than ASBA Bidders) will make payment in the manner described under “*Terms of Payment and Payment into the Escrow Accounts*” on page 190 of the Red Herring Prospectus.
8. 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.

9. 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.
10. 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 and will enter each Bid option into the electronic bidding system as a separate Bid and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.
11. The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Bid cum Application Form, as the case may be. 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 ASBA Accounts and for transferring the amount allocable to the successful 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 Registrar to the Issue.

#### **Bids at Different Price Levels and Revision of Bids**

1. The Price Band has been fixed at Rs. 32 to Rs. 35 per Equity Share, Rs. 32 being the Floor Price and Rs. 35 being the Cap Price. The Bidders can bid at any price within the Price Band, in multiples of Re. 1. The Price Band and the minimum Bid lot will be decided by our Company in consultation with the BRLM and advertised in two national newspapers (one each in English and Hindi) and in one Marathi newspaper with wide circulation, at least two (2) working days prior to the Bid/Issue Opening Date.
2. Our Company, in consultation with the BRLM and without the prior approval of, or intimation, to the Bidders reserves the right to revise the Price Band, during the Bid/Issue Period in accordance with SEBI Regulations, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price disclosed at least two (2) working days prior to the Bid/Issue Opening Date and the Cap Price will be revised accordingly.
3. Our Company, in consultation with the BRLM will finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.
4. The Bidders can bid at any price within the Price Band. The Bidder has to Bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders may Bid at the Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB Bidders and Non-Institutional Bidders and such Bids from QIB Bidders and Non-Institutional Bidders shall be rejected.
5. Retail Individual Bidders, who Bid at 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 submit the Bid cum Application Form along with a cheque/demand for the Bid Amount based on the Cap Price with the Syndicate Members. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders, who Bid at Cut-off Price, shall receive the refund of the excess amounts from the respective Refund Account. In case of ASBA Bidders bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block an amount based on the Cap Price.
6. 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. 2,00,000 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. 2,00,000 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 the 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.

7. 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).
8. 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.
9. 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.

### **Escrow Mechanism, terms of payment and payment into the Escrow Accounts**

For details of the escrow mechanism, terms of payment and payment into Escrow Accounts, please refer to “*Issue Procedure - Payment Instructions*” on page 198 of the Red Herring Prospectus.

### **Electronic Registration of Bids**

1. The members of the Syndicate and the SCSBs will register the Bids using the on-line facilities of BSE and NSE.
2. There will be at least one on-line connectivity facility in each city, where a stock exchange is located in India and where Bids are being accepted. The Syndicate Members and/or SCSBs shall be responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the Syndicate Members and the SCSBs, (ii) the Bids uploaded by the Syndicate Members and the SCSBs, (iii) the Bids accepted but not uploaded by the Syndicate Members and the SCSBs or (iv) with respect to the Bids by ASBA Bidders, Bids accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.
3. The Syndicate and the SCSBs will undertake modification of selected fields in the Bid details already uploaded within one Working Day from the Bid/Issue Closing Date.
4. The BSE and NSE will offer an electronic facility for registering Bids for the Issue. This facility will be available on the terminals of the Members of the Syndicate and the SCSBs and their authorised agents during the Bid/Issue Period. The Syndicate Members and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Members of the Syndicate and the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the BRLM on a regular basis.
5. Based on the aggregate demand and price for Bids registered on the electronic facilities of the BSE and the NSE, a graphical representation of consolidated demand and price would be made available at the Bidding centres during the Bid/Issue Period.
6. At the time of registering each Bid other than ASBA Bids, the members of the Syndicate shall enter the following details of the investor in the online system:

- Name of the Bidder: 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, FII, NRI, Mutual Fund, etc.
- PAN
- Numbers of Equity Shares bid for.
- Bid Amount.
- Bid cum Application Form number.
- Cheque Details
- 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.

With respect to Bids by ASBA Bidders, at the time of registering such Bids, the Designated Branches of the SCSBs shall enter the following information pertaining to the ASBA Bidders into the on-line system:

- Name of the ASBA Bidder(s);
- Application Number;
- PAN (of First ASBA Bidder, in case of more than one ASBA Bidder);
- Investor Category and Sub-Category:

<b>Retail</b>	<b>Non-Institutional</b>	<b>QIB</b>
(No sub category)	<ul style="list-style-type: none"> <li>• Individual</li> <li>• Corporate</li> <li>• Others</li> </ul>	<ul style="list-style-type: none"> <li>• Mutual Funds</li> <li>• Financial Institutions</li> <li>• Insurance companies</li> <li>• Foreign Institutional Investors other than corporate and individual sub-accounts</li> <li>• Others</li> </ul>

- DP ID and client identification number;
- Beneficiary Account Number of Equity Shares Bid for ;
- Quantity;
- Bid Amount; and
- Bank account number.

7. 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 Syndicate Members or the Designated Branches of the SCSBs. The registration of the Bid by the Syndicate Member or the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be allocated/Allotment either by the Syndicate Members or our Company.
8. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
9. In case of QIB Bidders, only the BRLM and the Syndicate Members have the right to accept the bid or reject it. However, such rejection should be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed on page 201 of the Red Herring Prospectus. The Syndicate Members may also reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect. The SCSBs shall have no right to reject Bids, except on technical grounds.
10. The permission given by BSE and NSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the BRLM are cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the 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.
11. It is also to be distinctly understood that the approval given by BSE and NSE should not in any way be deemed or construed that the Red Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.
12. Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. Syndicate Members will be given up to one day after the Bid/Issue Closing Date to verify the DP ID and Client ID uploaded in the online IPO system during the Bid/Issue Period, after which the Registrar to the Issue will receive this data from the Stock Exchanges and will validate the electronic Bid details with depository's record.

#### **Build Up of the Book and Revision of Bids**

1. Bids registered by various Bidders through the Syndicate Members or SCSBs shall be electronically transmitted to the BSE and NSE's mainframe on a regular basis.
2. The book gets built up at various price levels. This information will be available with the BRLM at the end of the Bid / Issue Period.
3. During the Bid/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.
4. 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 and the Designated Branches of the SCSBs will not accept incomplete or inaccurate Revision Forms.



5. The Bidder can make this revision any number of times during the Bid/Issue Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same Syndicate Member or the SCSB 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.
6. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 2,00,000 if the Bidder wants to continue to Bid at Cut-off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 2,00,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
7. 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.
8. In any event, our Company, in consultation with the BRLM, shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of Rs. 5,000 to Rs. 7,000.
9. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand 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 the Red Herring Prospectus. With respect to the Bids by ASBA Bidders, if revision of the Bids results in an incremental amount, the relevant SCSB shall block the additional Bid Amount. In case of Bids, other than ASBA Bids, the members of the Syndicate shall collect the payment in the form of cheque or demand 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. In such cases, the members of the Syndicate will revise the earlier Bid details with the revised Bid and provide the cheque or demand number of the new payment instrument in the electronic book. The Registrar will reconcile the Bid data and consider the revised Bid data for preparing the Basis of Allotment.
10. 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 or the SCSB, as applicable. 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.
11. Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/ Allotment. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of our Company, in consultation with the BRLM, based on the physical records of Bid Application Forms shall be final and binding on all concerned.

#### **Price Discovery and Allocation**

1. Based on the demand generated at various price levels, our Company in consultation with the BRLM shall finalise the Issue Price.
2. The allocation to QIBs will be not more than 50% of the Issue and allocation to Non-Institutional and Retail Individual Bidders will be not less than 15% and 35% of the Issue, respectively, on a proportionate basis, in a manner specified in the SEBI Regulations and the Red Herring Prospectus, in consultation with the Designated Stock Exchange, subject to valid bids being received at or above the Issue Price.

3. Under-subscription, if any, in any category would be met with spill over from the other categories at the sole discretion of our Company in consultation with the BRLM.
4. Allocation to Non-Residents, including Eligible NRIs, FIIs and FVCIs registered with SEBI, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.
5. In terms of the SEBI Regulations, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.
6. The Basis of Allotment and other allotment details shall be put on the website of the Registrar to the Issue.

#### **Signing of Underwriting Agreement and RoC Filing**

1. Our Company, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price.
2. After signing the Underwriting Agreement, our Company will update and file the updated Red Herring Prospectus with the RoC in accordance with the applicable law, which then would be termed as the 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and will be complete in all material respects.

#### **Filing of the Prospectus with the RoC**

Our Company will file a copy of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

#### **Announcement of pre-Issue Advertisement**

Subject to Section 66 of the Companies Act, our Company shall, upon registering the Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in one (1) English language national daily newspaper, one (1) Hindi language national daily newspaper and one (1) Marathi language daily newspaper, each with wide circulation.

#### **Advertisement regarding Issue Price and Prospectus**

Our Company will issue a statutory advertisement, after the filing of the Prospectus with the RoC, in one (1) English national daily newspaper, one (1) Hindi national daily newspaper, each with wide circulation, at the place where the registered office of the issuer is situated. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

#### **Issuance of Confirmation of Allocation Note ("CAN")**

1. Upon approval of the Basis of Allotment by the Designated Stock Exchange, the BRLM or the Registrar to the Issue shall send to the Syndicate Members 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.
2. The BRLM or the Registrar to the Issue or members of the Syndicate will then dispatch a CAN to their Bidders who have been allocated Equity Shares in the Issue.
3. The issuance of a CAN shall be deemed a valid, binding and irrevocable contract for the Allotment to such Bidder.

### **Designated Date and Allotment of Equity Shares**

1. Our Company will ensure that the Allotment of Equity Shares is done within 12 (twelve) days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, our Company would ensure the credit to the successful Bidders depository account within two (2) working days of the date of Allotment.
2. In accordance with the SEBI Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees.
3. Allottees will have the option to re-materialise the Equity Shares so Allotted as per the provisions of the Companies Act and the Depositories Act.

**Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted to them pursuant to this Issue.**

### **General Instructions**

#### ***Do's:***

1. Check if you are eligible to apply;
2. Ensure that you have Bid within the Price Band;
3. Read all the instructions carefully and complete the Bid cum Application Form;
4. Ensure that the details about the Depository Participant and the beneficiary account are correct as Allotment of Equity Shares will be in the dematerialised form only;
5. Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a Syndicate Member or with respect to ASBA Bidders, ensure that your Bid is submitted at a Designated Branch of the SCSB where the ASBA Bidder or the person whose bank account will be utilised by the Bidder for bidding has a bank account;
6. With respect to Bids by ASBA Bidders ensure that the ASBA Bid cum Application Form is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the ASBA Bid cum Application Form;
7. Ensure that you have been given a TRS for all your Bid options;
8. Ensure that full Bid Amount is paid for the Bids submitted to the members of the Syndicate and funds equivalent to Bid Amount are blocked in case of Bids submitted through SCSBs;
9. Ensure that you have funds equal to the Bid Amount in your bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch of the SCSB;
10. Instruct your respective banks to not release the funds blocked in the bank account under the ASBA process;
11. Submit revised Bids to the same Syndicate Member through whom the original Bid was placed and obtain a revised TRS;
12. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the

securities market, for Bids of all values, ensure that you have mentioned your PAN allotted under the Income Tax Act in the Bid cum Application Form or the ASBA Bid cum Application Form. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction and all Bidders should mention their PAN allotted under the IT Act;

13. Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;
14. 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:***

1. Do not bid for lower than the minimum Bid size;
2. Do not bid/ revise Bid price to less than the lower end of the Price Band or higher than the higher end of the Price Band;
3. Do not bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate or the SCSBs, as applicable;
4. Do not pay the Bid Price in cash, by money order or by postal order or by stockinvest;
5. Do not send Bid cum Application Forms by post; instead submit the same to a Syndicate Member or the SCSB, only;
6. Do not submit more than five ASBA Bid cum Application forms with respect to any single ASBA Account;
7. Do not Bid at Cut Off Price (for QIB Bidders and Non-Institutional Bidders, for Bid amount in excess of Rs. 2,00,000);
8. Do not Bid for a Bid Amount exceeding Rs. 200,000 (for Bids by Retail Individual Bidders);
9. 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;
10. Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground; and
11. Do not submit the Bids without the full Bid Amount.

**Instructions for completing the Bid cum Application Form**

Bids and revisions of Bids must be:

1. Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable.
2. Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum- Application Forms or Revision Forms are liable to be rejected. Bidders should note that the Syndicate Members and/or the SCSBs, as appropriate, will not be liable for errors in data entry due to incomplete or illegible Bid cum Application Forms or Revision Forms.

3. Information provided by the Bidders will be uploaded in the online IPO system by the members of the Syndicate and the SCSBs, as the case may be, and the electronic data will be used to make allocation/ Allotment. The Bidders should ensure that the details are correct and legible.
4. For Retail Individual Bidders, the Bid must be for a minimum of 150 Equity Shares and in multiples of 150 thereafter subject to a maximum Bid Amount of Rs. 2,00,000.
5. For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or equal to Rs. 2,00,000 and in multiples of 150 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.
6. In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
7. 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.
8. ASBA Bid cum Application Forms can be obtained from the Designated Branches of the SCSBs. ASBA Bid cum Application Forms shall also be available at the website of the respective stock exchanges at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com). Syndicate/sub-syndicate members may also procure ASBA Bid cum Application Forms directly from the investors and submit it to the SCSBs and shall upload the Bid and other details of such ASBA Bid cum Application Forms in the bidding platform provided by the stock exchanges and forward the same to the respective SCSBs. The SCSBs shall verify the signatures of such applicants, block the requisite quantum of funds and forward these forms to the Registrar.

#### **Bidder's Depository Account and Bank Account Details**

**Bidders should note that on the basis of name of the Bidders, PAN 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, NECS, 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 despatch/credit of refunds to Bidders or unblocking of ASBA Account at the Bidders sole risk and neither the BRLM nor the Registrar to the Issue nor the Escrow Collection Banks or the SCSBs 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.**

**IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.**

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/allocation advice and printing of bank particulars on the refund orders or for refunds through electronic

transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

**Refund orders/allocation advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ allocation advice/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 (other than ASBA Bidders) in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidder's sole risk and neither our Company, Escrow Collection Banks, the Registrar to the Issue nor the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.**

In case no corresponding record is available with the Depositories, which matches the three parameters, namely, PAN of the sole/First Bidder (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, reserves the right to permit the holder of the power of attorney to request the Registrar to the Issue that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/ allocation advice or refunds through electronic transfer of funds, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar to the Issue shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

## **Payment Instructions**

### ***Escrow Mechanism for Bidders other than ASBA Bidders***

Our Company and the members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders would be deposited in the Escrow Account.

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 until the Designated Date. 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 represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

### ***Payment mechanism for ASBA Bidders***

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 Bid Amount in the bank account specified in the ASBA Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal/ rejection of the ASBA Bid or receipt of instructions from the Registrar to unblock the Bid Amount. In the event of withdrawal or rejection of the ASBA Bid cum Application Form or for unsuccessful ASBA Bid cum Application

Forms, the Registrar shall give instructions to the SCSB to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Bid Amount shall remain blocked in the ASBA Account until finalisation 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 Bid by the ASBA Bidder, as the case may be.

### **Payment into Escrow Account for Bidders other than ASBA Bidders**

Each Bidder shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the amount payable on the Bid and/or on allocation/Allotment as per the following terms:

1. All Bidders would be required to pay the full Bid Amount at the time of the submission of the Bid cum Application Form.
2. The Bidders shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate. If the payment is not made favouring the Escrow Account along with the Bid cum Application Form, the Bid of the Bidder shall 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- PPL Public Issue-QIB-R”**
  - In case of Non Resident QIB Bidders: **“Escrow Account- PPL Public Issue-QIB-NR”**
  - In case of Resident Retail and Non-Institutional Bidders: **“Escrow Account- PPL Public Issue-R”**
  - In case of Non-Resident Retail and Non-Institutional Bidders: **“Escrow Account- PPL 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.
5. In case of Bids by NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.
6. In case of Bids by FIIs/FVCIs/multilateral and bilateral financial institutions, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
7. The monies deposited in the Escrow Account will be held for the benefit of the Bidders (other than the ASBA Bidders) till the Designated Date.

8. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account 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 12 working days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders (other than ASBA 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.

### **Submission of Bid cum Application Form**

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. With respect to the ASBA Bidders, the ASBA Bid cum Application Form or the ASBA Revision Form shall be submitted to the Designated Branches of the SCSBs.

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 this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All Bids will be checked for common PAN as per the records of Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN will be treated as multiple Bids and will be rejected.
2. The Bids from Mutual Funds and FII sub-accounts, which were submitted under the same PAN, as well as Bids on behalf of the Central or State Government, an official liquidator or receiver appointed by a court and residents of Sikkim, for whom the submission of PAN is not mandatory, the Bids were scrutinized for DP ID and Beneficiary Account Numbers. In case such Bids bear the same DP ID and Beneficiary Account Numbers, these were treated as multiple Bids and were rejected.



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.

After submitting a bid using an ASBA Bid cum Application Form either in physical or electronic mode, where such ASBA Bid has been submitted to the SCSBs and uploaded with the Stock Exchanges, an ASBA Bidder cannot Bid, either in physical or electronic mode, whether on another ASBA Bid cum Application Form, to either the same or another Designated Branch of the SCSB, or on a non-ASBA Bid cum Application Form. Submission of a second Bid in such manner will be deemed a multiple Bid and would 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 the Equity Shares in the Issue. However, ASBA Bidders may revise their Bids through the Revision Form, the procedure for which is described in “– Build up of the Book and Revision of Bids” on page 192 of this Red Herring Prospectus.

More than one ASBA Bidder may Bid for Equity Shares using the same ASBA Account, provided that the SCSBs will not accept a total of more than five ASBA Bid cum Application Forms with respect to any single ASBA Account.

Duplicate copies of ASBA Bid cum Application Forms downloaded and printed from the website of the Stock Exchanges bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

Our Company reserves the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories.

#### **Permanent Account Number or PAN**

Except for Bids on behalf of the Central or State Government and the officials appointed by the courts, the Bidders, or in the case of a Bid in joint names, each of the Bidders, should mention his/ her Permanent Account Number (PAN) allotted under the Income Tax Act. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction.

**Any Bid cum Application Form without the PAN is liable to be rejected, except for resident in the state of Sikkim, on behalf of the Central or State Governments and the officials appointed by the courts, may be exempted from specifying their PAN for transactions in the securities market.. 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. With effect from August 16, 2010, the demat accounts for Bidders for which PAN details have not been verified shall be “suspended credit” and no credit of Equity Shares pursuant to the Issue shall be made into accounts of such Bidders.**

#### **Rejection of Bids**

In case of QIB Bidders, our Company in consultation with the BRLM may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders, Retail Individual Bidders, our Company has a right to reject Bids based on technical grounds. Consequent refunds shall be made by RTGS/NEFT/NES/Direct Credit/cheque or pay order or draft and will be sent to the Bidder’s address at the Bidder’s risk. With respect to Bids by ASBA Bidders, the Designated Branches of the SCSBs shall have the right to reject Bids by ASBA Bidders 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 Bids made by ASBA Bidders by the SCSB, our Company would have a right to reject the Bids by ASBA Bidders only on technical grounds. Consequent refunds shall be made as set forth in “*Payment of Refund*” below.

#### **Grounds for Technical Rejections**

Bidders are advised to note that Bids are liable to be rejected inter alia on the following technical grounds:

- Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for. With respect to Bids by ASBA Bidders, the amounts mentioned in the ASBA Bid cum Application Form does not tally with the amount payable for the value of the Equity Shares Bid for;
- 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;
- Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN not mentioned in the Bid cum Application Form;
- GIR number furnished instead of PAN;
- Bids for lower number of Equity Shares than specified for that category of investors;
- Bids at a price less than lower end of the Price Band;
- Bids at a price more than the higher end of the Price Band;
- Bids at Cut-off Price by Non-Institutional and QIB Bidders;
- Submission of more than five ASBA Bid cum Application Forms per bank account;
- Bids for number of Equity Shares which are not in multiples of 150;
- Category not indicated;
- Multiple Bids as defined in the Red Herring Prospectus;
- In case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Bids accompanied by stockinvest/money order/postal order/cash;
- Signature of sole and/or joint Bidders missing;
- Bid cum Application Forms does not have the stamp of the BRLM or Syndicate Members or the SCSB;
- Bid cum Application Forms does not have Bidder's depository account details;
- 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;
- 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;
- With respect to Bids by the ASBA Bidders, inadequate funds in the bank account to block the Bid Amount specified in the ASBA Bid cum Application Form at the time of blocking such Bid Amount in the bank account
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;

- Bids in respect where the Bid cum Application form do not reach the Registrar to the Issue prior to the finalisation of the Basis of Allotment;
- Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
- Bids by international QIBs not submitted through the BRLM or their affiliates and for QIBs bidding through ASBA process, do not submit Bids to the Designated Branches of the SCSBs;
- Bids by QIBs not submitted through members of the Syndicate;
- Bids not uploaded on the terminals of the Stock Exchanges;
- Bids by persons in the United States excluding “Qualified Institutional Buyers” as defined in Rule 144A of the Securities Act or other than in reliance of Regulation S under the Securities Act;
- Signature of the Bidder not matching with his signature on record with the SCSB in the event an ASBA Bid cum Application Form is submitted through a Syndicate / Sub – Syndicate Member;
- Bids by any person outside India if not in compliance with applicable foreign and Indian Laws; and
- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority.

**IN CASE THE DP ID, CLIENT ID AND PAN MENTIONED IN THE BID CUM APPLICATION FORM AND ENTERED INTO THE ELECTRONIC BIDDING SYSTEM OF THE STOCK EXCHANGES OR THE SYNDICATE/THE SCSBs DO NOT MATCH WITH THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE RECORDS WITH THE DEPOSITORIES, THE APPLICATION IS LIABLE TO BE REJECTED.**

#### **Equity Shares In Dematerialised 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 dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

1. Agreement dated December 3, 2010 between NSDL, our Company and the Registrar to the Issue;
2. Agreement dated December 10, 2010 between CDSL, our Company and the Registrar to the Issue.

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.

1. 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.
2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant’s identification number) appearing in the Bid cum Application Form or Revision Form.
3. Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.

4. Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details 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.
5. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.
6. The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
7. Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
8. The trading of the Equity Shares of our Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.
9. Non transferable advice or refund orders will be directly sent to the Bidders by the Registrar to the Issue.

### **Communications**

All future communications in connection with Bids made in 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 Syndicate Member or the Designated Branch of the SCSBs where the Bid was submitted and cheque or draft number and issuing bank thereof or with respect to ASBA Bids, bank account number in which the amount equivalent to the Bid Amount was blocked.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of allotted Equity Shares in the respective beneficiary accounts, refund orders etc. In case of ASBA Bids submitted with the Designated Branches of the SCSBs, Bidders can contact the Designated Branches of the SCSBs.

### **Payment of Refund**

Bidders other than ASBA Bidders must note that on the basis of the names of the Bidders, Depository Participant's name, DP ID, beneficiary account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain, from the Depositories, the Bidders' bank account details, including the nine digit 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 despatch 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 to the Issue, the Escrow Collection Bank(s), the Banker(s) to the Issue nor the BRLM 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 for Bidders other than ASBA Bidders***

The payment of refund, if any, for Bidders other than ASBA Bidders would be done through various modes in the following order of preference:

1. NECS – Payment of refund would be done through NECS for applicants having an account at any of the centres where such facility has been made available. 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

centres where such facility has been made available, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS.

2. Direct Credit – Applicants having bank accounts with the Refund Banker(s), as mentioned in the Bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Banker(s) for the same would be borne by our Company.
3. RTGS – Applicants having a bank account at any of the centres where the ECS facility has been made available and whose refund amount exceeds Rs. 5 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 Indian Financial System Code (IFSC) 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 Banker(s) for the same would be borne by our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
4. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the IFSC, which can be linked to a MICR, if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage, hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.
5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

#### ***Mode of making refunds for ASBA Bidders***

In case of ASBA Bidders, the Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 Working Days of the Bid/Issue Closing Date.

#### **Disposal of applications and application moneys and interest in case of delay**

With respect to Bidders other than ASBA Bidders, 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 Allotment of Equity Shares.

In case of applicants who receive refunds through NECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 12 working days from the Bid/Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 12 working 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 12 working days from the Bid/Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, our Company further undertakes that:

1. Allotment of Equity Shares shall be made only in dematerialised form within 12 working days of the Bid/Issue Closing Date;
2. With respect to Bidders other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 working days of the Bid/Issue Closing Date would be ensured. With respect to the ASBA Bidders, instructions for unblocking of the ASBA Bidder's Bank Account shall be made within 12 working days from the Bid/Issue Closing Date; and
3. Our Company shall pay interest at 15% per annum for any delay beyond the 12 working days 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 12 working days time period prescribed above. If such money is not repaid within eight days from the day our Company becomes liable to repay, our Company and every Director of our Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under the applicable law.

### **Impersonation**

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

*“Any person who:*

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or*
- (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”*

### **Basis of Allotment**

#### **A. For Retail Individual Bidders**

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 45,82,961 Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.
- If the aggregate demand in this category is greater than 45,82,961 Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of 45,82,961 Equity Shares. For the method of proportionate basis of Allotment, refer below.

**B. For Non-Institutional Bidders**

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price;
- The Issue size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price;
- If the aggregate demand in this category is less than or equal to 19,64,126 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand;
- In case the aggregate demand in this category is greater than 19,64,126 Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of 19,64,126 Equity Shares. 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 up to 5% of the QIB Portion shall be determined as follows:
    - (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion;
    - (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid bids received at or above the Issue Price;
    - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for Allotment to all QIB Bidders as set out in (b) below;
  - (b) In the second instance Allotment to all QIBs shall be determined as follows:
    - (i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids at or 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, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

### **Method of Proportionate Basis of Allotment in the Issue**

In the event of the Issue being over-subscribed, our Company shall finalise the basis of Allotment in consultation with the Designated Stock Exchange. The executive director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalised in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

1. Bidders will be categorised according to the number of Equity Shares applied for.
2. 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.
3. 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.
4. In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the Allotment shall be made as follows:
  - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and
  - Each successful Bidder shall be allotted a minimum of [●] Equity Shares.
5. If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it would be rounded off to the lower whole number. Allotment to all in such categories would be arrived at after such rounding off.
6. 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 Equity 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.

### **Letters of Allotment or Refund Orders**

Our Company shall credit the Allotted Equity Shares to the beneficiary account with depository participants within 12 Working Days from the Bid/Issue Closing Date. Applicants residing at the centres where clearing houses are managed by the RBI, will get refunds through NECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. Our Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500, by “Under Certificate of Posting”, and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the Bidder’s sole risk within 10 Working Days of the Bid/Issue Closing Date. Bidders to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within 12 Working Days of the Bid/Issue Closing Date. In case of ASBA Bidders, the Registrar shall instruct the relevant SCSBs to, on the receipt of such instructions from the



Registrar unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Form or the relevant part thereof, for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 10 Working Days of the Bid/Issue Closing Date.

### **Interest in case of delay in despatch of Allotment Letters or Refund Orders/ instruction to the SCSBs by the Registrar**

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, our Company further undertakes that:

1. Allotment of Equity Shares and credit to the successful Bidders' depository accounts will be completed within 12 days from the Bid/Issue Closing Date; and
2. Our Company shall pay interest at 15% per annum (for any delay beyond the 12 day time period as mentioned above), if Allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 12 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 by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

### **Undertakings by our Company**

Our Company undertakes the following:

1. That the complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily;
2. That all steps 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 12 working days from the Bid/Issue Closing Date;
3. That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer;
4. That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 working days of the Bid/Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
5. That the Promoters' contribution has already been brought in full;
6. That the certificates of the securities/ refund orders to the eligible NRIs shall be dispatched within specified time;
7. That no further issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc; and
8. That adequate arrangement shall be made to collect all ASBA Bid cum Application Forms and to consider them similar to non-ASBA applications while finalizing the basis of allotment.

Our Company shall not have recourse to the Issue proceeds until the receipt of final listing and trading approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought.

**Utilization of Issue proceeds**

Our Board of Directors certifies that:

1. All monies received out of the 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;
2. Details of all monies utilised out of Issue shall be disclosed, and continue to be disclosed till the time any part of the issue proceeds remains unutilised, under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilised; and
3. Details of all unutilised monies out of the Issue, if any shall be disclosed under the appropriate head in the balance sheet indicating the form in which such unutilised monies have been invested.

## **RESTRICTION ON FOREIGN OWNERSHIP OF INDIAN SECURITIES**

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of Government of India, as notified through press notes and press releases issued from time to time, and FEMA and circulars and notifications issued thereunder. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures and reporting requirements for making such investment. The government bodies responsible for granting foreign investment approvals are FIPB and the RBI.

### **Subscription by foreign investors (NRIs/FIIs)**

FIIs are permitted to subscribe to shares of an Indian company in a public Issue without prior RBI approval, so long as the price of Equity Shares to be issued is not less than the price at which Equity Shares are issued to residents. As of now, the aggregate FII holding in our Company cannot exceed 24% of our total issued capital. With the approval of the board and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%.

There is no reservation for Non Residents, NRIs, FIIs, foreign venture capital funds, multi-lateral and bilateral development financial institutions and any other foreign investor. All Non Residents, NRIs, FIIs and foreign venture capital funds, multilateral and bilateral development financial institutions and any other foreign investor applicants will be treated on the same basis with other categories for the purpose of allocation. As per existing regulations, OCBs cannot participate in the Issue.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

**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.**

**The above information is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.**

## **SECTION VIII – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION**

Capitalised terms used in this section have meaning that has been given to such terms in the Articles of Association of Paramount Printpackaging Limited.

Pursuant to the provisions of Schedule II of the Companies Act and the SEBI Regulations, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares and other main provisions are as detailed below. Each provision herein below is numbered as per the corresponding article number in the Articles of Association and defined terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company.

### **TABLE A NOT TO APPLY BUT THE COMPANY TO BE GOVERNED BY THESE ARTICLES**

The regulations contained in Table A in the First Schedule to the Companies Act, 1956, or in the Schedule to any previous Companies Act shall apply to this Company, but the regulations for the management of the Company and for observance of the Members thereof and their representatives, shall subject to any exercise of the statutory powers of the Company with reference to the repeal or alteration of or addition to its regulations by Special Resolution as prescribed by the Companies Act, 1956, be such as are contained in these Articles.

### **INCREASE OF CAPITAL BY THE COMPANY AND HOW CARRIED INTO EFFECT**

Article 4 provides that

4. The Company in the General Meeting may by Ordinary Resolution, from time to time increase the authorized capital by creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. The new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the Resolution shall prescribe and if nothing is prescribed in that resolution, then as the Directors determine. Such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company, and with or without a right of voting at general meetings of the Company in conformity with Section 86 and 87 of the Act. Whenever the capital of the Company has been increased under the provisions of this Articles the Directors shall comply with the provisions of Section 97 of the Act.

### **SHARES WITH NON-VOTING RIGHTS**

Article 5 provides that

5. Subject to the provisions of Section 86 of the Act and the rules framed thereunder, the Directors may issue non-voting shares upon such terms and conditions and with such rights and privileges annexed thereto as thought fit and as may be permitted by law.

### **NEW CAPITAL SAME AS EXISTING CAPITAL**

Article 6 provides that

6. Except so far as otherwise provided by the condition of issue or by these Articles, any capital raised by the creation of new shares shall be considered as part of the existing capital and shall be subject to the provisions herein contained with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

### **REDEEMABLE PREFERENCE SHARES**

Article 7 (a) provides that

7. (a) Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue preference shares which are or at the option of the Company are to be redeemed and the redemption may be effected in

the manner and subject to the terms and conditions of its issue, and failing this, resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.

### **CUMULATIVE CONVERTIBLE PREFERENCE SHARES**

Article 7 (b) provides that

7. (b) Subject to the provisions of the Companies Act and the guidelines issued by a competent authority in that behalf, the Company shall have the power to issue Cumulative Convertible Preference Shares.

### **ADR/GDR'S**

Article 8 provides that

8. The Company shall, subject to the provisions of the Act, compliance with all applicable laws, rules and regulations and the consent of the Board, have power to issue ADRs or GDRs on such terms and in such manner as the Board deems fit including their conversion and repayment. Such terms may include, at the discretion of the Board, limitations on voting by holders of ADRs or GDRs, including without limitation, exercise of voting rights in accordance with the directions of the Board.

### **PROVISIONS TO APPLY ON ISSUE OF REDEEMABLE PREFERENCE SHARES**

Article 9 provides that

9. On the issue of redeemable preference share under the provisions of Article 7 hereof, the following provisions shall take effect :
- (a) No such shares shall be redeemed except out of profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of the redemption.
  - (b) No such shares shall be redeemed unless they are fully paid.
  - (c) The premium, if any, payable on redemption must have been provided for out of the profits of the Company or the Company's Share Premium Account before the shares are redeemed.
  - (d) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend be transferred to a reserve fund, to be called "the Capital Redemption Reserve Account" a sum equal to the nominal amount of the shares redeemed and the provisions of the Act relating to the reduction of share capital of the Company shall, except as provided in Section 80 of the Act, apply as if the Capital Redemption Reserve Account were paid up, share capital of the Company.

### **REDUCTION OF CAPITAL**

Article 10 provides that

10. The Company may (subject to the provisions of Section 78, 80 and 100 to 105 of the Act) from time to time, by Special Resolution, reduce its capital and any Capital Redemption Reserve Account or premium account in any manner for the time being authorised by law and in particular (without prejudice to the generality of the power) capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have if it were omitted.

### **SUB-DIVISION, CONSOLIDATION AND CANCELLATION OF SHARES**

Article 11 provides that

11. Subject to the provisions of Section 94 of the Act the Company in General Meeting may from time to time sub-divide or consolidate its shares, or any of them, and the resolution whereby any share is subdivided may determine that, as between the holders of shares resulting from such sub-division, one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over, or as compared with the others or other. Subject as aforesaid, the Company in General Meeting may also cancel shares which have not been taken, or agreed to be taken, by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

#### **ALTERATION OF RIGHTS OF HOLDERS OF SPECIAL CLASSES OF SHARES**

Article 12 provides that

12. Whenever the Capital by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class may subject to the provisions of Section 106 and 107 of the Act, be modified, commuted, affected or abrogated or dealt with by holders of at least three-fourths of the nominal value of the issued shares of the class or is confirmed by a Special Resolution passed at a separate General Meeting of the holders of shares of that class and all the provisions hereinafter contained as to General Meetings shall mutatis mutandis apply to every such Meeting. This Article is not to derogate from any power the Company would have if this Article were omitted.

#### **SHARES AND CERTIFICATES**

##### **REGISTER AND INDEX OF MEMBERS**

Article 13 provides that

13. (a) The Company shall cause to be kept a Register and Index of Members in accordance with Sections 150 and 151 of the Act.
13. (b) The Register and Index of beneficial owner maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holder for the purpose of these Articles.

##### **DECLARATION BY PERSON NOT HOLDING BENEFICIAL INTEREST IN ANY SHARES.**

Article 14 provides that

14. Declaration by person not holding beneficial interest in any shares.
  - (a) Notwithstanding anything herein contained, a person whose name is at any time entered in the Register of Members of the Company as the holder of a share in the Company, but who does not hold the beneficial interest in such share, shall, within such time and in such form as may be prescribed, make a declaration to the Company specifying the name and other particulars of the person or persons who hold the beneficial interest in such share in the manner provided in Section 187-C of the Act.
  - (b) A person who holds a beneficial interest in a share or a class of Shares of the Company shall, within the time prescribed, after his becoming such beneficial owner, make a declaration to the Company specifying the nature of his interest, particulars of the person in whose name the shares stand in the Register of Members of the Company and such other particulars as may be prescribed as provided in Section 187-C of the Act.
  - (c) Whenever there is a change in the beneficial interest in a share referred to above, the beneficial owner shall, within the time prescribed from the date of such change make a declaration to the

Company in such form and containing such particulars as may be prescribed as provided in Section 187-C of the Act;

- (d) Notwithstanding anything contained in Section 153 of the Act and Article 12A hereof, where any declaration referred to above is made to the Company, the Company shall make a note of such declaration in the Register of Members and file within the time prescribed from the date of receipt of the declaration a return in the prescribed form with the Registrar with regard to such declaration.

#### **SHARES TO BE NUMBERED PROGRESSIVELY AND NO SHARE TO BE SUB-DIVIDED**

Article 15 provides that

- 15. The Shares in the Capital of the Company shall be numbered progressively according to their several denominations, and except in the manner hereinbefore mentioned, no shares shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished. Provided however that the provisions relating to progressive numbering of shares shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form.

#### **FURTHER ISSUE OF CAPITAL**

Article 16 provides that

- 16.(a) Where it is proposed to increase the subscribed Capital of the Company by allotment of further shares, whether out of unissued share capital or out of increased share capital then 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 these shares at that date. Such offer shall be made by a notice specifying the number of shares offered and limiting a time as specified under the Company's Act from the date of the offer within which the offer, if not accepted, will be deemed to have been declined. 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 may dispose them off in such manner as they think most beneficial to the Company.
- 16. (b) Notwithstanding anything contained in the preceding sub-clause, the Company may -
  - (i) by a special resolution, or
  - (ii) 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 that 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, offer further shares to any person or persons, and such person or persons may or may not include the persons who at the date of the offer, are the holders of the equity shares of the Company.
- 16. (c) Notwithstanding anything contained in sub-clause (a ) above, but subject however to Section 81(3) of the Act, the company may increase its subscribed capital on exercise of an option attached to the debentures issued or loans raised by the Company to convert such debentures or loans into shares, or to subscribe for shares in the Company.

#### **SHARES UNDER CONTROL OF DIRECTORS**

Article 17 provides that

17. Subject to the provisions of these Articles and of the Act, the shares (including any shares forming part of any increased capital of the Company) shall be under the control of the Directors; who may allot or otherwise dispose of the same to such persons in such proportion, on such terms and conditions and at such times as the Directors think fit and subject to the sanction of the Company in General Meeting with full power, to give any person the option to call for or be allotted shares of any class of the Company either (subject to the provisions of Sections 78 and 79 of the Act ) at a premium or at par or at a discount and such option being exercisable for such time and for such consideration as the Directors think fit. The Board shall cause to be filed the returns as to allotment provided for in Section 75 of the Act.

#### **POWER ALSO TO COMPANY IN GENERAL MEETING TO ISSUE SHARES**

Article 18 provides that

18. In addition to and without derogating from the power for that purpose conferred on the Board under Articles 16 and 17, the Company in General Meeting may subject to the provisions of Section 81 of the Act, determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to persons (whether Members or not) in such proportion and on such terms and conditions and either (subject to the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount, as such General Meeting shall determine and with full power to give any person whether a Member or not ) the option to call for or be allotted shares of any class of the Company either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provision whatsoever for the issue, allotment or disposal of any shares.

#### **ACCEPTANCE OF SHARES**

Article 19(a) provides that

19. (a) Any application signed by, or on behalf of, an applicant for shares in the Company, followed by an allotment of any shares therein, shall be in acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register of Members shall, for the purpose of these Articles, be a Member.

#### **ALLOTMENT OF SECURITIES DEALT WITH IN A DEPOSITORY**

Article 19(b) provides that

19. (b) Notwithstanding anything to the contrary contained in the Act or these Articles, where securities are dealt with by a depository, the company shall intimate the details of allotment of relevant Securities thereof to the Depository immediately on allotment of such Securities.

#### **DEPOSIT AND CALLS ETC. TO BE A DEBT PAYABLE IMMEDIATELY**

Article 20 provides that

20. The money (if any) which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them shall immediately on the insertion of the name of the allottee in the Register of Members as the name of the holder of such shares become a debt due to and recoverable by the Company from the allottee thereof and shall be paid by him accordingly.

#### **LIABILITY OF MEMBERS**

Article 21 provides that



21. Every Member or his heirs, executors or administrators, shall pay to the Company the portion of the capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amount, at such time or times, and in such manner as the Board shall, from time to time, in accordance with these Articles require or fix for the payment thereof.

## **SHARE CERTIFICATES**

Article 22 provides that

22. (a) Every Member or allottee of shares shall be entitled, without payment, to receive one certificate specifying the name of the person in whose favour it is issued, the shares to which it relates and the amount paid up thereon. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in case of issues against letters of acceptance or of renunciation, or in cases of issue of bonus shares. Every such certificate shall be issued under the seal of the Company which shall be affixed in the presence of two directors or persons acting on behalf of the directors under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose, and the two directors or their attorneys and the Secretary or other person shall sign the share certificate; provided that if the composition of the Board permits it, at least one of the aforesaid two directors shall be a person other than a managing or a whole time Director. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person to whom it has been issued, indicating the date of issue.
22. (b) Any two or more joint allottees of a share shall, for the purposes of this Article, be treated as a single member, and the certificate of any share, which may be the subject of joint ownership may be delivered to any one of such joint owners on behalf of all of them. For any further certificate the Board shall be entitled, but shall not be bound to prescribe a charge not exceeding Rupee one, per share. The Company shall comply with the provisions of Section 113 of the Act.
22. (c) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as, engraving in metal or lithography, but not by means of a rubber stamp, provided that the directors shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

## **RENEWAL OF SHARE CERTIFICATES**

Article 23 provides that

23. (a) No certificate of any share or shares shall be either issued in exchange for those which are sub-divided or consolidated or in replacement of those which are defaced torn or old, decrepit, worn out or where the space on the reverse for recording transfers have been fully utilized unless the certificate in lieu of which it is issued is surrendered to the Company. The Company shall be entitled to charge such fee, not exceeding rupees two per certificate issued on splitting or consolidation of share certificates or any replacement of share certificates that are defaced or torn, as the Board think fit, provided that where share certificates are split \*(or consolidated) into marketable units prescribed by the Stock Exchange no fee shall be charged by the Board.
23. (b) When a new share certificate has been issued in pursuance of clause (a) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is “issued in lieu of Share Certificate No.....sub-divided/replaced/on consolidation of shares.”
23. (c) If a share certificate is lost or destroyed a new certificate in lieu thereof shall be issued only with the prior consent of the Board and on payment of such fee, not exceeding Rupees two as the board may from time to time fix, and on such terms, if any, as to evidence and indemnity as to payment of out-of-pocket expenses incurred by the Company in investigating evidence as the Board thinks fit.

23. (d) When a new share-certificate has been issued in pursuance of clause (c) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that is “Duplicate issued in lieu of Share Certificate No. ....” The Word “Duplicate” shall be stamped or punched in bold letters across the face of the share certificate.
23. (e) Where a new share certificate has been issued in pursuance of clause (a) or clause (c) of this Article, particulars of every such share certificate shall be entered in a register of renewed and duplicate certificates indicating against the names of the persons to whom the certificate is issued, the number and date of issue of share-certificate in lieu of which the new certificate is issued and the necessary changes indicated in the register of members by suitable reference in the “Remarks” column.
23. (f) All blank forms to be used for issue of share certificate and shall be printed and the printing shall be done only on the authority of a resolution of the Board. The blank forms shall be consecutively machine numbered and the forms and the blocks, engravings, facsimiles and hues relating to the printing of such forms shall be kept in the custody of the Secretary or such other person as the board may appoint for the purpose; and the secretary or the other person aforesaid shall be responsible for rendering an account of these forms to the board.
23. (g) The managing director of the company for the time being or, if the company has no managing director, every director of the company shall be responsible for the maintenance, preservation and safe custody of all books and documents relating to the issue of share certificates except the blank forms of share certificates referred to in clause (f) of this Article.
23. (h) All books referred to in clause (g) of this Article above shall be preserved in good order permanently.

#### **DEMAT/REMAT OF SHARES**

Article 23 provides that

23. Notwithstanding anything contained in the Act or these Articles, the Board of Directors are empowered without any prior sanction of the members to dematerialise or rematerialise the securities of the Company and issue/allot fresh securities in dematerialised form. The Board of Directors is also empowered to determine the terms and conditions thereof pursuant to the provisions of the Depositories Act, 1996 and rules framed thereunder.

#### **OPTION TO RECEIVE SECURITY CERTIFICATE OR HOLD SECURITIES WITH DEPOSITORY**

Article 24 (1) provides that

24. (1) Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with the depository. such a person who is the beneficial owner of the securities can at any time opt out of a depository if permitted by the law in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of Securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of security and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

#### **DEMAT SECURITIES IN FUNGIBLE FORM**

Article 24 (2) provides that

24. (2) All securities held by depositories shall be dematerialised and be fungible form. Nothing contained in Section 153, 153A, 153B, 187B, 187C, 372A and other applicable provisions of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

#### **RIGHTS OF DEPOSITORIES AND BENEFICIAL OWNERS**

Article 25 provides that

25. (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.
25. (b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
25. (c) Every person holding securities of the company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and subject to all the liabilities in respect of his securities which are held by a depository.

#### **RECORDS OF BENEFICIAL OWNERSHIP**

Article 26 provides that

26. Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the company by means of electronic mode or by delivery of floppies or discs.

#### **DEPOSITORY TO FURNISH INFORMATION**

Article 27 provides that

27. Every Depository shall furnish to the Company information about the transfer of securities in the name of the beneficial owners at such intervals and in such manner as may be specified by the bye-laws and the company in that behalf.

#### **OPTION TO OPT OUT IN RESPECT OF ANY SECURITY**

Article 28 provides that

28. (a) Subject to the provisions of Section 8 of the Depositories Act, 1996 if a beneficial owner seeks to opt out of a depository in respect of any security, the beneficial owner shall inform the depository accordingly.
28. (b) The depository shall on receipt of intimation as above make appropriate entries in its records and shall inform the company.
28. (c) The Company shall, within thirty (30) days of the receipt of the intimation from the depository and on fulfillment on such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.

#### **THE FIRST NAMED OF THE JOINT HOLDERS DEEMED SOLE HOLDER**

Article 29 provides that

29. If any share stands in the names of two or more persons, the persons first named in the Register of Members shall, as regards receipt of dividends or bonus or service of notices and all or any other matter

connected with the Company, except voting at meetings and the transfer of the share, be deemed the sole holder thereof, but the joint-holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such share and for all incidents thereof according to these Articles.

#### **HOLDER DEEMED SOLE HOLDER TRUST NOT RECOGNISED**

Article 30 provides that

30. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of share or except only as by these Articles or by law otherwise provided or under an order of a Court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder; but the Board shall be at liberty at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

#### **COMPLIANCE OF LISTING AGREEMENT WHEN LISTED**

Article 31 provides that

31. Notwithstanding what is stated above in the event shares of the company are proposed to be listed on any stock exchanges, 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 the Depositories Act, 1996 or any other act, or rules applicable in this behalf.

#### **BUY-BACK OF SHARES**

#### **FUNDS OF COMPANY MAY BE APPLIED IN PURCHASE OF SHARE OF THE COMPANY**

Articles 32, 33 and 34 provide that

32. None of the funds of the Company shall be applied in the purchase of any share in the Company, and it shall not give financial assistance for, or in connection with, the purchase or subscription of any share in the Company or in its holding company save as provided by Section 77 of the Act.
33. Notwithstanding anything contained in the Act, or any other provisions under the Articles of Association, but subject to provisions of sub-Section (2) of Section 77A and in accordance therewith are the provisions of Section 77B of the Act, the Company may purchase its own shares or other securities (herewith referred to as 'buy back') out of (i) its free reserves; or (ii) the securities premium account; or (iii) the proceeds of any shares or other specified securities;

Provided that no buy back of any kind of shares or other securities shall be made out of the proceeds of any earlier issue of the same kind of shares or same kind of other specified securities.

34. The Company shall not purchase its own shares or other specified securities under sub-clause (1) of this Article unless –
  - (a) A special resolution has been passed in General Meeting of the company authorising the buy back,
  - (b) The buy back is or less than twenty five percent of the total paid up capital and free reserves of the company.

Provided that the buy back of equity shares in any financial year shall not exceed twenty five percent, of the total paid up equity capital in that financial year.

- (c) The ratio of the debt owed by the company is not more than twice the capital and its free reserves after such buy back or at such ratio as may be fixed by the Central Government from time to time in this regard.

Explanation :- For the purpose of this Article, the expression “debt” includes all amounts of unsecured and secured debts.

- (d) All the shares or other specified securities for buy back shall be fully paid-up,
- (e) The buy back of shares or other specified securities shall be made in accordance with the applicable guidelines issued by SEBI or the Central Government in this behalf.

## **UNDERWRITING AND BROKERAGE**

### **COMMISSION MAY BE PAID**

Article 35 provides that

- 35. Subject to the provisions of Section 76 of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally), for any shares in or debentures of the Company or for procuring or agreeing to procure subscriptions (whether absolute or conditional) for any shares in or debentures of the Company; but so that the commission shall not exceed in the case of shares, five per cent of the price at which the shares are issued and, in the case of debentures, two and one-half percent of the price at which the debentures are issued. Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other.

### **BROKERAGE**

Article 36 provides that

- 36. The Company may pay such sum for brokerage as may be lawful and reasonable.

### **INTEREST OUT OF CAPITAL**

Article 37 provides that

- 37. Where any shares are issued for the purpose of raising funds to defray the expenses of the construction of any works or buildings, or the provision of any plant, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up for the period, at the rate and subject to the conditions and restrictions provided by Section 208 of the Act, and may charge the same to capital as part of the cost of construction of the work or building or the provision of plant.

## **CALLS**

### **DIRECTORS MAY MAKE CALLS**

Article 38 provides that

- 38. Subject to the conditions of allotment of shares, the Board may, from time to time, by a resolution passed at a meeting of the Board (and not by a resolution by circulation) make such call as it thinks fit upon the Members in respect of all moneys unpaid on the shares held by them respectively; and each Member shall pay the amount of every call so made on him to the person or persons and at the times and places appointed by the Board. A call may be made payable by installments. A call may be revoked or postponed at the discretion of the Board.

## **NOTICE OF CALLS**

Article 39 provides that

39. Thirty days notice at the least of any call shall be given by the Company specifying the time and place of payment and the persons to whom such call shall be paid provided that before the time for payment of such call the Board may by notice in writing revoke the same

## **CALL TO DATE FROM RESOLUTION**

Article 40 provides that

40. A call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board.

## **LIABILITY OF JOINT HOLDERS**

Article 41 provides that

41. The joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

## **SUMS DEEMED TO BE CALLS**

Article 42 provides that

42. Any sum which by the terms of issue of share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premiums shall for the purposes of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

## **DIRECTORS MAY EXTEND TIME**

Article 43 provides that

43. The Board may, from time to time, at its discretion extend the time fixed for the payment of any call and may, extend such time as to all or any of the Members whom, from residence at a distance or other cause, the Board may deem fairly entitled to such extension, but no Member shall be entitled to such extension save as a matter of grace and favour.

## **CALLS TO CARRY INTEREST**

Article 44 provides that

44. If any Member fails to pay any call due from him on the day appointed for payment thereof or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board; but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such Member.

## **PROOF OF TRIAL OF SUIT FOR MONEY DUE ON SHARE**

Article 45 provides that

45. On the trial or hearing of any action or suit brought by the Company against any Member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the Member in respect of whose shares the money is sought to be recovered, appears entered on the Register of Members as the holder at or subsequently to the date at which the money sought to be recovered is alleged to have become due, of the shares in respect of which such money is sought to be recovered that the resolution making the call is duly recorded in the minutes book, and that notice of such call was duly given to the Member or his representatives used in pursuance of these Articles; and it should not be necessary to prove the appointment of the Directors who made such call nor that a quorum of Directors was present at the Board at which any call was made was duly convened or constituted nor any other matter whatsoever, but the proof of matters aforesaid shall be conclusive evidence of the debt.

#### **PARTIAL PAYMENT NOT PRECLUDE FORFEITURE**

Article 46 provides that

46. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any Member to the Company in respect of his shares, either by way of principal or interest nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.

#### **PAYMENT IN ANTICIPATION OF CALLS MAY CARRY INTEREST**

Article 47 provides that

47. (1) The Board may, if it thinks fit, agree to receive from any Member willing to advance the same, all or any part of the amounts of his shares beyond the sums actually called up; and upon the moneys so paid in advance or upon so much thereof, from time to time and at any time thereafter, as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made, the Board may pay or allow interest at such rate as the Member paying the sum in advance and the Board agree upon. The Board may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to the Member three months' notice in writing provided that any amount paid up in advance of calls on any share may carry interest but shall not in respect thereof confer a right to dividend or to participate in profit.
47. (2) No Member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would, but for such payment, become presently payable.

#### **LIEN**

##### **COMPANY'S LIEN ON SHARES**

Article 48 provides that

48. The Company shall have no lien on its fully paid shares. In the case of partly paid shares the Company shall have a first and paramount lien on such shares registered in the name of each member, whether solely or jointly with others and upon the proceeds of sale thereof, for all moneys called or payable at a fixed time in respect of such shares and whether held solely or jointly with any other person, and whether the period for payment, fulfillment or discharge thereof shall have actually arrived or not, and no equitable interest in any share shall be created except upon the footing and condition that Article 38 is to have full effect. Any such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares. Unless otherwise agreed the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares.

##### **AS TO ENFORCING LIEN BY SALE**

Article 49 provides that

49. For the purpose of enforcing such a lien, the Board may sell the shares subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorise one of their number to execute a transfer thereof on behalf of and in the name of such Member. No sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member or his representatives and default shall have been made by him or them in payment, fulfillment or discharge of such debts, liabilities or engagements for thirty days after such notice.

#### **APPLICATION OF PROCEEDS OF SALE**

Article 50 provides that

50. The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

#### **FORFEITURE OF SHARES**

##### **IF MONEY PAYABLE ON SHARES NOT PAID, NOTICE TO BE GIVEN TO MEMBER**

Article 51 provides that

51. If any Member fails to pay any call or installment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid the Board may, at any time thereafter during such time as the call or installment remains unpaid, give notice to him or his legal representatives requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such nonpayment.

#### **FORM OF NOTICE**

Article 52 provides that

52. The notice shall name a day (not being less than thirty days from the date of the notice) and a place or places on and at which such calls or installments and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of the non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or installment is payable will be liable to be forfeited.

#### **IN DEFAULT OF PAYMENT, SHARES TO BE FORFEITED**

Article 53 provides that

53. If the requirements of any notice as aforesaid shall not be complied with every or any share in respect of which such notice has been given may at any time thereafter before payment of all calls or installments, interests and expenses due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited shares and not actually paid before the forfeiture.

#### **NOTICE OF FORFEITURE TO A MEMBER**

Article 54 provides that



54. When any share shall have been so forfeited, notice of the forfeiture shall be given to the members in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture with the date thereof shall forthwith be made in the Register of Members. The provisions of this Article are, however, directory only, and no forfeiture shall in any manner be invalidated by omission or neglect to give such notice or to make such entry as aforesaid.

#### **FORFEITED SHARE TO BE PROPERTY OF THE COMPANY AND MAY BE SOLD, ETC.**

Article 55 provides that

55. Any share so forfeited shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board shall think fit.

#### **MEMBER STILL LIABLE TO PAY MONEY OWING AT TIME OF FORFEITURE AND INTEREST**

Article 56 provides that

56. Any Member whose shares have been forfeited shall, notwithstanding the forfeiture be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of forfeiture until payment, at such rate as the Board may determine, and the Board may enforce the payment, thereof, if it thinks fit.

#### **EFFECT OF FORFEITURE**

Article 57 provides that

57. The forfeiture of a share shall involve extinction at the time of the forfeiture of all interest in and all claims and demands against the Company in respect of the share and all other rights incidental to the share, except only such of these rights as by these Articles are expressly saved.

#### **EVIDENCE OF FORFEITURE**

Article 58 provides that

58. A declaration in writing that the declarant is a Director or the Secretary of the Company and that a share in the Company has been duly forfeited in accordance with these Articles on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.

#### **VALIDITY OF SALES UNDER ARTICLES 38 AND 39**

Article 59 provides that

59. Upon the sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register of Members in respect of shares sold and the purchaser shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register in respect of such shares, the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

#### **CANCELLATION OF SHARE CERTIFICATES IN RESPECT OF FORFEITED SHARES**

Article 60 provides that

60. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member) stand cancelled and become null and void and of no effect and the Board shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto.

#### **POWER TO ANNUL FORFEITURE**

Article 61 provides that

61. The Board 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 condition as it think fit.

#### **TRANSFER AND TRANSMISSION OF SHARES**

##### **REGISTER OF TRANSFERS**

Article 62 provides that

62. The Company shall keep a book to be called the Register of Transfers and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share.

##### **FORM OF TRANSFER**

Article 63 provides that

63. The instrument of transfer shall be in writing and all the provisions of Section 108 of the Companies Act, 1956 and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfers of shares and the registration thereof.

##### **APPLICATION FOR TRANSFER**

Article 64(a) provides that

64. (a) An application for the registration of the transfer of any share or shares may be made either by the transferor or by the transferee.

##### **PARTLY PAID SHARES**

Article 64(b) provides that

64. (b) Where the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered, unless the company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.

##### **NOTICE OF PARTLY PAID SHARES**

Article 64(c) provides that

64. (c) For the purpose of sub-article (b), notice to the transferee shall be deemed to have been duly given if is dispatched by prepaid registered post to the transferee at the address given in the instrument of transfer, and shall be deemed to have been delivered in the ordinary course of post.

##### **NO TRANSFER TO MINOR ETC.**

Article 64(d) provides that

64. (d) No share other than fully paid share, shall in any circumstances be transferred to any minor, insolvent or person of unsound mind.

#### **TO BE EXECUTED BY TRANSFEROR AND TRANSFEREE AND PRESENTED TO THE COMPANY**

Article 65 provides that

65. The instrument of Transfer duly stamped and executed by the transferor and the transferee shall be delivered to the Company in accordance with the provisions of the Act. The instrument of Transfer shall be accompanied by such evidence as the Board may require to prove the title of transferor and his right to transfer the shares and every registered instrument of Transfer shall remain in the custody of the Company until destroyed by order of the Board. The transferor shall be deemed to be the holder of such shares until the name of the transferee shall have been entered in the Register of Members in respect thereof. Before the registration of a transfer, the certificate or certificates of the shares must be delivered to the Company.

#### **TRANSFER BOOKS WHEN CLOSED**

Article 66 provides that

66. The Board shall have power on giving twenty one days' previous notice by advertisement in some newspaper to close the Transfer Books, the Register of Members or Register of Debenture-holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year as to it may seem expedient.

#### **DIRECTORS MAY REFUSE TO REGISTER TRANSFER**

Article 67 provides that

67. Subject to provisions of Section 111 of the Act, and without assigning any reason, decline to register or acknowledge any transfer of shares (notwithstanding that the proposed transferee be already a Member), but in such case it shall, within two months from the date on which the instrument of transfer was lodged with the Company send to the transferee and the transferor notice of the refusal to register such transfer. Provided that registration of a transfer shall not be refused on the ground of the transferor being, either alone or jointly with any other person or persons, indebted to the Company on any account whatsoever except where the Board exercised the power of lien vested in it under these Articles in respect of the shares proposed to be transferred.

#### **DEATH OF ONE OR MORE JOINT HOLDERS OF SHARES**

Article 68 provides that

68. In the case of the death of any one or more of the persons named in the Register of Members as the joint holders of any share the survivor or survivors shall be the only person recognised by the Company as having any title or interest in such share, 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.

#### **TITLE TO SHARE OF DECEASED MEMBER**

Article 69 provides that

69. The executors or administrators or holders of a Succession Certificate or the legal representatives of a deceased Member (not being one of two or more joint holders) shall be the only person recognised by the Company as having any title to the shares registered in the name of such Member and the Company shall not be bound to recognise such executors or administrators or holders of a Succession Certificate or the legal representatives unless such executors or administrators or legal representatives, shall have first

obtained Probate or Letters of Administration or Succession Certificate, as the case may be, from a duly constituted Court in the Union of India; provided that in any case where the Board in its absolute discretion thinks fit the Board may dispense with production of Probate or Letters of Administration or Succession Certificate upon such terms as to indemnity or otherwise as the Board in its absolute discretion may think necessary and register the name of the person who claims to be absolutely entitled to the share standing in the name of a deceased Member, as a Member.

## **NOMINATION**

Article 70 provides that

70. (1) Every holder of share(s) in, and/or debentures of the Company, so entitled under the Act and rules framed thereunder, may, at any time, nominate, in the manner prescribed under the Act, a person to whom his share(s) in, and/or debenture(s) of, the Company, shall vest in the event of his death.
70. (2) Where the share(s), and/or debenture(s) of the Company, are held by more than one person jointly, the joint-holders so entitled under the Act and rules framed thereunder, may together nominate, in the manner prescribed under Act, a person to whom all the rights in the share(s) and/or debenture(s) of the Company, as the case may be, shall vest in the event of death of all the joint holders.
70. (3) Notwithstanding anything contained in any other law for the time being in force or in these articles or in any disposition, whether testamentary or otherwise, in respect of such share(s) in, and/or debenture(s) of the company, where a nomination made in the manner prescribed under the Act, purports to confer on any person the right to vest the share(s) in, and/or debenture(s) of the company, the nominee shall, on the death of the shareholder and/or debenture holder concerned or on the death of joint holders, as the case may be, become entitled to all the rights in relation to such share(s) and/or debenture(s) to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner prescribed under the Act.
70. (4) Where the nominee is minor, the holder of the share(s) in, and/or debenture(s) of the Company, can make a nomination in the manner prescribed under the Act, to appoint any person to become entitled to the share(s) in, and/or debenture(s) of the company, in the event of his death, during the minority.

## **REGISTRATION OF PERSONS ENTITLED TO SHARES OTHERWISE THAN BY TRANSFER**

Article 71 provides that

71. Subject to the provisions of Articles 58 and 59 any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy, insolvency or liquidation of any Members, or the marriage of any female Member, or by any lawful means other than by a transfer in accordance with these Articles, may, with the consent of the Board (which it shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under the Article or of his title, as the Board thinks sufficient either be registered himself as the holder of the shares or elect to have some person nominated by him and approved by the Board registered as such holder provided, nevertheless that if such person shall elect to have his nominee registered he shall testify the election by executing to his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be freed from any liability in respect of the shares. This Articles is referred to in these Articles as "The Transmission Article".

## **TRANSMISSION IN CASE OF NOMINATION**

Article 72 provides that

72. (1) Notwithstanding anything contained in these of Articles, any person who becomes a nominee by virtue of the provisions of Articles upon the production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either -

- (a) to be registered himself as holder of the share(s) and/or debenture(s), as the case may be; or
  - (b) to make such transfer of share(s) and/or debenture(s) as the case may be, as the deceased shareholder and/or debenture holder; as the case may be, could have made.
72. (2) If the person being a nominee, so becoming entitled, elects himself to be registered as holder of the share(s) and/or debenture(s), as the case may be, he shall deliver or send to the company a notice in writing duly signed by him stating that he so elects and such notice shall be accompanied with the death certificate(s) of the deceased shareholder and/or debenture holder, as the case may be.
72. (3) All the limitations, restrictions and provisions of these Articles, relating to the right to transfer and the registration of transfers of share(s) and/or debenture(s) shall be applicable to any such notice or transfer as aforesaid as if the death of the shareholder/debenture holder had not occurred and the notice or transfer were signed by that shareholder and/or debenture holder, as the case may be.
72. (4) A person, being a nominee, becoming entitled to the share(s) and/or debenture(s) by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he was the registered holder of the share(s) and/or debenture(s), except that he shall not, before being registered as a member in respect of his share(s) or debenture(s), be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company.

Provided that the Board may, at any time, give notice requiring any such person to elect their to be registered himself or to transfer the share(s) and/or debenture(s) and if the notice is not complied with, within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share(s) and/or debenture(s), until the requirements of the notice have been complied with.

#### **TRANSFER TO BE PRESENTED WITH EVIDENCE OF TITLE**

Article 73 provides that

73. Every Instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board may require to prove the title of the transferor of his right to transfer the shares.

#### **CUSTODY OF INSTRUMENT OF TRANSFER**

Article 74(1) provides that

74. (1) The instrument of transfer after registration shall be retained by the company and shall remain in its custody. All instrument of transfer which the Director may decline to register shall, on demand be returned to the persons depositing them.

#### **TRANSFER DEED MAY BE DESTROYED**

Article 74 (2) provides that

74. (2) The Directors may cause to be destroyed all transfer deeds lying with the company after such period as they may determine.

#### **CONDITION OF REGISTRATION OF TRANSFER**

Article 75 provides that

75. Before the registration of a transfer the certificate or certificates of the share or shares to be transferred must be delivered to the Company along with (save as provided in Section 108 of the Act a properly stamped and executed instrument of transfer.

#### **REGISTRATION FEE**

Article 76 provides that

76. The Company shall be entitled to charge such fee if any not exceeding rupees two on the registration of a transfer or transmission of any number of shares to the same party.

#### **THE COMPANY NOT LIABLE FOR DISREGARD OF A NOTICE PROHIBITING REGISTRATION OF A TRANSFER**

Article 77 provides that

77. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any transferor of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice or referred thereto in any book of the Company, and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest, or be under may have been entered or referred to in some books of the Company; any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some books of the Company; but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

#### **COPIES OF MEMORANDUM AND ARTICLES TO BE SENT TO MEMBERS**

#### **COPIES OF MEMORANDUM AND ARTICLES OF ASSOCIATION TO BE SENT BY THE COMPANY**

Article 78 provides that

78. Copies of the Memorandum and Articles of Association of the Company and other documents referred to in Section 39 of the Act shall be sent by the Company to every Member at his request within seven days of the request on payment of the sum of Rupees one for each copy.

#### **BORROWING POWERS**

#### **POWER TO BORROW**

Article 79 provides that

79. Subject to the provision of Section 58A, 292 and 293 of the Act and of these Articles, the Board may from time to time at its discretion by a resolution passed at a meeting of the Board, accept deposits from Members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any sum or sums of money for the Company provided, however, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board shall not borrow such moneys without the consent of the Company in General Meeting.

#### **THE PAYMENT OR REPAYMENT OF MONEYS BORROWED**

Article 80 provides that

80. The payment or re-payment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit, and in particular by a resolution passed at a meeting of the Board (and not by resolution by circulation) by the issue of debentures or debenture-stock of the Company, charged upon all or any part of the property of the Company (both present and future) including its uncalled capital for the time being; and debentures, debenture-stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

#### **TERMS OF ISSUE OF DEBENTURES**

Article 81 provides that

81. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and any privileges and conditions as to redemption, surrender, drawing allotment of shares and attending (but not voting) at General Meetings, 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 General Meeting.

#### **REGISTER OF MORTGAGES ETC. TO BE KEPT**

Article 82 provides that

82. The Board shall cause a proper Register to be kept in accordance with the provisions of Section 143 of the Act of all mortgages, debentures and charges specifically affecting the property of the Company, and shall cause the requirements of Section 118, 125, and 127 to 144 (both inclusive) of the Act in that behalf to be duly complied with so far as they fall to be complied with by the Board.

#### **REGISTER AND INDEX OF DEBENTUREHOLDERS**

Article 83 provides that

83. The Company shall, if at any time it issues debentures, keep a Register and Index of Debenture-holders in accordance with Section 152 of the Act.

#### **NOMINATION OF DEPOSITS**

Article 84 provides that

84. The provisions of Articles 66 and 67 shall apply mutatis mutandis to a deposit of money made with the company as per section 58A of the Act.

#### **CONVERSION OF SHARES INTO STOCK AND RECONVERSION**

##### **SHARES MAY BE CONVERTED INTO STOCK**

Article 85 provides that

85. The Company in General Meeting may convert any paid up shares into stock; and when any shares shall have been converted into stock, the several holders of such stock may thenceforth transfer their respective interest therein or any part of such interest in the same manner and subject to the same regulations under which the shares from which the stock arose might have been transferred, if no such conversion had taken place, or as near thereto as circumstances will admit. The Company may at any time reconvert any stock into paid up shares of any denomination.

## **RIGHTS OF STOCK-HOLDERS**

Article 86 provides that

86. The holders of stock shall, according to the amount of stock held by them, have the same right, privileges and advantages as regards dividends, voting at meetings of the Company and other matters, as if they held the shares from which the stock arose; but no such privileges or advantage (except participation in the dividends and profits of the Company and in the assets of the Company on winding up) shall be conferred by an amount of stock which would not if existing in shares, have conferred that privilege or advantage.

## **SHARE WARRANTS**

### **SHARE WARRANTS MAY BE ISSUED**

Article 87 provides that

87. The Company may, subject to and in accordance with the provisions of sections 114 and 115 of the Act, issue warrants (hereinafter called share warrants) in respect of fully paid-up shares and accordingly the Directors may in their discretion in respect of any such share, issue under common seal of the Company a share warrant is entitled to the shares therein specified and may provide by coupons or otherwise for the payment of dividends or other moneys on the shares included in the share warrant.

### **REGULATIONS TO BE MADE**

Article 88 provides that

88. Before the issue of any share warrant the Board shall draw up the regulations and conditions under and upon which such shares warrants or coupons lost, word out, defaced or destroyed will be renewed or replaced by a new share warrant and upon which a share warrant will be cancelled and the name of the bearer entered upon the register as a member of the company in respect of shares included in the share warrant to be cancelled, and such regulations shall be printed upon the back of every share warrant.

### **REGULATIONS TO PRESCRIBE MANNER OF VOTING**

Article 89 provides that

89. The regulations relating to share warrants to be drawn up by the board may prescribed and limit the manner in which a bearer of a share warrant shall be entitled to vote at meeting of the Company. But no regulations shall declare that any person shall be qualified to be a Director of the Company by reason of being the bearer of any share warrant.

### **POWER TO VARY THE CONDITIONS**

Article 90 provides that

90. The Board may, from time to time, vary the conditions upon which share warrant shall be issued or held and, subject to such conditions and to these presents, the bearer of a share warrant shall be a member to the full extent. The bearer of a share warrant shall be subject to the conditions for the time being in force whether made before or after the issue of such warrant.

## **MEETING OF MEMBERS**

### **ANNUAL GENERAL MEETING**

Article 91 provides that



91. The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year. All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings, The first Annual General Meeting shall be held, within eighteen months from the date of incorporation of the Company, and the next Annual General Meeting shall be held within six months after the expiry of the financial year in which the first Annual General Meeting was held; and thereafter an Annual General Meeting shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall elapse between the date of an annual General Meeting and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of Section 166 ( 1 ) of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called for at a time during business hours, on a day that is not a public holiday, and shall be held at the Registered Office of the Company or at some other place within the City of Mumbai as the Board may determine and the Notices calling the Meeting shall specify it as the Annual General Meeting. The Company may in any one Annual General Meeting fix the time for its subsequent Annual General Meetings. Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Directors' Report and Audited Statement of Accounts, Auditors ' Report (if not already incorporated in the Audited Statement of Accounts) the Proxy Register with proxies and the Register of Directors shareholdings which latter Register shall remain open and accessible during the continuance of the meeting. The Board shall prepare the Annual Return, Balance Sheet and Profit and Loss Account and forward the same to the Registrar of Companies, Maharashtra in accordance with Section 159, 161 and 220 of the Act.

#### **ANNUAL SUMMARY**

Article 92 provides that

92. The Board of Directors shall within 60 days from the date on which each of the Annual General Meeting and Section 166 of the Act is held prepare and file an Annual Return with the Registrar containing particulars as specified in Section 159 and 161 and also the prescribed copies of the Profit and Loss Account and Balance Sheet in the manner provided under Section 220 of the Act.

#### **EXTRAORDINARY GENERAL MEETING**

Article 93 provides that

93. The Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall do so upon a requisition in writing by any Member or Members holding in the aggregate not less than one-tenth of such of the paid-up capital as at that date carried the right of voting in regard to the matter in respect of which the requisition has been made.

#### **REQUISITION OF MEMBERS TO STATE OBJECT OF MEETING**

Article 94 provides that

94. Any valid requisition so made by a Member or Members trust state the object or objects of the meeting proposed to be called and must be signed by the requisitionists and be deposited at the registered office; provided that such requisition may consist of several documents in like form each signed by one or more requisitionists. In case of joint shareholders of shares such requisition must be signed by all the joint-holders.

#### **ON RECEIPT OF REQUISITION DIRECTORS TO CALL MEETING AND IN DEFAULT REQUISITIONISTS MAY DO SO**

Article 95 provides that

95. Upon receipt of any such requisition the Board shall forthwith call an Extraordinary General Meeting and if they do not proceed within twenty-one days from the date of the requisition being deposited at the office to cause a meeting to be so called on a day not later than forty-five days from the date of deposit of the requisition, the requisitionists or such of their number as represent a majority in value of the paid-up share capital held by all of them or not less than one-tenth of such of the paid up share capital of the Company, as is referred to in Section 169(4) of the Act, whichever is less or a majority of them in value may themselves call the meeting, but in either case any meeting so called shall be held within three months from the date of the delivery of the requisition as aforesaid.

#### **MEETING CALLED BY REQUISITIONISTS**

Article 96 provides that

96. Any meeting called under the foregoing Articles by the requisitionists shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board.

#### **TWENTY ONE DAYS' NOTICE OF MEETING TO BE GIVEN**

Article 97 provides that

97. Twenty one days notice at the least of every General Meeting. Annual or Extraordinary and by whomsoever called specifying the day, place and hour of meeting and the general nature of the business to be transacted thereat shall be given in the manner hereinafter provided to such person as are under these Articles entitled to receive notice from the Company. Provided that in the case of an Annual General Meeting with the consent in writing of all the Members entitled to vote thereat and in the case of any other meeting with the consent of Members holding not less than 95 per cent of such part of paid up share capital of the Company as gives a right to vote at the meeting, a meeting may be convened by a shorter notice. In the case of an Annual General Meeting if any business other than (i) the consideration of the accounts, balance sheet and reports of the Board of Directors and Auditors, (ii) the declaration of dividend, (iii) the appointment of Directors in place of those retiring (iv) the appointment of, and fixing of the remuneration of the Auditors, is to be transacted, and in the case of any other meeting in any event, there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such item of business, including in particular the nature of the concern or interest, if any, therein of every Director, and the Manager (if any). Where any such item of business relates to, or affects shares into stock; and when any such shares shall have been converted into any other company; the extent of shareholding interest in that other company of every Director and the Manager, if any, of the Company shall also be set out in the statement if the extent of such shareholding interest be not Less than twenty per cent of the paid up share capital of that other company. Where any item of business consists of the according of approval to any document by the meeting, the time and place where the document can be inspected shall be specified in the Statement aforesaid.

#### **OMISSION TO GIVE NOTICE NOT TO INVALIDATE A RESOLUTION PASSED**

Article 98 provides that

98. The accidental non-receipt of such notice by any Member or other person to whom it should be given shall not invalidate any proceedings at such a meeting.

#### **NOTICE OF BUSINESS TO BE GIVEN**

Article 99 provides that

99. No General Meeting, Annual or Extraordinary, shall be competent to enter upon, discuss or transact, any business which has not been mentioned in the notice or notices upon which it was convened.

## **QUORUM**

Article 100 provides that

100. Five members present in person shall be a quorum for General Meeting. A body corporate being a Member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act.

## **IF QUORUM NOT PRESENT, MEETING TO BE DISSOLVED OR ADJOURNED**

Article 101 provides that

101. If at the expiration of half an hour from the time appointed for holding a meeting of the Company a quorum shall not be present, the meeting if convened by or upon the requisition of Members, shall be dissolved, but in any other case the meeting shall stand adjourned to such time on the following day or on such other day and to such place as the Board may determine, and if no such time and place be determined to the same day in the next week or if that day is a public holiday until next succeeding day which is not a public holiday at the same time and place and if at such adjourned meeting a quorum of Members is not present at the expiration of half an hour from time appointed for the meeting, those Members who are present shall be a quorum, and may transact the business for which the meeting was called.

## **CHAIRMAN OF GENERAL MEETING**

Article 102 provides that

102. The Chairman of the Board shall be entitled to take the Chair at every General Meeting, whether Annual or Extraordinary. If there be no such Chairman of the Board or if at any meeting he shall not be present within fifteen minutes of the time appointed for holding such meeting or if he is unable or unwilling to take the Chair, then the Directors present shall elect one of the Directors appointed as Chairman. If no Director be present or if all the Directors present decline to take the Chair, then the Members present shall elect one of their number to be the Chairman of the meeting.

## **BUSINESS CONFINED TO ELECTION OF CHAIRMAN WHILST CHAIR VACANT**

Article 103 provides that

103. No business shall be discussed at any General Meeting except the election of a Chairman, while the chair is vacant.

## **CHAIRMAN WITH CONSENT MAY ADJOURN MEETING**

Article 104 provides that

104. The Chairman with the consent of the meeting may, and shall if so directed by the meeting, adjourn any meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting from which the adjournment took place.

## **QUESTIONS AT GENERAL MEETINGS HOW DECIDED**

Article 105 provides that

105. At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is before or on the declaration of the result of the show of hands a poll may be ordered to be taken by the Chairman of the Meeting on his own motion or ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in

respect of the resolution, or on which an aggregate sum of not less than fifty thousand rupees has been paid up. The demand for a poll may be withdrawn at any time by the person or persons who make the demand. Unless a poll is demanded a declaration by the Chairman that a resolution has, on a show of hands, been carried or carried unanimously, or by a particular majority or lost and an entry to that effect in the Minute Books of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against that resolution.

#### **CHAIRMAN'S CASTING VOTE**

Article 106 provides that

106. In the case of an equality of votes the Chairman shall, both on a show of hands and at a poll if any have a casting vote in addition to his own vote.

#### **POLL TO BE TAKEN IF DEMANDED**

Article 107 provides that

107. If a poll is demanded as aforesaid the same shall, be taken at such time (not later than 48 hours from the time when the demand was made) and place, and either by open voting or by ballot, as the Chairman shall direct, and either at once or after an interval or adjournment or otherwise and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

#### **SCRUTENEERS AT POLL**

Article 108 provides that

108. Where a poll is to be taken, the Chairman of the meeting shall appoint one or at his discretion two scrutineers who may or may not be Members of the Company to scrutinise the votes given on the poll and to report thereon to him. The Chairman shall have power at any time before the result of the poll is declared to remove a scrutineer from office and fill the vacancy in the office of scrutineer arising from such removal or from any other cause.

#### **IN WHAT CASE POLL TAKEN WITHOUT ADJOURNMENT**

Article 109 provides that

109. Any poll duly demanded on the election of a Chairman of a meeting or on any question of adjournment shall be taken forthwith.

#### **DEMAND FOR POLL NOT TO PREVENT TRANSACTION OF OTHER BUSINESS**

Article 110 provides that

110. The demand for a poll, except on questions of the election of the Chairman and of an adjournment, shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

#### **VOTES OF MEMBERS**

##### **MEMBER IN ARREARS NOT TO VOTE**

Article 111 provides that

111. No member shall be entitled to be present or to vote on any question either personally or by proxy at any General Meeting, Annual or Extraordinary, or of a meeting of a class of share-holders of the Company either upon a show of hands or upon a poll or to be reckoned in a quorum while any call or other sum shall be due and payable to the Company in respect of any of the shares held by him, whether alone or jointly with any other person or persons or which any calls or other sums presently payable by him alone or jointly with any other person or persons have not been paid, or in regard to which the Company has exercised any right of lien.

## **VOTING RIGHTS**

Article 112 provides that

112. Subject to the provisions of the Act and of these Articles the voting rights of the members of the Company shall be as follows :
- (a) Upon a show of hands every Member of the Company present in person and holding any equity share capital therein shall have one vote
  - (b) Upon a poll, the voting rights of every Member present in person or by proxy shall be in proportion to his share of the paidup equity capital of the Company.
  - (c) Subject to the provisions of Clause (b) of subsection (2) of Section 87 of the Act every Member of the Company and holding any preference share capital therein shall have a right to vote only on resolutions placed before the Company directly affecting the rights attached to his preference shares.

## **CASTINGS OF VOTE BY A MEMBER ENTITLED TO MORE THAN ONE VOTE**

Article 113 provides that

113. On a poll taken at a meeting of the Company, a Member entitled to more than one vote or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in same way all the votes he uses.

## **HOW MEMBERS NONCOMPETANT AND MINORS MAY VOTE**

Article 114 provides that

114. 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, by his committee or other legal guardian, any such committee or guardian may, on a poll, vote by proxy. If any Member be a minor the vote in respect of his shares shall be by his guardians, if more than one, to be elected in case of dispute by the Chairman of the meeting.

## **VOTES OF JOINT MEMBERS**

Article 115 provides that

115. If there be joint registered holders of any shares any one of such persons may vote at any meeting or may is given, provided that no intimation in writing of the death, revocation or transfer shall have been received at the office before the meeting.

## **VOTING IN PERSON OR BY PROXY**

Article 116 provides that

116. Subject to the provisions of these Articles, votes may be given either personally or by proxy. A body corporate being a Member may vote by a proxy or by a representative duly authorised in accordance with Section 187 of the Act and such representative shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual member.

#### **APPOINTMENT OF PROXY**

Article 117 provides that

117. Every proxy (whether a Member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a body corporate under its Common Seal or the hand of its attorney, who may be the appointers, and any Committee or guardian may appoint such proxy.

#### **APPOINTMENT OF PROXY TO VOTE ON SHOW OF HANDS**

Article 118 provides that

118. A member present by proxy shall be entitled to vote on a show of hands as well as on a poll.

#### **DEPOSIT OF INSTRUMENT OF APPOINTEMENT**

Article 119 provides that

119. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or notarially certified copy of that power or authority shall be deposited at the office not later than twenty-four-hour before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default, the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution except at any adjourned meeting or on a poll demanded at a meeting or adjourned meeting in cases where the meeting was originally held within twelve months from that date.

#### **FORM OF PROXY**

Article 120 provides that

120. Every instrument of proxy whether for a specified meeting or otherwise shall as nearly as circumstances will admit be in any of the forms set out in Schedule IX of the Act.

#### **VALIDITY OF VOTES GIVEN BY PROXY NOTWITHSTANDING DEATH OF MEMBER**

Article 121 provides that

121. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or of any power of attorney under which such proxy was signed or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death, revocation or transfer shall have been received at the office before the meeting.

#### **TIME FOR OBJECTIONS TO VOTE**

Article 122 provides that

122. No objection shall be made to the validity of any vote, except at the meeting or poll at which such vote shall be tendered and every vote, whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.

## **CHAIRMAN OF ANY MEETING TO BE JUDGE OF VALIDITY OF ANY VOTE**

Article 123 provides that

123. Unless otherwise decided by the Board of the Company, the Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

## **MINUTES OF GENERAL MEETING AND INSPECTION THEREOF BY MEMBERS**

Article 124 provides that

124. (1) The Company shall cause minutes of all proceedings of every General Meeting to be kept by making within 30 days of the conclusion of every such meeting concerned, entries thereof books kept for that purpose with their pages consecutively numbered.
124. (2) Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the same meeting within the aforesaid period of 30 days or in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for the purpose.
124. (3) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
124. (4) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
124. (5) All appointments of officers made at any of the meeting aforesaid shall be included in the minutes of the meeting.
124. (6) Nothing herein contained shall require or be deemed to require the inclusion in any such minutes of any matter which in the opinion of the chairman of the meeting (a) is or could reasonably be regarded as defamatory of any person, or (b) is irrelevant or immaterial to the proceedings, or (c) is detrimental to the interest of the company. The Chairman in regard to the inclusion or non-inclusion of any matter in the minutes on the aforesaid grounds.
124. (7) Any such minutes shall be evidence of the proceeding recorded therein.
124. (8) The book containing the minutes of proceedings of General Meeting shall be kept at the Registered Office of the Company and shall be open, during business hours, for such periods not being less in the aggregate than two hours in each day as the Directors determine, to the inspection of any Member without charge.

## **DIRECTORS**

### **NUMBER OF DIRECTORS**

Article 125 (1) provides that

125. (1) Until otherwise determined by a General Meeting of the Company and subject to Section 252 of the Act, the number of Directors (excluding alternate Directors) shall neither be less than three nor more than twelve.

### **FIRST DIRECTOR**

Article 125 (2) provides that

125. (2) The First Directors of the Company shall be :

Mr. Ashwin Babulal Sukhadia  
Mr Anuj Vipin Sukhadia  
Mr Vipul Ashwin Sukhadia  
Mr Dharmesh Ashwin Sukhadia  
Mr Divyesh Ashwin Sukhadia  
Mr Ketan Vipin Sukhadia  
Ms. Pooja Anuj Sukhadia  
Ms. Aesha Ketan Sukhadia

### **DISQUALIFICATION OF A DIRECTOR**

Article 126 provides that

126. Subject to Section 274 (2) of the Act, a person shall not be capable of being appointed Director of the Company,

- (a) he has been found to be of unsound mind by a Court of Competent jurisdiction and the finding is in force;
- (b) he is an undischarged insolvent;
- (c) he has applied to be adjudicated as an insolvent and his application is pending.
- (d) he has been convicted by a Court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence.
- (e) he has not paid any call in respect of shares of the Company held by him, whether alone or jointly with others, and six months have elapsed from the last day fixed for the payment of the call; or
- (f) an order disqualifying him for appointment, as Director has been passed by a court in pursuance of section 203 and is in forces unless the leave of the Court has been obtained for, his appointment in pursuance of the section.
- (g) such person is already a Director of a Public Limited which-
  - (A) has not filed the annual accounts and annual returns for any continuous three financial years commencing on and after the first day of April, 1999; or
  - (B) has failed to repay its deposit or interest thereon on due date or redeem its debentures on due date or pay dividend and such failure continues for one year or more:

Provided that such person shall not be eligible to be appointed as a Director of any other public company for a period of five years from the date on which such public company, in which he is a Director, failed to file annual accounts and annual returns under sub-clause (a) or has failed to repay its deposit or interest or redeem its debentures on due date or pay dividend referred to in clause (B).

### **NOMINEE DIRECTORS**

Article 127 provides that



127. Whenever the Board of Directors enter into a contract with any financial institution(s) for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or enter into any other arrangement, the Board of Directors shall have, subject to the provisions of Section 255 of the Act, the power to agree that such financial institution(s) shall have the right to appoint or nominate by a notice in writing addressed to the Company one or more Directors on the Board for such period and upon such conditions as may be mentioned in the Agreement that such Director or Directors may neither be liable to retire by rotation nor be required to hold any qualification shares. The Directors may also agree that any such Director, or Directors may be removed from time to time by the financial institution(s) entitled to appoint or nominate them and such financial institution(s) may appoint another or other or others in his or their place and also fill in any vacancy which may occur as a result of any such Director, or Directors ceasing to hold that office for any reason whatever. The Directors appointed or nominated under this Article shall be entitled to exercise and enjoy all or any of the rights and privileges exercised and enjoyed by the Directors of the Company including the payment of remuneration and traveling expenses to such Director or Directors as may be agreed by the Company with such financial institution(s) aforesaid.

### **ALTERNATE DIRECTOR**

Article 128 provides that

128. Subject to the provisions of Section 313 of the Companies Act, 1956, the Board of Directors of the Company may appoint an Alternate Director to act for a Director (hereinafter called “The Original Director”) during his absence for a period of not less than three months from the State of Maharashtra. An Alternate Director appointed under this Article shall not hold office as such for a longer period than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to the State of Maharashtra. If the term of office of the Original Director is determined before he so returns to the State of Maharashtra any provision in the Act or in these Articles for the Automatic reappointment of retiring Directors in default of another appointment shall apply to the Original Director and not to Alternate Director. An Alternate Director shall not be required to acquire and hold any qualifying shares of the Company.

### **DIRECTORS POWER TO ADD TO THE BOARD**

Article 129 provides that

129. Subject to the provisions of Section 264 the Board shall have power at any time and from time to time to appoint any other qualified person to be an Additional Director, but so that the total number of Directors shall not at any time exceed the maximum number of Directors prescribed under the Act. Any such Additional Director shall hold office only upto the date of the next Annual General Meeting.

### **DIRECTORS’ POWERS TO FILL CASUAL VACANCIES**

Article 130 provides that

130. Subject to the provisions of Section 264 and 284 (6) the Board shall have power at any time and from time to time to appoint any other qualified person to be a Director to fill up a casual vacancy. Any person so appointed shall hold office only up to the date upto which the Director in whose place he is appointed would have held office if it had not been vacated by him.

### **QUALIFICATION OF DIRECTORS**

Article 131 provides that

131. No share qualification shall be necessary for any Director.

### **REMUNERATION OF DIRECTORS**

ArticleS 132 and 133 provide that

132. The remuneration of the Directors for attending any meeting of a Board of or any Committee of the Board shall be such sum as may be fixed from time to time by the Board within the limits prescribed by central government in that behalf from time to time.
133. The Directors shall be paid such further remuneration, if any, as the Company in general meeting shall such proportion and manner as the Board may from time to time determine and in default of such determination, shall be divided among the Directors equally.

#### **SPECIAL REMUNERATION OF DIRECTORS PERFORMING EXTRA SERVICES**

Article 134 provides that

134. If any Director be called upon to perform extra services or special exertions or efforts (which expression shall include work done by a Director as a member of any Committee formed by the Directors), the Board may arrange with such Director for such special remuneration for such extra services or special exertions or efforts either by a fixed sum or otherwise as may be determined by the Board, and such remuneration may be either in addition to or in substitution for the remuneration above provided.

#### **TRAVELING EXPENSES INCURRED BY DIRECTOR NOT A BONA FIDE RESIDENT OR BY DIRECTOR GOING OUT ON COMPANY'S BUSINESS**

Article 135 provides that

135. The Board shall allow and pay to any Director, other than a bonafide resident of the place where Meetings of the Board are held and who shall come to such place for the purpose of attending any meeting, such sum as the Board may consider fair compensation including compensation for traveling, board, lodging and other expenses, in addition to his fees for attending such meeting as above specified, and if any Director be called upon to go or reside out of the ordinary place of his residence on the Company's business, he shall be entitled to be paid and reimbursed any traveling; or other expenses incurred in connection with the business of the Company.

#### **DIRECTORS MAY ACT NOTWITHSTANDING VACANCY**

Article 136 provides that

136. The continuing Directors may act notwithstanding any vacancy in their body but, if and so long as their number is reduced below the number fixed by these Articles as the necessary quorum of Directors, the continuing Directors may act for the purpose of increasing the number of Directors to that number or of summoning a General Meeting but for no other purpose.

#### **WHEN OFFICE OF DIRECTOR TO BECOME VACANT**

Article 137 provides that

137. Subject to Section 283(2) and 314 of the Act, the office of a Director shall become vacant if :-
- (a) he fails to obtain within the time specified in sub-section (1) of Section 270 of the Act or at any time thereafter ceases to hold the share qualification, if any, required of him by these Articles; or
  - (b) he is found to be of unsound mind by a Court of competent jurisdiction; or
  - (c) he applies to be adjudicated an insolvent; or
  - (d) he is adjudged an insolvent; or

- (e) he fails to pay any call made on him in respect of shares of the Company held by him whether alone or jointly with others, within six months from the date fixed for the payment of such call unless the Central Government has by notification in the Official Gazette removed the disqualifications incurred by such failure; or
- (f) he is deemed to have vacated office under the provisions of Section 314 by any office or place of profit being held in contravention thereof; or
- (g) he absents himself from three consecutive meetings of the Directors or from all meetings of the Directors for a continuous period of three months, whichever is longer, without leave of absence from the Board; or
- (h) he becomes disqualified by an order of Court under Section 203 of the Act; or
- (i) he is removed in pursuance of Section 284 of the Act; or
- (j) he (whether by himself or by any person for his benefit or on his account) or any firm in which he is a partner or any private company of which he is a director, accepts a loan or any guarantee or security for a loan, from the Company in contravention of Section 295 of the Act; or
- (k) he acts in contravention of Section 299 of the Act; or
- (l) he is convicted by a Court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months; or
- (m) having been appointed a Director by virtue of his holding and office or other employment in the Company, he ceases to hold such offices or other employment in the Company, or
- (n) he resigns by a notice in writing addressed to the Company.
- (o) he becomes disqualified to hold the office of the Director in pursuance of the Section 274(1)(g) of the Act.

#### **DIRECTOR MAY CONTRACT WITH COMPANY**

Article 138 provides that

138. (i) A director or his relative, firm in which such Director or relative is a partner, any other person in such firm, or a private company of which the director is a member or director may enter into any contract with the Company for the sale, purchase or, supply of any goods, materials or services or for underwriting the subscription of any shares in or debentures of the Company, provided that the sanction of the Board is obtained before or within three months of the date on which the contract is entered into in accordance with Section 297 of the Act.
- (ii) No sanction or approval however shall be necessary to:
- (a) any purchase of goods and materials from the Company, or the sale of goods or materials to the Company, by any such director, relative, firm, partner or private company as aforesaid for cash at prevailing market prices; or
  - (b) any contract or contracts between the Company on one side and any such director, relative, firm partner or private company on the other for sale, purchase or supply of any goods, materials and services in which either the Company or the director, relative, firm, partner or private company, as the case may be, regularly trades or does business where the value of the goods and materials or the cost of such services does not exceed

Rs.5,000/- in the aggregate in any year comprised in the period of the contract or contracts.

Provided that in circumstances of urgent necessity, the Company may without obtaining the consent of the Board enter into any such contract or contracts with the director, relative, firm, partner or private company even if the value of such goods or materials or the cost of such services exceed Rs.5,000/- in the aggregate in any year comprised in the period of the agreement provided however, that the consent of the Board shall be obtained to such contract or contracts at a meeting within three months of the date on which the contract was entered into.

## **DISCLOSURE OF INTEREST**

Article 139 provides that

139. A director of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement entered into or, a proposed contract or arrangement to be entered into by or on behalf of the Company, shall disclose the nature of his concern or interest at a meeting of the Board in the manner provided in Section 299 (2) of the Act. Provided that it shall not be necessary for a Director to disclose his concern or interest in any contract or arrangement entered into or to be entered into with any other company, where any of the Directors of the Company or any such other Company or two or more of them together holds or hold not more than two per cent of the paid-up share capital in any such other Company or the Company, as the case may be. A general notice given to the Board by the Director; to the effect that he is a director or member of a specified body or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice be entered into with that body corporate or firm shall be deemed to be a sufficient disclosure of concern or interest in relation to any contract or arrangement so made. Any such general notice shall expire at the end of the financial year in which It is given but may be renewed for a further period of one financial year in which it would have otherwise expired. No such general notice, and no renewal thereof shall be of effect unless either it is given at a meeting of the board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.

## **INTERESTED DIRECTOR NOT TO PARTICIPATE OR VOTE IN BOARD'S PROCEEDINGS**

Article 140 provides that

140. No Director shall as a Director, take any part in the discussion of, or vote on any contract or arrangement entered into or to be entered into by or on behalf of the Company, if he is in any way, whether directly or indirectly, concerned or interested in such contract or arrangement; nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote his vote shall be void. Provided however nothing herein contained shall apply to:
- (a) any contract of indemnity against loss which the Director, or any one or more of them, may suffer by reason of becoming or being sureties or a surety for the Company.
  - (b) any contract or arrangement entered into or to be entered into with a public company or a private company which is a subsidiary of a public company in which the interest of the Director consists solely -
    - (i) in his being
      - (a) a director of such company; and
      - (b) the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a director thereof, he having been nominated as such director by the Company; or

- (ii) in his being a member holding not more than 2% of its paid up share capital.

#### **DIRECTORS MAY BE DIRECTORS OF COMPANIES PROMOTED BY THE COMPANY**

Article 141 provides that

141. A Director may be or become a Director of any Company promoted by the Company or in which it may be interested as a vendor, shareholder or otherwise; and no such Director shall be accountable for any benefits received as director or shareholder of such company except in so far as Section 309 (6) & 314 of the Act may be applicable.

#### **RETIREMENT AND ROTATION OF DIRECTORS**

Article 142 provides that

142. At every Annual General Meeting of the Company, one-third of such of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three, the number nearest to one-third shall retire from office. The nominee Directors, if any, shall not be taken into account in determining the rotation of retirement or the number Directors to retire.

#### **ASCERTAINMENT OF DIRECTORS RETIRING BY ROTATION AND FILING VACANCIES**

Article 143 provides that

143. Subject to Section 284 (5) of the Act the Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who become Directors on the same day, those who are to retire shall, in default of and subject to any agreement among themselves be determined by lot.

#### **ELIGIBILITY FOR RE-ELECTION**

Article 144 provides that

144. A retiring Director shall be eligible for re-election.

#### **COMPANY TO APPOINT SUCCESSORS**

Article 145 provides that

145. Subject to Section 258 & 261 of the Act the Company at the General Meeting at which a Director retires in the manner aforesaid may fill up the vacated office by electing a person thereto.

#### **PROVISIONS IN DEFAULT OF APPOINTMENT**

Article 146 provides that

146. (a) If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place or if that day is a public holiday till the next succeeding day which is not a public holiday, at the same time and place.
- (b) If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy the retiring Director shall be deemed to have been re-appointed at the adjourned meeting unless:-

- (i) at that meeting or at the previous meeting a resolution for the re-appointment of such Director has been put to the meeting and lost;
- (ii) the retiring Director has by a notice in writing addressed to the Company or its Board expressed his unwillingness to be so re-appointed.
- (iii) he is not qualified or is disqualified for appointment;
- (iv) a resolution, whether special or ordinary, is required for the appointment or re-appointment by virtue of any provisions of the Act; or
- (v) the proviso to sub-section (2) of Section 263 of the Act is applicable to the case.

#### **COMPANY MAY INCREASE OR REDUCE THE NUMBER OF DIRECTORS**

Article 147 provides that

147. The Company may, by ordinary resolution, from time to time increase or reduce the number of Directors, and may alter their qualification and the Company may (subject to the provisions of Section 284 of the Act) remove any Director before the expiration of his period of office and appoint another duly qualified person in his place. The person so appointed shall hold office during such time as the Director in whose place he is appointed would have held the same if he had not been so removed.

#### **NOTICE OF CANDIDATURE FOR OFFICE OF DIRECTOR EXCEPT IN CERTAIN CASES**

Article 148 provides that

148. (1) A person, who is not a retiring Director, shall subject to the provisions of the Act, be eligible for appointment for the office of a Director at any General Meeting, if he or some Member intending to propose him has, not less than fourteen days before the Meeting, left at the Office of the Company a notice in writing under his hand signifying his candidature for the office of a Director or the intention of such a Member to propose him a candidate for that office as the case may be alongwith a deposit of Rs.500 which shall be refunded to such person or as the case may be to such member if the person succeeds in getting elected as a Director.
148. (2) Every person other than a Director retiring by rotation or otherwise or a person who has left at the office of the company a notice under section 257 of the Act signifying his candidature for the office of a Director) proposed as a candidate for the office of a Director shall sign, and file with the Company, his consent in writing to act as a Director, if appointed.
148. (3) A person, other than a Director re-appointed after retirement by rotation shall not act as a Director of the Company unless he has within thirty days of his appointment, signed and filed with the Registrar his consent in writing to act as such Director.

#### **REGISTER OF DIRECTORS, ETC. AND NOTIFICATION OF CHANGE TO REGISTRAR**

Article 149 provides that

149. (a) The Company shall keep at its Registered Office a Register containing the particulars of its Directors, Manager, Secretaries and other persons mentioned in Section 303 of the Act and shall send to the Registrar a Return containing the particulars specified in the said Section and shall otherwise comply with the provisions of the said Section in all respects.
149. (b) The Company shall in respect of each of its Directors keep at its Office a Register as required by Section 307 of the Act, and shall otherwise duly comply with the provision of the said Section in all respects.

## **DISCLOSURE BY A DIRECTOR OF APPOINTMENT TO ANY OTHER BODY CORPORATE**

Article 150 provides that

150. (a) Every Director (including a person deemed to be Director by virtue of the Explanation to sub-section (1) of Section 303 of the Act), Managing Director, Manager or Secretary of the Company shall, within twenty days of his appointment to any of the above offices in any other body corporate, disclose to the Company the particulars relating to his office in the other body corporate which are required to be specified under sub-section (1) of Section 303 of the Act.
150. (b) Every Director and every person deemed to be a Director of the Company by virtue of sub-section (1) of Section 307 of the Act, shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of that Section.

## **MANAGING DIRECTOR / WHOLE TIME DIRECTOR**

### **APPOINTMENT OF MANAGING DIRECTOR/WHOLE-TIME DIRECTOR**

Article 151 provides that

151. Subject to the provisions of Section 269 of the Act the Board shall have the power to appoint from time to time any full time employee of the Company as Managing Director/ Whole Time Director of the Company. Subject to the provisions of Article 134 the Board may by resolution vest in such Managing Director / Whole Time Director such of the powers hereby vested in the Board generally as it thinks fit, and such powers may be made exercisable for such period or periods, and upon such conditions and subject to such restrictions as it determines. The remuneration of a Managing Director/ Whole Time Director may be by way of monthly payment, fee for each meeting or participation in profits, or by any or all those modes or any other mode not expressly prohibited by the Act.

### **RESTRICTIONS ON MANAGEMENT**

Article 152 provides that

152. The Managing Director shall not exercise the powers to:
- (a) make calls on shareholders in respect of money unpaid on their shares in the Company.
  - (b) issue debentures, and except to the extent mentioned in the resolution passed at the Board meeting under Section 292 of the Act, the Managing Director shall also not exercise the powers to:
  - (c) borrow moneys,
  - (d) invest the funds of the Company and
  - (e) make loans.

### **CERTAIN PERSONS NOT TO BE APPOINTED MANAGING DIRECTOR**

Article 153 provides that

153. The Company shall not appoint or employ, or continue the appointment or employment of a person as its Managing or whole time Director who
- (a) is an undischarged insolvent, or has at any time been adjudged an insolvent;

- (b) suspends, or has at any time suspended payment to his creditors, or makes, or has at any time made, a composition with them; or
- (c) is, or has at any time been, convicted by a Court of an offence involving moral turpitude.

#### **SPECIAL POSITION OF MANAGING DIRECTOR**

Article 154 provides that

154. A Managing Director shall not while he continues to hold the office be subject to retirement by rotation, If he ceases to hold the office of Director he shall ipso facto and immediately cease to be a Managing Director.

#### **PROCEEDINGS OF THE BOARD**

##### **MEETING OF DIRECTORS**

Article 155 provides that

155. The Directors may meet together as a Board for dispatch of business from time to time, and shall at least once in every three months, and at least four such meetings shall be held every year. The Directors may adjourn and otherwise regulate their meetings as they think fit.

##### **QUORUM**

Article 156 provides that

156. Subject to Section 287 of the Act, the quorum for a meeting of the Board shall be one-third of its total strength (excluding Directors, if any, whose places may be vacant at the time) and any fraction contained in that one-third being rounded off as one or two Directors, whichever is higher.

##### **ADJOURNMENT OF MEETING FOR WANT OF QUORUM**

Article 157 provides that

157. If a meeting of the Board could not be held for want of quorum, then the meeting shall automatically stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place.

##### **WHEN MEETING TO BE CONVENED**

Article 158 provides that

158. The Chairman or any two Directors may at any time and the Secretary upon the request of the Chairman or two Directors shall convene a meeting of the Board by giving notice in writing to every Director at his usual address, provided that such a meeting may be convened by a shorter notice if consented to in writing by all the directors.

##### **CHAIRMAN**

Article 159 provides that

159. The Board of Directors shall have the right to appoint the non-retiring Director, as the Chairman of the Board. If the Chairman so appointed is not present within fifteen minutes of the time appointed for holding such meeting or if he is unable or unwilling to take the Chair, then any other Director shall be elected Chairman and the meeting shall proceed.



## **QUESTIONS AT BOARD MEETINGS HOW DECIDED**

Article 160 provides that

160. Questions arising at any Board meeting shall be decided by a majority of votes, and in case of an equality of votes, the Chairman of the meeting shall have a second or casting vote.

## **POWER OF BOARD MEETINGS**

Article 161 provides that

161. A meeting of the Board for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions, which by or under the Act or the Articles of the Company are for the time being vested in or exercisable by the Board generally.

## **DIRECTORS MAY APPOINT COMMITTEES**

Article 162 provides that

162. Subject to the restrictions contained in section 292 of the Act, the Board may delegate any of their powers to Committees of the Board consisting of not less than two Members of its body as it thinks fit and it may from time to time revoke and discharge any such Committee of the Board either wholly or in part, and either as to persons or purposes, but every Committee of the Board so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee of the Board in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.

## **COMMITTEE HOW TO BE GOVERNED**

Article 163 provides that

163. The meeting and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meeting and proceedings of the Directors so far as the same are applicable thereto, and are not superseded by any regulations made by the Directors under the last preceding Article.

## **RESOLUTION BY CIRCULAR**

Article 164 provides that

164. No resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, unless the resolution has been circulated in draft together with the necessary papers, if any, to all the Directors, or to all the Members of the Committee at their usual address and has been approved by a majority of such of them, as are entitled to vote on the resolution.

## **ACTS OF BOARD OR COMMITTEE VALID NOTWITHSTANDING DEFECT IN APPOINTMENT OF ANY DIRECTOR**

Article 165 provides that

165. All acts done by any meeting of the Board or by a Committee of the Board, or by any person acting as a Director, shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Directors or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them has been terminated by virtue of any

provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director and had not vacated office for his appointment had not been terminated Provided that nothing in this Article shall be deemed to give validity to the acts done by a Director after it is shown that he has vacated his office or his appointment has been shown to the Company to be invalid or to have been terminated.

## **MINUTES OF PROCEEDINGS OF MEETINGS OF THE BOARD**

Article 166 provides that

166. (1) The Company shall cause minutes of all proceedings of every meeting of the Board and of every committee thereof to be kept by making within thirty days of the conclusion of every such meeting entries thereof in books kept for that purpose with their pages consecutively numbered.
- (2) Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the said meeting or the chairman of the next succeeding meeting.
- (3) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
- (4) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
- (5) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of meeting.
- (6) The minutes shall also contain
- (a) the names of the directors present at the meeting, and
  - (b) in the case of each resolution passed at the meeting, the names of the directors, if any, dissenting from, or not concurring in, the resolution.
- (7) Nothing contained in sub-clauses (1) to (6) shall be deemed to require the inclusion in any such minutes of any matter which, in the opinion of the Chairman of the meeting
- (a) is, or could reasonably be regarded as, defamatory of any person;
  - (b) is irrelevant or immaterial to the proceedings; or
  - (c) is detrimental to the interest of the Company. The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this sub-clause.
- (8) Minutes of meetings kept in accordance with the aforesaid provisions shall be evidence of the proceedings recorded thereon.

## **POWER OF DIRECTORS**

Article 167 provides that

167. The Board may exercise all such powers of the Company and do all such acts and things as are not by the Act, or any other Act, or by the Memorandum or by the Articles of the Company required to be exercised by this Company in General Meeting, subject nevertheless to these Articles, to the provisions of the Act, or any other Act and to such regulations being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the Company in General Meeting but no regulation made by the Company in General

Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made. Provided that the Board shall not, except with the consent of the Company in General Meeting—

- (a) sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertaking;
- (b) remit or give time for the repayment of any debt due by a Director,
- (c) invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertaking as is referred to in clause (a), or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;
- (d) borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose. Provided further that the powers specified in Section 292 of the Act shall subject to these Articles be exercised only at meetings of the Board unless the same be delegated to the extent therein stated; or
- (e) contribute to charitable and other funds not directly relating to the business of the Company, or the welfare of its employees, any amount the aggregate of which will, in any financial year, exceed fifty thousand rupees or five per cent of its average net profits as determined in accordance with the provisions of Section 349 and 350 of the Act during the three financial years immediately preceding, whichever is greater.

#### **CERTAIN POWERS OF THE BOARD**

Article 168 provides that

168. Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, it is hereby declared that the Directors shall have the following powers, that is to say power

- (1) To pay the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.
- (2) To pay and charge to the capital account of the Company any commission or interest lawfully payable under the provisions of Section 76 and Section 208 of the Act.
- (3) Subject to the provisions of Section 292 and Section 297 of the Act, to purchase or otherwise acquire for the Company any property, rights or privileges, which the Company is authorised to acquire at or for such price or consideration and generally on such terms and conditions as they may think fit; and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.
- (4) At their discretion and subject to the provisions of the Act to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially, in cash or in shares, bonds, debentures, mortgages, or other securities of the Company, and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.

- (5) To secure the fulfillment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.
- (6) To accept from any Member, may be permissible by law, a surrender of his shares or any part thereof on such terms and conditions as shall be agreed.
- (7) To appoint any person to accept and hold in trust, for the Company any property belonging to the Company or in which it is interested or for any other purposes; and to execute and do all such deeds and things as may be required in relation to any such trust, and to provide for the remuneration of such trustee, or trustees.
- (8) To institute, conduct, defend, compound, or abandon any legal Proceedings by or against the Company or its offices, or otherwise concerning the affairs of the Company, and also to compound and allow time for payment on satisfaction of any debts due, and of any claims or demands by or against the Company, and to refer any differences to arbitration, and observe and perform any awards made thereon.
- (9) To act on behalf of the Company in all matters relating to bankrupts and insolvents.
- (10) To make and give receipts, releases and other discharges for moneys payable to the Company and for the claim and demand of the Company.
- (11) Subject to the provisions of the Act, to invest and deal with any moneys of the Company not immediately required for the purposes thereof, upon such security (not being shares of this company save as regards redeemable preference shares of this Company), or without security and in such manner as they may think fit, and from time to time to vary or realize such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name.
- (12) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit; and any such mortgage may contain a power of sale and such other powers provisions, covenants and agreements as shall be agreed upon.
- (13) To insure and keep insured against loss or damage by fire or otherwise the buildings, plant, machinery, goods, stores, produce, and generally any property of the Company.
- (14) To open accounts with any banks or bankers or with any Company, firm and individual and to pay money into and draw money from any such accounts as the Directors may think fit.
- (15) To determine from time to time who shall be entitled to sign on the Company's behalf, bills, notes, receipts acceptances, endorsements, cheques, dividend warrants, release, contracts and documents and to give the necessary authority for such purpose.
- (16) To distribute by way of bonus amongst the staff of the Company a share or shares in the profits of the Company, and to give to any officer or other person employed by the Company a commission on the profits of any particular business or transaction; and to charge such bonus or commission as part of the working expenses of the Company.
- (17) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and to wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwelling or chawls or by grants of money, pensions, gratuities, allowances, bonus or other payment, or by creating and from time to time subscribing or contributing to provident and other associations, institutions, funds or trusts and by

providing or subscribing or contributing towards places of instructions and recreation, hospital and dispensaries, medical and other attendance and other assistance as the Board shall think fit and to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national, public or political or other institutions or objects which shall have any moral or other claim to support or aid by the Company either by reason of locality of operation or of public and general utility or otherwise.

- (18) Before recommending any dividend to set aside, out of the profits of the Company, such sums as they may think proper for Depreciation Fund, or as a Reserve Fund or Sinking Fund or any special fund to meet contingencies or to redeem preference stock or to repay debentures or debenture stock or for special dividends or for equalizing dividends or for repairing, improving, extending and maintaining any of the property of the Company, and for such other purposes (including the purposes referred to in the preceding sub-clause ) as the Board may, in their absolute discretion, think conducive to the interest of the Company, and subject to the provisions of Section 292 of the Act to invest the several sums so set aside or so much thereof as required to be invested upon such investments (other than shares of the Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expend all or any part thereof for the benefit of the Company, in such manner and for such purposes as the Board in their absolute discretion, think conducive to the interest of the Company notwithstanding that the matters to which the Board apply or upon which they expend the same or any part thereof, may be matters to or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the Reserve Fund into such special funds as the Board may think fit, and to employ the assets constituting all or any of the above funds, including the Depreciation Fund, in the business of the Company or in the purchase or repayment of debentures or debenture stock, and that without being bound to keep the same separate from the other assets and without being bound to pay interest on the same, with power however to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper not exceeding nine per cent per annum. The Directors may also without placing the same to reserve, carry over any profits which they may think fit not prudent to divide.
- (19) To appoint, and at their discretion remove or suspend such managers, secretaries, assistants, supervisors, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties, and to fix their salaries, emoluments or remunerations and to require security in such instances and to such amount as they may think fit. And ce as aforesaid, from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit; and the provisions contained in the three next following sub-clauses shall be without prejudice to the general powers conferred by this sub-clause.
- (20) From time to time and at any time to establish any Local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any persons to be members of such Local Board, and to fix their remuneration.
- (21) Subject to the provisions of Section 292 of the Act, from time to time, and at any time to delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Board other than their power to make calls or to make loans or borrow moneys; and to authorize the members for the time being of any such Local Board or any of them to fill up any vacancies therein and to act notwithstanding vacancies; and any such appointment or delegation may be made on such terms, and subject to such conditions as the Board may think fit, and the Board may at any time remove any person so appointed, and may annual or vary any such delegation.
- (22) At any time and from time to time by power of attorney under the Seal of the Company to appoint any person or persons to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these Articles and excluding the power to make calls and issue debentures and excluding

also except subject to Section 292 of the Act within the limits authorised by the Board the power to borrow, invest or make loans) and for such period and subject to such conditions as the Board may from time to time think fit; and any such appointment may (if the Board thinks fit) be made in favour of the members or any of the members of any Local Board, established as aforesaid or in favour of any company, or the shareholders, directors, nominees or managers of any company or firm or otherwise in favour of any fluctuating body or persons whether nominated directly or indirectly by the Board and any such power of attorney may contain such powers for the protection or convenience of persons dealing with such attorneys as the Board may think fit and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.

- (23) Subject to the provisions of Section 294 and 297 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company to enter into all such negotiations, and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.

## **THE SECRETARY**

### **SECRETARY**

Article 169 provides that

169. The Directors may from time to time appoint, and, at their discretion, remove the Secretary provided that where the Board comprises only two Directors, neither of them shall be the Secretary. The Secretary appointed by the Directors pursuant to this Article shall be a whole time Secretary. The Directors may also at any time appoint some person (who need not be the Secretary) to keep the registers required to be kept by the Company.

## **THE SEAL**

### **THE SEAL, ITS CUSTODY AND USE**

Article 170 provides that

170. (a) The Board shall provide a Common Seal for the purposes of the Company, and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof and the Board shall provide for the safe custody of the seal for the time being and the seal shall never be used except by the authority of the Board or a Committee of the Board previously given and in the presence of at least one Director and some other person, if any, appointed by the Directors for the purpose. Provided that the certificates of shares shall be sealed in the manner provided in Article 20 (a).
- (b) The Company shall also be at liberty to have an official seal in accordance with Section 50 of the Act, for use in any territory, district or place outside India.

## **DEED HOW EXECUTED**

Article 171 provides that

171. Every Deed or other instrument to which the seal of the Company is required to be affixed shall, unless the same is executed by a duly constituted attorney, be signed by at least one Director and some other person, if any, appointed by the Directors for the purpose.

## **DIVIDENDS**

### **DIVISION OF PROFITS**

Article 172 provides that

172. The profits of the Company including any profit or surplus arising from the transfer, sale or realisation of any capital assets of the Company and which profit or surplus has been realised in cash, subject to any special rights relating thereto created or authorised to be created by these Articles and subject to the provisions of these Articles shall be available for distribution among the Members in proportion to the amount of capital paid up or credited as paid up for the period during the year for which the capital is paid up on the shares held by them respectively.

### **THE COMPANY IN GENERAL MEETING MAY DECLARE A DIVIDEND**

Article 173 provides that

173. The Company in General Meeting may declare dividends, to be paid to Members according to their respective rights but no dividends shall exceed the amount recommended by the Board.

### **DIVIDEND AT EXTRAORDINARY GENERAL MEETING**

Article 174 provides that

174. The Board may declare dividend in relation to any year by an Extraordinary General Meeting in addition to what has already been declared in the last Annual General Meeting.

### **DIVIDEND ONLY TO BE PAID OUT OF PROFITS**

Article 175 provides that

175. (1) Except as provided in Sub-Article 3, no dividend shall be declared or paid otherwise than out of profits of the financial year arrived at after providing for depreciation in accordance with the provisions of Section 205 of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both Provided That;
- (a) if the Company has not provided for depreciation for any previous financial year or years, it shall, before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of the financial year or out of the profits of any other previous financial year or years;
  - (b) If the Company has incurred any loss in any previous financial year or years the amount of The loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act or against both.
175. (2) Notwithstanding anything contained in sub-article (1) hereof no dividend shall be declared or paid by the Company for any financial year out of the profits of the Company for that year arrived at after providing for depreciation in accordance with the provisions of sub-article (1) hereof except after the transfer to the reserves of the Company of such percentage of its profits for that year not exceeding 10% as may be prescribed PROVIDED THAT nothing in this sub-article shall be deemed to prohibit the voluntary transfer by the Company of a higher percentage of its profits to the reserves in accordance with such rules as may be made by the Central Government in this behalf.

175. (3) Where owing to inadequacy or absence of profits in any year, the Company proposes to declare dividend out of the accumulated profits earned by the Company in previous years and transferred by it to the reserves, such declaration of dividend shall not be made except in accordance with such rules as may be made by the Central Government in this behalf, and where any such declaration is not in accordance with such rules, such declaration shall not be made except with the previous approval of the Central Government.

#### **INTERIM DIVIDEND**

Article 176 provides that

176. The Board may from time to time pay to the Members such interim dividends as in their judgment the position of the Company justifies.

#### **CAPITAL PAIDUP IN ADVANCE AT INTEREST NOT TO EARN**

Article 177 provides that

177. Where capital is paid in advance of call upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to participate in profits.

#### **DIVIDEND IN PROPORTION TO AMOUNT PAID UP**

Article 178 provides that

178. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any shares are issued on terms providing that it shall rank for dividend as from a particular date, such shares shall rank for accordingly.

#### **RETENTION OF DIVIDEND UNTIL COMPLETION OF TRANSFER UNDER ARTICLE 59**

Article 179 provides that

179. The Board may retain the dividend payable upon shares in respect of which any person is, under Article 60 entitled to become a Member or which any person under that Article is entitled to transfer, until such person shall become a Member, in respect of such shares or shall duly transfer the same.

#### **NO MEMBER TO RECEIVE DIVIDEND WHILST INDEBTED TO THE COMPANY AND COMPANY'S RIGHT TO REIMBURSEMENT THEREOUT**

Article 180 provides that

180. No Member shall be entitled to receive payment of any interest or dividend in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares or otherwise howsoever, either alone or jointly with any other person or persons and the Board may deduct from the interest or dividend payable to any member all sums of money so due from him to the Company.

#### **TRANSFER OF SHARES MUST BE REGISTERED**

Article 181 provides that

181. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.



## **DIVIDENDS HOW REMITTED**

Article 182 provides that

182. (i) Unless otherwise directed any dividend may be paid by cheque or warrant or by a pay-slip or receipt having the force of a cheque or warrant sent through the post to the registered address of the Member or person entitled or in case of joint-holders to that one of them first named in the register in respect of the joint holder. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant or pay-slip or receipt lost in transmission or for any dividend lost to the Member or person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature of any pay-slip or receipt or the fraudulent recovery of the dividend by any other means. If two or more persons are registered as joint-holders of any share or shares any one of them can give effectual receipts for any dividends or other moneys payable in respect thereof.

## **PAYMENT OF DIVIDEND, INTEREST OR OTHER MONIES THROUGH ELECTRONIC TRANSFER**

Notwithstanding anything contained in Article 153(i), the company may pay dividend, interest or other monies payable to the members by electronic transfer of funds to the bank account of the members entitled to the dividend, interest or other monies or according to the order of such member.

## **UNPAID DIVIDEND TO BE TRANSFERRED TO SPECIAL DIVIDEND ACCOUNT**

Article 183 provides that

183. (a) If the Company has declared a dividend but which has not been paid or a dividend warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend. The Company shall within 7 days from the date of the expiry of the said period of 30 days open a special account in that behalf in any scheduled bank called "the unpaid dividend account of the Company .
- (b) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of three years from the date of such transfer shall be transferred by the Company to general revenue account of the Central Government. A claim to any money so transferred to the general revenue account may be preferred to the Central Government by the shareholders to whom the money is due.

## **DIVIDEND AND CALL TOGETHER**

Article 184 provides that

184. Any General Meeting declaring a dividend may on recommendation of the Directors make a call on the Members of such amount as the meeting fixes, but so that the call on each Member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend, and the dividend may, if so arranged between the Company and the Members be set off against the calls.

## **DIVIDEND NOT TO BEAR INTEREST**

Article 185 provides that

185. No dividend or other moneys payable on or in respect of a share shall bear interest against the Company. subject to the provisions of the Act.

## **CAPITALIZATION**

Article 186 provides that

186. (a) The Company in general meeting may on recommendation of the Board resolve that any moneys, investment or other assets forming part of the undivided profits of the company standing to the credit of the reserve fund, or any capital redemption reserve fund, or in the hands of the company and available for dividend (or representing premium received on the issue of shares and standing to the credit of the share premium account) or where permitted by law, from the appreciation in value of any capital assets of the company and standing to any reserve fund be capitalized, and distributed amongst such of the shareholders as would be entitled thereto as capital and that all or any part of such capitalized fund be applied on behalf of such shareholders in paying up in full either at par or at such premium as the resolution may provide, any unissued share of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalized sum. Provided that a share premium account and a capital redemption reserve fund may, for the purpose of this Article, only be applied on the paying up of unissued shares to be issued to Members of the Company as fully paid bonus shares.
- (b) A General Meeting may resolve that any surplus moneys arising from the realization of any capital assets of the Company, or any investments representing the same, or any other undistributed profits of the Company not subject to charge for income tax be distributed among the Members on the footing that they receive the same as capital.
- (c) For the purpose of giving effect to any resolution under the preceding paragraph of this Article the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient, and in particular may issue fractional certificates, and may fix the value for distribution of any shares, and may determine that such cash payments shall be made to any Member upon the footing of the value so fixed or that fraction of less value than Rs. 10 may be disregarded in order to adjust the rights of all parties, and may vest any such cash or specific assets in trustees upon trusts for the persons entitled to the dividend or capitalized fund as may seem expedient to the Board. Where requisite, a proper contract shall be delivered to the Registrar for registration in accordance with Section 75 of the Companies Act, 1956, and the Board may appoint any person to sign such contract on behalf of the person entitled to the dividend or capitalized fund, and such appointment shall be effective.

## **ACCOUNTS**

### **DIRECTORS TO KEEP TRUE ACCOUNTS**

Article 187 provides that

187. The Company shall keep at the office or at such other place in India as the Board thinks fit proper books of account in accordance with Section 209 of the Act with respect to
- (a) all sums of money received and expended by the Company and the matters in respect of which the receipts and expenditures take place;
- (b) all sales and purchases of goods by the Company;
- (c) the assets and liabilities of the Company.

Where the Board decides to keep all or any of the books of account at any place other than the office of the Company, the Company shall within seven days of the decision file with the Registrar a notice in writing giving the full address of that other place.

The Company shall preserve in good order the books of account relating to a period of not less than eight years preceding the current year.

When the Company has branch office, whether in or outside India, the Company shall be deemed to have complied with this Article if proper Books of Account relating to the transactions effected at the branch office are kept at the branch office and proper summarised returns, made up to dates at intervals of not more than three months, are sent by the branch office of the Company at its Registered Office or other place in India, at which the Company's Books of Account are kept as aforesaid.

The Books of Account shall give a true and fair view of the state of affairs of the Company or branch office, as the case may be, and explain its transactions and shall be open to inspection by any Director during business hours.

#### **AS TO INSPECTION OF ACCOUNTS OR BOOKS BY MEMBERS**

Article 188 provides that

188. The Board 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 be open to the inspection of Members not being Directors, and 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 authorized by the Board or by the Company in General Meeting.

#### **STATEMENT OF ACCOUNTS TO BE FURNISHED TO GENERAL MEETING**

Article 189 provides that

189. The Directors shall from time to time, in accordance with Sections 210, 211, 212, 215, 216 and 217 of the Act, cause to be prepared and to be laid before the Company in General Meeting such Balance Sheet, Profit and Loss Account and Reports as are referred to in these sections.

#### **COPIES SHALL BE SENT TO EACH MEMBER**

Article 190 provides that

190. A copy of every such Profit and Loss Account and Balance Sheet including the Auditors Report and every other document required by law to be annexed or attached to the Balance Sheet) shall at least twenty-one days before the meeting at which the same are to be laid before the Members, be sent to the Members of the Company, to holders of debentures issued by the Company (not being debentures which ex facto are payable to the bearer thereof), to trustees for the holders of such debentures and to all persons entitled to receive notices of General Meetings of the Company.

#### **AUDIT**

##### **ACCOUNTS TO BE AUDITED**

Article 191 provides that

191. Auditors shall be appointed and their rights and duties regulated in accordance with Sections 224 to 233 of the Act.

## **APPROVAL OF ACCOUNTS**

Article 192 provides that

192. Every account of the Company when audited shall be approved by a General Meeting and shall be conclusive except as regards any error discovered therein within three months next after the approval thereof. Whenever any such error is discovered within that period the account shall forthwith be corrected, and henceforth shall be conclusive.

## **ACCOUNTS WHEN AUDITED AND APPROVED SHALL BE CONCLUSIVE EXCEPT AS TO ERRORS DISCOVERED WITHIN THREE MONTHS**

Article 193 provides that

193. Every Account of the Company when audited and approved by a General Meeting shall be conclusive except as regards any error discovered therein within three months next after the approval thereof whenever any such error is discovered within that period the Account shall forthwith be corrected, and thenceforth shall be conclusive.

## **DOCUMENTS AND NOTICES**

### **SERVICE OF DOCUMENTS OR NOTICES ON MEMBERS BY COMPANY**

Article 194 provides that

194. (1) A document or notice may be served or given by the Company on or to any Members or an officer thereof either personally or by sending it by post to him to the address supplied by him to the Company for serving documents or notice on him.
194. (2) Where a document or notice is sent by post, service of the document or notice shall be deemed to be effected by properly addressing, pre-paying and posting a letter containing the document or notice, such posting to be by air mail to any address outside India, provided that where a Member or a Director has intimated to the Company in advance that documents or notices should be sent to him under certificate of posting or by registered post with or without acknowledgement due and has deposited with the Company a sum sufficient to defray the expenses of doing such service of the document or notice shall not be deemed to be effected unless it is sent in the manner intimated by the Member and, such service shall be deemed to have been effected in the case of a notice of a meeting at the expiration of 48 hours after the letter containing the document or notice is posted, and in any other case, at the time at which the letter would be delivered in the ordinary course of post or transit.

### **BY ADVERTISEMENT**

Article 195 provides that

195. A document or notice advertised in a newspaper circulating in the neighborhood of the Registered Office of the Company shall be deemed to be duly served or sent on the day on which the advertisement appears on or to every Member who has no registered address in India and has not supplied to the Company an address outside India for the serving of documents on or the sending of notice to him.

### **ON JOINT HOLDERS**

Article 196 provides that

196. A document or notice may be served or given by the Company on or to the joint holders of a share by serving or giving the document or notice on or to the joint-holder named first in the Register of Members in respect of the share.

## **ON PERSONAL REPRESENTATIVES ETC.**

Article 197 provides that

197. A document or notice may be served or given by the Company on or to the persons entitled to a share in consequence of the death or insolvency of a Member by sending it through the post in a prepaid letter addressed to them by name or by the titles of representatives of the deceased, or assignee of the insolvent or by any like description at the address (if any) in India supplied for that purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by serving the document or notice in any manner in which the same might have been given if the death or insolvency has not occurred.

## **TO WHOM DOCUMENTS OR NOTICES MUST BE SERVED OR GIVEN**

Article 198 provides that

198. Document or notice of every General Meeting shall be served or given in the same manner hereinbefore authorized on or to (a) every member, (b) every person entitled to a share in consequence of the death or insolvency of a Member and (c) the Auditor or Auditors for the time being of the Company.

## **MEMBERS BOUND BY DOCUMENTS OR NOTICE SERVED ON OR GIVEN TO PREVIOUS HOLDERS**

Article 199 provides that

199. Every person who by operation of law, transfer or by other means whatsoever shall become entitled to any share, shall be bound by every document or notice in respect of such share, which previously to his name and address being entered on the Register of Members shall have been duly served on or given to the persons from whom he derives his title to such share.

## **DOCUMENT OR NOTICE BY COMPANY AND SIGNATURE THERETO**

Article 200 provides that

200. Any document or notice to be served or given by the Company may be signed by a Director or some person, duly authorized by the Board for such purpose and the signature may be written, printed or lithographed.

## **SERVICE OF DOCUMENT OR NOTICE BY MEMBER**

Article 201 provides that

201. (a) All documents or notices to be served or given by Members on or to the Company or any officer thereof shall be served or given by sending it to the Company or officer at the Registered Office of the Company by post under a certificate of posting or by registered post, or by leaving it at its Registered Office.
- (b) Notwithstanding anything to the contrary contained in the Act or these Articles, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the company by means of electronic mode or by delivery of floppies or discs.

## **WINDING UP**

### **LIQUIDATOR MAY DIVIDE ASSETS IN SPECIE**

Article 202 provides that

202. The Liquidator on any winding-up (whether voluntary, under supervision, or compulsory) may, with the sanction of a Special Resolution but subject to the rights attached to any preference share capital, divide among the contributories in specie any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefits of the contributories, as the Liquidator with the like sanction shall think fit.

## **INDEMNITY AND RESPONSIBILITY**

### **DIRECTORS' AND OTHERS' RIGHT TO INDEMNITY**

Article 203 provides that

203. Every officer or agent for the time being of the Company be indemnified out of the assets of the Company against any liability incurred by him in defending any proceeding whether civil or criminal, in which judgements is given in his favour or in which he is acquitted or in which relief is granted to him by the Court under Section 633 of the Act.

## **SECURITY CLAUSE**

Articles 204 and 205 provide that

204. No Member shall be entitled to visit or inspect any works of the Company without the permission of the Directors or to acquire discovery of or any information respecting any detail of the Company's trading, or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process, or any other matter which may relate to the conduct of the business of the company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose.
205. Every Director, manager, auditor, trustee, member of a committee, officer, servant, agent, accountant or other person employed in the business of the Company shall, if so required by the Directors, before entering upon his duties sign a declaration pledging himself to observe strict secrecy respecting all transactions with individuals and in matters relating thereto, and accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these Articles contained.

## SECTION IX – OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following Contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of the Red Herring Prospectus) which are or may be deemed material have been entered into or to be entered into by our Company. These contracts, copies of which have been attached to the copy of the Red Herring Prospectus, delivered to the Registrar of Companies, Maharashtra, Mumbai for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office of our Company from 10.00 am to 4.00 pm on working days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

#### A. Material Contracts to the Issue

1. Engagement letter dated April 5, 2010 from our Company appointing Onelife Capital Advisors Limited as the BRLM.
2. Memorandum of Understanding dated September 21, 2010 between our Company and the BRLM.
3. Memorandum of Understanding dated July 8, 2010 between our Company and Sharepro Services (India) Limited as the Registrar to the Issue.
4. Escrow Agreement dated April 6, 2011 between our Company, Onelife Capital Advisors Limited, the Escrow Collection Banks and Sharepro Services (India) Limited.
5. Syndicate Agreement dated March 21, 2011 between our Company, Onelife Capital Advisors Limited and the Syndicate Members.
6. Underwriting Agreement dated March 21, 2011 between our Company, Onelife Capital Advisors Limited and the Syndicate Members.
7. Copy of Tripartite agreement dated December 10, 2010 entered in to between our Company, CDSL and the Registrar to the Issue.
8. Copy of Tripartite agreement dated December 3, 2010 entered in to between our Company, NSDL and the Registrar to the Issue.

#### B. Material Documents

1. Certified copies of the updated Memorandum of Association and Articles of Association of our Company, as amended from time to time.
2. Certificate of Incorporation of our Company dated March 24, 2006.
3. Fresh Certificate of Incorporation Consequent upon Change of Name dated June 2, 2010.
4. Fresh Certificate of Incorporation Consequent upon Change of Name dated July 21, 2010.
5. Copies of the Board and shareholders resolutions authorizing the Issue.
6. Copies of annual reports of our Company for the financial years ending on March 31, 2010, 2009, 2008, 2007 and 2006. Annual reports of our Company for the nine months period ending December 31, 2010.

7. Consents of auditors, Bankers to our Company, BRLM, Syndicate Members, Registrar to the Issue, Legal Advisor to the Issue, Directors of our Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
8. BRLM letter dated April 1, 2011 to SEBI from Onelife Capital Advisors Limited.
9. The Report of M/s. M. V. Damania & Co., Chartered Accountants, the statutory auditors of our Company, dated March 25, 2011 on restated financial statement of our Company prepared as per Indian GAAP and stated in the Red Herring Prospectus together with copies of the balance sheet and profit and loss account of our Company referred to therein.
10. Copy of letter dated March 25, 2011 issued by M/s. M.V. Damania & Co., Chartered Accountants and Statutory Auditors of our Company regarding the possible income tax benefits accruing to our Company and its shareholders.
11. IPO Grading report by ICRA Limited along with their rationale dated February 22, 2011.
12. Consent of ICRA Limited dated March 17, 2011, a SEBI registered IPO grading agency, for the inclusion of its grading of in the Issue in the Red Herring Prospectus.
13. Copy of certificate dated March 25, 2011 issue by M/s. M.V. Damania & Co., Chartered Accountants and Statutory Auditors of our Company regarding sources and deployment of funds.
14. Copy of certificate dated September 24, 2010 issue by M/s. M.V. Damania & Co., Chartered Accountants and Statutory Auditors of our Company regarding basis of working capital.
15. Copies of the agreements dated September 13, 2010 entered into between our Company and our executive Directors regarding their terms and conditions of appointment as directors.
16. Undertakings by our Company.
17. In-principle approval dated January 12, 2011 and January 21, 2011 from BSE and NSE respectively for listing of the securities.

Any of the contracts or documents mentioned in the Red Herring Prospectus may be amended or modified at anytime if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.



## DECLARATION

We, the Directors of Paramount Printpackaging Limited, hereby declare and certify that all relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the regulations issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in the Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules or regulations made thereunder or guidelines issued, as the case may be. We further certify that all the statements in the Red Herring Prospectus are true and correct.

Signed by all the Directors of our Company

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**Mr. Divyesh Ashwin Sukhadia**  
*Managing Director*  
DIN: 02430178

---

**Mr. Dharmesh Ashwin Sukhadia**  
*Whole-time Director*  
DIN: 02452153

---

**Mr. Anuj Vipin Sukhadia**  
*Whole-time Director*  
DIN: 00033209

---

**Mr. Vikram Devjibhai Patel**  
*Independent Director*  
DIN: 00424996

---

**Mr. Rohit Parmananddas Doshi**  
*Independent Director*  
DIN: 03066647

---

**Mr. Hemang Jagdish Engineer**  
*Independent Director*  
DIN: 02317989

---

**Mr. Indranil Sen**  
*Chief Financial Officer*

Date: April 11, 2011  
Place: Mumbai

**ANNEXURE - A – REPORT OF THE IPO GRADING AGENCY**



CONFIDENTIAL

Ref: 2010-11/MUM/1234  
February 22, 2011

Mr. Indranil Sen,  
CFO  
Paramount Printpackaging Limited  
A/309, TTC Industrial Estate,  
Mahape Road,  
Navi Mumbai,  
Maharashtra 400701

Dear Sir,

Re: ICRA Grading of Initial Public Offer of 1.50 Crore Equity Shares of Rs. 10 each to be issued by Paramount Printpackaging Limited to the Public ("IPO")

Please refer to your mandate letter dated November 3, 2010 for grading of IPO of Paramount Printpackaging Limited. The Rating Committee of ICRA, after due consideration, has assigned a grading of "IPO Grade 2" (pronounced as IPO Grade Two) to the captioned IPO programme. This grading indicates below average fundamentals.

In any of your publicity material or other document wherever you are using the above grading, it should be stated as IPO Grade 2. We would appreciate if you can sign on the duplicate copy of this letter and send it to us as a token of your confirmation about the use of this letter. The rationale for assigning the above grading will be sent to you in due course.

This grading is specific to the terms and conditions of the proposed IPO issue as was indicated to us by you and any change in the terms or size of the IPO would require the grading to be reviewed by us. If there is any change in the terms and conditions or size of the rated IPO, as above, the same must be brought to our notice before the issue of the IPO. If there is any such change after the grading is assigned by us, it would be subject to our review and may result in change in the grading assigned.

ICRA reserves the right to suspend, withdraw or revise the above grading at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the aforesaid grading assigned to you.

The grading, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the Equity Shares to be issued by you. If the issue graded, as above, is not placed by you within a period of 6 months from date of this letter communicating the grading, the same would stand withdrawn unless revalidated before the expiry of 6 months.

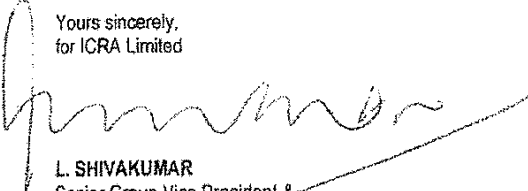
You are required to keep us forthwith informed of any developments (including any default or delay in repayment of interest or principal amount of any debt instruments/ borrowing or proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts) which may have a direct or indirect impact on the grading assigned to the aforesaid IPO programme.

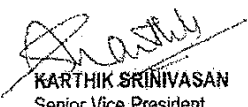
In determining the grading, ICRA has relied on the information available/made available to it by your company and ICRA does not guarantee the completeness or accuracy of such information on which the grading is based

We thank you for your kind cooperation extended during the course of the grading exercise. Should you require any clarification, please do not hesitate to get in touch with us.

With kind regards,

Yours sincerely,  
for ICRA Limited

  
L. SHIVAKUMAR  
Senior Group Vice President &  
Head - Western Region

  
KARTHIK SRINIVASAN  
Senior Vice President



## Paramount Printpackaging Limited

ICRA has assigned an IPO Grade 2, indicating below average fundamentals, to the proposed initial public offering (IPO) of Paramount Printpackaging Limited (PPL). ICRA assigns IPO gradings on a scale of IPO Grade 5 to IPO Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals.

The assigned grading takes into account the long track record of the promoters in the packaging industry; improvement in customer base with addition of established FMCG and pharma companies in recent years and positive demand outlook for the company's product portfolio on account of favourable demand scenario for the pharmaceutical industry and FMCG sector. The proceeds of the IPO would be utilized for setting up a new plant at Bhilad in Gujarat for manufacturing high value added products, namely high end duplex board cartons, shippers and printed corrugated box. The demand potential for the same is expected to be favourable on account of impetus in the end-user industries, mainly pharmaceuticals, FMCG, auto-ancillaries, tobacco, and food and beverages.

The grading is however constrained by PPL's modest size and scale of operations; weak net profitability levels due to heavy interest burden and depreciation costs; high working capital intensity in the business and the expected decline in return indicators in the near term given the large expansion and the resultant equity dilution. Also, while the demand potential is favourable, the company would face high project implementation risks in setting up the new project, especially given the large size of the expansion in relation to existing operations of the company as well as the limited progress achieved on the same and the dependence on IPO proceeds for financial closure. ICRA notes that going forward, successful commissioning of the project would augment the revenue size and profitability indicators; however, the same would remain dependent on successful implementation of its new project as well as market acceptance of the products.

### Company Profile

Paramount Printpackaging Limited (PPL) is in the business of manufacturing folding box cartons and has its plant located at New Mumbai. PPL was promoted by members of the Sukhadia family. The promoters were operating through a stationery shop complemented by four manually operated letterpress treadle machines since 1941 through its facility at Fort, Mumbai. The promoters then shifted from stationery printing to packaging in 1982. Subsequently, a new firm in the name of M/s. Paramount Printing Press was formed on November 13, 1985 which was renamed as Paramount Printing Press Private Limited in March, 2006. Subsequently, the company was renamed as Paramount Printpackaging Private Limited in June 2010 and later converted to public limited company in July 2010 with its new name as Paramount Printpackaging Limited. PPL currently has the capacity to convert approximately 400 tons of paper board every month. In terms of finished products, the company has the capacity to produce 20 lakh cartons a day, i.e. 60 crore cartons annually.

### Recent Results

For FY 10, the company reported an operating income of Rs.46.53 crore and Profit after Tax (PAT) of Rs. 1.70 crore. For H1-FY 11, the company has reported an operating income of Rs. 25.78 crore and PAT of Rs. 0.87 crore.

February 2011



**Disclaimer:** Notwithstanding anything to the contrary: An ICRA IPO grade is a statement of current opinion of ICRA and is not a statement of appropriateness of the graded security for any of the investors. Such grade is assigned with due care and caution on the basis of analysis of information and clarifications obtained from the issuer concerned and also other sources considered reliable by ICRA. However, ICRA makes no representation or warranty, express or implied as to the accuracy, authenticity, timeliness, or completeness of such information. An ICRA IPO grade is not (a) a comment on the present or future price of the security concerned (b) a certificate of statutory compliance and/or (c) a credit rating. Further, the ICRA IPO grade is not a recommendation of any kind including but not limited to recommendation to buy, sell, or deal in the securities of such issuer nor can it be considered as an authentication of any of the financial statements of the company, and ICRA shall not be liable for any losses incurred by users from any use of the grade in any manner. It is advisable that the professional assistance be taken by any prospective investor in the securities of the company including in the fields of investment banking, tax or law while making such investment. All services and information provided by ICRA are provided on an "as is" basis, without representations and warranties of any nature.

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