

DRAFT RED HERRING PROSPECTUS

Please read Section 60B of the Companies Act, 1956

Dated [.]

(The Draft Red Herring Prospectus will be updated upon RoC filing)

100% Book Build Issue

**RUCHIRA PAPERS LIMITED**

(Our Company was incorporated as a Public Limited Company on December 8, 1980 and obtained the certificate of commencement of business on July 23, 1981)

Registered Office : Trilokpur Road, Kala-Amb, District Sirmour – 173030, Himachal Pradesh

Tel.: 91-1702-238654, 238537, 238350, • Fax : 91-1734-261141

Administrative Office: 21-22, New Professors Colony, Yamuna Nagar – 135001, Haryana

Tel. : 91-1732-233799, 233140, • Fax : 91-1732-230403

Contact Person/ Compliance Officer : Mr. Vipin Gupta, DGM Finance

E-mail : ipo@ruchirapapers.com, Website: www.ruchirapapers.com

PUBLIC ISSUE OF [.] EQUITY SHARES OF Rs. 10/- EACH ISSUED FOR CASH AT A PRICE OF RS. [.] AGGREGATING TO Rs. 2850 LACS (HEREINAFTER REFERRED TO AS "ISSUE"). THE ISSUE COMPRISES OF PROMOTERS CONTRIBUTION OF [.] EQUITY SHARES OF RS. 10/- EACH AT A PRICE OF RS. [.] EACH AGGREGATING TO Rs. 500 LACS (HEREINAFTER REFERRED TO AS THE "PROMOTERS CONTRIBUTION") AND THE NET OFFER TO THE PUBLIC OF [.] EQUITY SHARES AGGREGATING TO RS. 2350 LACS (HEREINAFTER REFERRED TO AS "NET ISSUE TO PUBLIC"). THE NET ISSUE TO PUBLIC WOULD CONSTITUTE [.] % OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF OUR COMPANY.

PRICE BAND: Rs. [.] TO Rs. [.] PER EQUITY SHARE OF FACE VALUE OF Rs. 10/- EACH

THE FLOOR PRICE IS [.] TIMES OF THE FACE VALUE AND THE CAP PRICE IS [.] TIMES OF THE FACE VALUE

In case of revision in the Price Band, the Bidding Period will be extended for three additional working days after revision of the Price Band, subject to the Bidding/ 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 Bombay Stock Exchange Limited and National Stock Exchange of India Limited, by issuing a press release, and also by indicating the change on the websites of the Book Running Lead Managers and at the terminals of the Syndicate Members.

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

RISK IN RELATION TO THE FIRST ISSUE

This being the first Issue of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Shares is Rs. 10/- and the Issue price is [.] times of the face value. The Issue price (as determined by our Company in consultation with the Book Running Lead Managers (BRLMs), on the basis of assessment of market demand of the Equity Shares offered by way of book building) should not be taken to be indicative of the market price of the Equity Shares after the Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Shares of our Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risks involved. The Equity Shares offered in this Issue have not been recommended or approved by Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of the investors is invited to the section titled "Risk Factors" on Page No.10 of this Draft Red Herring Prospectus. We have not opted for IPO Grading.

ISSUER'S ABSOLUTE RESPONSIBILITY

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

BOOK RUNNING LEAD MANAGERS**REGISTRAR TO THE ISSUE****A. K. CAPITAL SERVICES LIMITED**

Flat No.N, Sagar Apartments,
6,Tilak Marg,
New Delhi- 110 001.

Tel: 91-11-23385704, 23388235

Fax: 91-11-23385189

Email: rplipo@akgrouponline.com

Website: www.akcapindia.com

PUNJAB NATIONAL BANK

Merchant Banking Division,
7, Bhikaiji Kama Place,
New Delhi- 110 070.

Tel : 91-11-26161196

Fax: 91-11-26196483

Email: mbd@pnbi.co.in

Website: www.pnbindia.com

INTIME SPECTRUM REGISTRY LIMITED

C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai - 400078.

Tel. : 91-22-25960320-28

Fax: 91-22-25960329

Email: rplipo@intimespectrum.com

Website: www.intimespectrum.com

BID/ ISSUE PROGRAMME

BID/ ISSUE OPENS ON _____, 2006

BID/ ISSUE CLOSES ON _____, 2006

LISTING

The Equity Shares of our Company are proposed to be listed on Bombay Stock Exchange Limited (BSE) (The Designated Stock Exchange) and the National Stock Exchange of India Limited (NSE). The in-principle approvals have been received from BSE and NSE for listing of the Equity Shares vide their letters dated [.] and [.] respectively.

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DEFINITIONS AND ABBREVIATIONS

DEFINITIONS

Term	Description
“Ruchira Papers Limited” or “the Issuer” or “our Company” or “the Company” or “Ruchira” or “RPL” or “we” or “us” or “our” or “Company”	Unless the context otherwise requires, refers to, Ruchira Papers Limited, a Public Limited Company incorporated under the Companies Act.
“Our Group” or “Our Group Companies” or “Group Companies”	Unless the context otherwise requires, refers to those companies mentioned in section “Our Promoters and Group Companies” on page 129 of this Draft Red Herring Prospectus.

CONVENTIONAL/ GENERAL TERMS

Term	Description
Air Act	The Air (Prevention and Control of Pollution) Act, 1981, as amended from time to time.
Companies Act/ the Act	The Companies Act, 1956, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
DIP Guidelines	SEBI (Disclosure & Investor Protection) Guidelines, 2000, as amended from time to time.
Environment Act/ EPA	The Environment (Protection) Act, 1986, as amended from time to time.
FCNR Account	Foreign Currency Non-Resident Account.
Factories Act	The Factories Act, 1948, as amended from time to time.
I.T. Act	The Income Tax Act, 1961, as amended from time to time.
Indian GAPP	Generally accepted accounting principles in India.
Industrial Policy	The Industrial policy and guidelines issued there under by the Ministry of Industry, Government of India, from time to time.
NRE Account	Non-Resident External Account.
NRO Account	Non-Resident Ordinary Account.
P/E Ratio	Price/ Earnings Ratio.
Public Insurance Act	The Public Liability Insurance Act, 1991, as amended from time to time.
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000, as amended from time to time, including instructions and clarifications issued by SEBI from time to time.
SEBI MAPIN Regulations	SEBI (Central Database of Market Participants) Regulations, 2003, as amended from time to time.
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended from time to time.
U.S. GAAP	Generally accepted accounting principles in the United States of America.
Water Act	The Water (Prevention and Control of Pollution) Act, 1974, as amended from time to time.

COMPANY/ ISSUE RELATED TERMS

Term	Description
Allotment	Unless the context otherwise requires, the allotment of Equity Shares pursuant to the Issue.
Allottee	The successful Bidder to whom the Equity Shares are being/ have been allotted.
Articles/Articles of Association/ AOA	Articles of Association of Ruchira Papers Limited.
Auditors	The statutory auditors of our Company, viz. I. Chander Goel & Co., Chartered Accountants.
Bankers to the Issue	[.]
Bid	An indication to make an offer during the Bidding/ Issue Period by a prospective investor to subscribe to our Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder pursuant to the Bid in the Issue.
Bid/ Issue Closing Date	The date after which the Syndicate Members will not accept any Bids for the Issue, which shall be notified in a widely circulated English national newspaper and Hindi national newspaper and in a regional newspaper.
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to subscribe/ purchase the Equity Shares and which will be considered as the application for allotment in terms of the Draft Red Herring Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Draft 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 the Bidders can submit their Bids.
Bid/ Issue Opening Date	The date on which the Syndicate Members shall start accepting Bids for the Issue, which shall be the date notified in a widely circulated English national newspaper and Hindi national newspaper and in a regional newspaper.
Board of Directors/Board	The Board of Directors of Ruchira Papers Limited or a committee thereof.
Book Building Process	The book-building route as provided in Chapter XI of the SEBI Guidelines, in terms of which the issue is being made.
Book Running Lead Managers/ BRLMs	Book Running Lead Managers to the Issue, in this case being A.K. Capital Services Limited and Punjab National Bank.
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares 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 finalized and above which no Bids will be accepted.
Cut-off Price	Any price within the Price Band finalized by us in consultation with the BRLMs. A Bid submitted at the Cut-off Price by Retail Individual Bidder is a valid Bid at all price levels within the Price Band.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.
Designated Date	The date on which the Escrow Collection Banks transfer the funds from the Escrow Accounts to the Issue Account after the Prospectus is filed with the RoC, following which the Board allots Equity Shares to successful Bidders.
Designated Stock Exchange	Bombay Stock Exchange Limited.
Director(s)	Director(s) of Ruchira Papers Limited from time to time, unless otherwise specified.

Draft Red Herring Prospectus	The Draft Red Herring Prospectus dated July 4, 2006 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 number of Equity Shares. Upon filing with the RoC at least three days before the Bid/ Issue Opening Date, it will be termed as the Red Herring Prospectus. It will become prospectus upon filing with the RoC after determination of the Issue Price.
Eligible NRIs	NRIs from such jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Draft Red Herring Prospectus constitutes an offer to sell and an invitation to subscribe to Equity Shares offered hereby.
Equity Shares	Equity Shares of Company of face value of Rs. 10/- each unless otherwise specified in the context thereof.
Escrow Accounts	Accounts opened with an Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid amount when submitting a Bid.
Escrow Agreement	Agreement entered into among our Company, the Registrar, the Escrow Collection Bank(s), the BRLMs, and the Syndicate Members for collection of the Bid amounts and for remitting refunds, if any, of the amounts collected, to the Bidders on the terms and conditions thereof.
Escrow Collection Bank(s)	The banks, which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account will be opened.
Face Value	Value of paid up equity share capital per Equity Share, in this case being Rs. 10/- each.
Fiscal/ Financial Year	Twelve months ending March 31st of a particular year.
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form.
Floor Price	The lower end of the price band, below which the Issue Price will not be finalized and below which no Bids will be accepted.
Issue/ Public Issue	Public Issue of [.] Equity Shares at the Issue Price.
Issue Account	Account opened with the banker(s) to the Issue to receive monies from the Escrow Account for the Issue on the designated date.
Issue Price	The final price at which the Equity Shares will be allotted in the Issue, as determined by our Company in consultation with the BRLMs, on the pricing date.
Margin Amount	The amount paid by the Bidder at the time of submission of his/ her Bid, which may be 10% to 100% of the Bid amount.
Memorandum/MOA/Memorandum of Association	The Memorandum of Association of Ruchira Papers Limited.
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996.
Net Issue to Public	The issue of Equity Shares other than Equity Shares included in the Promoters Contribution.
Non-Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for an amount more than Rs. 1,00,000/-.
Non-Institutional Portion	The portion of the Net Issue to Public being at least [.] Equity Shares available for allocation to Non-Institutional Bidders on a proportionate basis.
Non Resident	Non Resident is a person resident outside India, as defined under FEMA.
Non Resident Indian/ NRI	A person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian origin, each such term as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended.
Overseas Corporate Body/ OCB	A Company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trusts in which not less than 60% of beneficial interest is irrevocably held

	by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. OCBs are not allowed to invest in this Issue.
Pay-in Date	The Bid/ Issue Closing Date or the last date specified in the CAN sent to the Bidders, as applicable.
Pay-in Period	(i) With respect to the Bidders whose margin amount is 100% of the Bid amount, the period commencing on the Bid/ Issue Opening Date and extending until the Bid/ Issue Closing Date, and (ii) With respect to Bidders whose margin amount is less than 100% of the Bid amount, the period commencing on the Bid opening date and extending until the closure of the Pay-in Date.
Price Band	The price band with a minimum price (Floor Price) of Rs. [.] per equity share and the maximum price (Cap Price) of Rs. [.] per Equity Share.
Pricing Date	The date on which our Company in consultation with the BRLMs finalizes the Issue price.
Promoter(s)	Promoters shall mean jointly Mr. Umesh Chander Garg, Mr. Subhash Chander Garg, Mr. Jatinder Singh, Mrs. Shashi Garg, Mrs. Parveen Garg and Mrs. Charanjeet Kaur.
Prospectus	The Prospectus filed with the RoC containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the no. of shares and certain other information.
QIB Portion	The portion of the Net Issue to Public, being upto [.] Equity Shares, available for allocation to QIBs on a proportionate basis.
Registered Office/ Registered Office of our Company	Trilokpur Road, Kala-Amb, District Sirmour – 173030, Himachal Pradesh.
Registrar of Companies or RoC	Registrar of Companies, Punjab, H.P. & Chandigarh.
Registrar/Registrar to the Issue	Intime Spectrum Registry Limited, a Company incorporated under the Companies Act, having its registered office at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai- 400 078.
Retail Individual Bidders	Individual Bidders who have Bid for an amount less than or equal to Rs. 1,00,000/-.
Retail Portion	The portion of the Net Issue to Public being at least [.] Equity Shares, available for allocation to Retail Individual Bidder(s) on a proportionate basis.
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid price in any of their Bid cum Application Forms or any previous Revision Form(s).
Red Herring Prospectus/ RHP	The Red Herring Prospectus dated [.] 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 number of Equity Shares. The Red Herring Prospectus will be filed with the RoC at least three days before the Bid/ Issue opening date and will become a Prospectus upon filing with the RoC after determination of Issue Price.
Stock Exchanges	BSE and NSE
Syndicate	The BRLMs and the Syndicate Members.
Syndicate Agreement	The agreement to be entered into among our Company and the Syndicate, in relation to the collection of Bids in this Issue.
Syndicate Members	Intermediaries registered with SEBI and eligible to act as underwriters, to be appointed by BRLMs, in this case being [.]
Transaction Registration Slip/ TRS	The slip or document issued by the BRLMs/ Syndicate Members to the Bidder as proof of registration of the Bid.
Underwriters	The BRLMs and the Syndicate Members.
Underwriting Agreement	The Agreement among the Underwriters and our Company to be entered into on or after the pricing date.

INDUSTRY/ COMPANY RELATED TERMS

Term	Description
AOX	Absorbable Organic Halides.
BF	Bursting Factor.
BOD	Biological Oxygen Demand.
Bleach plant	Department of a pulp mill where pulp is bleached.
Bleached pulp	Pulp whose natural brightness has been improved using chemicals.
Bleaching	Removal or modification of coloured components in pulp to improve brightness. Bleaching is normally carried out in several consecutive stages.
Brightening	Addition of optical brighteners to the stock to make the pulp/paper appear whiter.
Brightness	A measure of the whiteness of pulp and paper.
Broke	Papermakers own waste paper created during papermaking process, it is usually repulped.
Brush glazing	Glazing of coated paper with the aid of brushes.
COD	Chemical Oxygen Demand.
CREP	Corporate Responsibility for Environment Protection.
Carbon dioxide (CO ₂)	Produced by burning coal and other carbon containing products. Burning fossil fuels or wood based products raises atmospheric carbon dioxide levels.
Carbon paper	Carbon paper is a thin paper with a waxy coating that is used to produce carbon copies on typewriters or other office equipment. Carbon base paper is made from chemical pulp.
Cl ₂	Chlorine
ClO ₂	Chlorine dioxide
DAP	Di-Ammonium Phosphate.
DTY	Double Twisted Yarn
Double coating	Coating of paper or board twice on one or both sides.
Duplex board	Duplex board consists of two layers, mostly made from waste paper pulp. It is used for packaging purposes.
ECF	Elemental Chlorine Free
GSM	Grams per square meter
Hard pulp	A commonly used term to describe chemical pulp with high lignin content.
Hardwood chemical pulp	Chemical pulp made from hardwood.
Kraft Paper	Uncoated coloured (usually brown) paper between 80 to 350 GSM that is generally used for packaging.
Lamination	Laminating paper or board with foil, plastics etc.
MF	Machine finished. Smooth paper calendared on the paper machine.
MG	Machine glazed. Paper with a glossy finish on one side, produced on the paper machine by a Yankee cylinder.
Mt/mt	Metric Tonnes
MnTPA	Million Tonnes Per Annum.
MW	Mega Watt.
ODL	Oxygen Delignification
PH	A measurement for measuring acid to base relationship.
POY	Polyster Oriented Yarn.
Paper Board	Generic term for stiff paper usually made in several layers with a substance normally varying from 160 to 500 GSM, for certain grades even higher; widely used for packaging (e.g. folding cartons) and graphic applications.
Recycling	Use of recovered waste paper and board by paper mills to produce paper and boards.
SS	Suspended Solids.
TPA	Tonnes Per Annum.

Writing Paper	Uncoated paper that is suitable for writing with ink on both sides. The writing must neither bleed nor strike through. Writing paper is usually fully sized and also suitable for printing. It can be wood free or mechanical, depending on the intended purpose. The admixture of fillers makes it less translucent.
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ABBREVIATIONS

Abbreviation	Full Form
A/c	Account.
AGM	Annual General Meeting.
AK Caps	A.K. Capital Services Limited.
AS	Accounting Standards as Issued by the Institute of Chartered Accountants of India.
BSE	Bombay Stock Exchange Limited.
CAGR	Compounded Annual Growth Rate.
CDSL	Central Depository Services (India) Limited.
CIN	Corporate Identity Number.
CIT	Commissioner of income Tax.
DGTD	Directorate General of Technical Development.
DIN	Director's Identification Number.
EGM	Extraordinary General Meeting of the shareholders.
EPS	Earnings per Equity Share.
ESIC	Employees State Insurance Corporation.
FDI	Foreign Direct Investment.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed there under.
FII	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995), registered with SEBI under applicable laws in India.
FIPB	Foreign Investment Promotion Board.
FVCIs	Foreign Venture Capital Investors, as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000, as amended from time to time.
FY	Financial Year.
GDP	Gross Domestic Product
Goi	The Government of India.
GIR	General Index Register.
HP or H.P.	Himachal Pradesh
HPFC	Himachal Pradesh Financial Corporation.
HPSEB	Himachal Pradesh State Electricity Board.
HPSIDC	Himachal Pradesh State Industrial Development Corporation Limited.
HTL	Himachal Tissues Limited
HUF	Hindu Undivided Family.
ICAI	Institute of Chartered Accountants of India.
ICRA	ICRA Limited.
IFCI	Industrial Finance Corporation of India Limited/ IFCI Limited.
IPO	Initial Public Offer.
KW	Kilowatt.
M.D. or MD	Managing Director
Mn	Million.
MM	Millimeter.
MOU	Memorandum of Understanding.
MW	Mega Watt (1000 kilowatts).
N.A. or NA	Not Applicable.
NAV	Net Asset Value.

NOC	No Objection Certificate.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
p.a.	Per annum.
PAN	Permanent Account Number.
PF	Provident Fund.
PNB	Punjab National Bank.
RBI	Reserve Bank of India.
RoC	Registrar of Companies, Punjab, H.P. & Chandigarh.
RoCE	Return on Capital Employed.
RONW	Return on Net Worth.
RPL	Ruchira Papers Limited.
Rs.	Rupees.
R&D	Research and Development.
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
Sq M	Square Meter.
SEBI	Securities and Exchange Board of India.
SICA	Sick Industrial Companies (Special Provisions) Act, 1985, as amended from time to time.
SSI	Small Scale Industries
UIN	Unique Identification Number.
VAT	Value Added Tax
WTD	Whole Time Director.

PRESENTATION OF FINANCIAL AND MARKET DATA

FINANCIAL DATA

Unless stated otherwise, the financial information used in this Draft Red Herring Prospectus is derived from our Company's restated unconsolidated financial statements as of and for the years ended March 31, 2002, 2003, 2004, 2005 and 2006, prepared in accordance with Indian GAPP and the Companies Act and restated in accordance with SEBI Guidelines, as stated in the report of Statutory Auditors, included in this Draft Red Herring Prospectus.

Our fiscal year commences on April 1 and ends on March 31 of the following year. Unless stated otherwise, references herein to a fiscal year (e.g., fiscal 2006), are to the fiscal year ended March 31 of that year.

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

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

CURRENCY OF PRESENTATION

All references to Rupees or Rs. are to Indian Rupees, the official currency of the Republic of India.

MARKET DATA

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

FORWARD-LOOKING STATEMENTS

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

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

- General economic and business conditions in India and other countries.
- Changes in the value of the Rupee and other currencies.
- The occurrence of natural disasters or calamities.
- Change in political condition in India.
- Regulatory changes pertaining to the paper industry in India and our ability to respond to them.
- Our ability to successfully implement our strategy, our growth technological up gradation and modernization.
- Our exposure to market risks, competitive landscape, general economic and political conditions in India which have an impact on our business activities or investments.
- The monetary and fiscal policies of India, inflation, deflation, unanticipated fluctuations in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry.

For further discussion of factors that could cause our actual results to differ, see the section titled “Risk Factors” on page 10 of this Draft Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company, our directors and officers, any member of Issue Management team nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the BRLMs will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

RISK FACTORS

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

Unless specified or quantified in the relevant risk factors below, the financial or other implications of any of the risks described in this section cannot be quantified.

I. INTERNAL RISK FACTORS

We are involved in a number of cases relating to Excise Duty, Cess Assessment and other Statutory dues which if determined against us could have an adverse impact on us.

1. There are 3 disputes relating to excise duty pending against our company. The disputed excise duty in these case aggregate Rs 989.55 Lacs alongwith applicable interest.
2. There are 2 civil suits filed against our Company aggregating to approximately Rs.6.96 Lacs. Further, there are two consumer/civil cases filed by our Company aggregating to Rs. 17.43 Lacs.
3. There is 1 dispute relating to Labour Law filed by us. The disputed amount in this case aggregate to approximately Rs. 0.41 Lacs, which we have deposited under protest. Further, there are 2 disputes relating to Labour Laws pending against us. These cases have been filed by workmen under Workmen Compensation Act against ESIC and we have been made a party to the cases. The amount (if any) which may be determined against us is not assessable at present.

All the above legal proceedings are pending at different levels of adjudication before various courts, tribunals and appellate tribunals. We are not sure of liability that may arise as and when decisions relating to these cases are taken up by respective Courts/ Authorities. If all or some of these cases are determined against us it may have a material adverse effect on our business, financial condition and our operations. For further details on the above cases, please see the section titled "Outstanding Litigations and Material Developments" on page 173 of this Draft Red Herring Prospectus.

We have filed a writ petition before the Hon'ble High Court, Himachal Pradesh on July 26, 2005 against the Office Memorandum no. 3 dated June 21, 2005 issued by Ministry of Commerce amending the earlier Office Memorandum no. 1 dated January 07, 2003 in relation to the negative list of Industries which may deny excise duty exemptions to the Company. If the said exemptions are denied to us, it will adversely affect the operations of the Company.

We are enjoying 100% excise duty exemption for a period of 10-years in terms of notification no. 49/ 2003 and notification no. 50/ 2003, C.E. both dated June 10, 2003. These notifications have been issued on the basis of Office Memorandum no. 1 dated January 07, 2003 and grants special benefits including 100% excise duty exemption to the industries set up in the State of Uttranchal and Himachal Pradesh subject to fulfillment of certain conditions. By issuing Office Memorandum no. 3, the Ministry has sought to amend the negative list of industries in these States who would not be entitled to excise exemption and other benefits. Based on this Office Memorandum, Union Government may issue a notification implementing the amendments. This may result in denial of excise exemptions and other benefits to us. We have moved a writ petition before the Hon'ble High Court, Himachal Pradesh with a prayer to restrain the Union of India from issuing notification amending the negative list of industries. The Hon'ble High Court vide its interim order dated September 01, 2005 stayed the operation of Office Memorandum no. 3 dated June 21, 2005 issued by Ministry of Commerce, Government of India and has granted time to respondents to file their reply. The liability on this account cannot be quantified at present. However, if the excise duty exemptions are denied to us, it will adversely affect the Company. For further details, please refer to the section titled "Outstanding Litigations and Material Developments" on page 173 of this Draft Red Herring Prospectus

There is a possibility of non recovery of Rs. 96.37 Lacs from the parties against whom cases have been filed by our Company under Negotiable Instruments act, 1881.

We have filed different cases against some of our customers under section 138 of the Negotiable Instruments Act, 1881 ("NIA") for recovery of Rs. 96.37 Lacs against different parties. The total amount outstanding against these parties is Rs. 155.64 Lacs. This amount may not be recovered as section 138 of the NIA provides for prosecution/ punishment of the defaulter(s) on account of dishonour of the cheques and does not provide for recovery of amount. However, in our past

experience, we have successfully recovered the money by filing criminal complaint under section 138 of the NIA as the defaulter(s) seeks to reach settlement in order to avoid prosecution. For further details on the above cases, please see the section titled "Outstanding Litigations and Material Developments" on page 173 of this Draft Red Herring Prospectus.

One of our group Company has a legal case pending for recovery of Rs. 5.00 Lacs

One of our group companies namely M/s Sirmaur Hotels Private Limited is engaged in Hotel Business. A legal suit has been filed in the consumer court by Mr. Jeevan Singh whose son was drowned in the swimming pool of the Hotel in the year 1999. Amount claimed is Rs. 5.00 Lacs. For further details on the above case, please see the section titled "Outstanding Litigations and Material Developments" on page 173 of this Draft Red Herring Prospectus.

We are yet to place firm orders for some of the plant and machinery required for the setting up of Writing and Printing paper unit. The value of orders yet to be placed amounts to approximately Rs. 6041.45 Lacs. Any delay in implementation of the project may lead to time and cost overruns.

Our Company is yet to place orders for some of the equipment/machinery the value of which is approximately Rs. 6041.45 Lacs constituting 43.78% of the estimated cost of project described in section "Objects of the Issue" on page no. 58 of this Draft Red Herring Prospectus. Orders for plant and machinery which are critical and have long delivery periods have already been placed. Orders for the remaining items will be placed at the appropriate time based on the requirements during the implementation of the project. The implementation of the project is progressing as per schedule given on page no. 68 of the Draft Red Herring Prospectus.

The cost of project is funded partly from the proceeds of the proposed issue. Any delay/failure of the public issue may disrupt the implementation of the project. Moreover as per the terms and conditions of the Banks, disbursement of term loans shall take place only after successful completion of IPO.

The Consortium of Bankers has sanctioned Rs. 10848.00 Lacs for proposed Writing and Printing paper unit of our Company. We propose to utilize only Rs. 9347.70 Lacs out of the sanctioned amount for the proposed Writing & printing unit. For details please refer to section titled "Objects of the Issue" on page 58 of this Red Herring Prospectus. We are taking all the necessary steps to comply with the SEBI Guidelines for Public Issue. We are confident that the Public issue will be successfully completed and there will not be any delay in implementation of the proposed project.

The debt equity ratio of our Company shall increase to 1.66 as on 31.03.2007. Further the increase in interest expenses arising out of the proposed term loan of Rs 9347.70 Lacs for new project shall have an adverse impact on our Company's profit till revenues begin to get generated from the proposed Printing and Writing Paper Unit.

The project has been appraised by Punjab National Bank. The other members of the consortium, funding the project are Oriental Bank of Commerce, State Bank of Bikaner & Jaipur and State Bank of Indore. The interest outgo has been duly taken into account while finalizing the plan. The profits will not be affected during the project implementation period as pre-operative expenses will be capitalized. Further we are confident of serving the enhanced equity share capital which will increase to [.] from present Rs. 1003.05 Lacs.

We have embarked upon a Rs. 13797.70 Lacs Writing and Printing Paper unit which is substantial in relation to our current size of operations. Although the promoters have experience in the Paper Industry, their competence in handling a project of this magnitude remains to be demonstrated.

The promoters have over two decades of experience in the Paper industry. The capacity of existing plant has been increased from 2310 TPA to present 52800 TPA by the promoters over period of time. The promoters are therefore confident of managing new project of this magnitude. We have senior and experienced professionals team who have the experience of carrying out similar exercise in the past. The management is confident that there should be no problem in project implementation.

Some of the equipment/machinery our Company intends to deploy are expected to be imported and are to be paid for in the foreign currency. Fluctuations in foreign exchange rates may adversely affect the cost of project.

Out of the total plant and machinery of Rs. 7416.00 Lacs, import component is about Rs. 1800.00 Lacs for which orders have already been placed. Changes in foreign exchange rates adversely affecting the value of the Rupee may affect the cost of the project.

We had delayed the payment of loan instalment in respect of the loan taken from IFCI for short duration of time in year 2002 on account of Liquidity problem and for this reason the name of our Company was included in the list of defaulters by IFCI for some time

We had taken a term loan of Rs. 650.00 Lacs from Industrial Finance Corporation of India Limited in the year 1997-98. IFCI put our name in the list of willful defaulters in July, 2002 for non payment of installments on time totaling Rs. 80.47 Lacs. We paid this amount by September 25, 2002 and we were not in default for quarter ending September 30, 2002. After lot of correspondence our name was removed from defaulters list as confirmed by IFCI vide its letter no. Budget & MIS/WFD/2004-56939 dated December 22, 2004. We have since been repaying outstanding loan and interest regularly on time to IFCI. The last installment of Rs. 36.52 Lacs will become due in July, 2006 and will be paid on due date. For additional information about the term loan, please refer to section titled "Our Financial Indebtness" on page 110 of this Draft Red Herring Prospectus.

We could not appoint Company Secretary intermittently for some period of time

We could not find a suitable candidate for the post of Company Secretary as required by section 383 A of the Companies Act, 1956 for the period from April 01, 2001 to March 31, 2004 and again from July 01, 2004 to January 31, 2005. Our Company finally appointed a full time Company Secretary with effect from February 01, 2005. We have moved a petition dated June 12, 2006 before Company Law Board (CLB) for Composition and Compounding of offence. The Petition is pending before the Company Law Board. We are hopeful of getting necessary order from the Competent Authority. Any unfavorable order of the Competent Authority may have adverse financial implications.

We had declared an amount of Rs 188.87 Lacs under the Voluntary disclosure of Income Scheme 1997.

We had declared a sum of Rs. 16.59 Lacs, Rs. 34.89 Lacs and Rs. 137.39 Lacs for the Assessment Years 1994-95, 1995-96 and 1997-98 respectively and paid Tax totaling Rs 70.07 Lacs for above Assessment years under the Voluntary Disclosure of Income Scheme, 1997.

An Offer of Sale by Promoters of our Company was denied by SEBI in year 1996.

We had filed an offer document with SEBI for sale of part holding by promoters and for getting the shares of our Company listed on the Stock Exchange in the year 1996 which was denied by SEBI vide its letters no. 5/1060/96/NRO/689 and 5/1060/96/NRO/789 dated February 15, 1996 and February 27, 1996 respectively, citing reason that Bonus shares issued out of re-valuation reserves cannot be off-loaded before three years from the date of their allotment. We did not pursue the matter further and matter was treated to be closed.

We will have export obligation of Rs 4233.60 Lacs equal to 8 times of the amount of duty saved under EPCG Scheme to be fulfilled in a period of 8 years from the date of commencement of Commercial production of proposed Writing & Printing project. Non fulfillment of export obligation will result into Company's liability to pay the duty so saved along with interest @ 15% p.a. and such other amount as specified by the concerned authority.

We intend to import certain machinery approximately amounting to Rs. 1800.00 Lacs under EPCG Scheme for the proposed Writing & Printing paper project. We will have export obligation of Rs. 4233.60 Lacs which is equivalent to 8 times of the amount of duty saved by us. The export obligation is required to be fulfilled over a period of 8 years from the date of commencement of commercial production as per EPCG Scheme. We will fulfill our obligation of export once our commercial production of Writing & Printing paper starts. For further details, please refer to section titled "Our Business" on page 87 of this Draft Red Herring Prospectus.

Following are the critical risk factors/ weakness/ threats mentioned in the Appraisal Report of the Appraising Agency, Punjab National Bank

- Cyclicity of business.
- Transportation. Because of its geographical location, we have to take into consideration the time delay in transporting the finished goods to western or southern parts of India.
- As liberalization in paper industry continues, foreign players are also allowed entry. Thus there could be investments in the industry from foreign players. Nevertheless they are expected to concentrate on higher end products requiring high investments.
- Technological progression, aspires at paper less offices. This also is going to be a slow process and might only affect the growth rates rather than overall demand.

There are restrictive covenants under the Loan agreements.

We have entered into agreements with Banks and Institutions for short term loans and long term borrowings. For details of borrowings, please refer to "Our Financial Indebtness" on page 110 of this Draft Red Herring Prospectus. Loan agreements with the lenders contain certain restrictive covenants relating to disbursement of loan and carrying out of certain activities, which require the prior written permission of these lenders in the event our Company is desirous of indulging in the said activities. Non availability of all requisite sanctions/permissions/ approvals will delay the disbursement and thereby implementation of the proposed Printing and Writing paper unit. The restrictive covenants in general relates:

- Not to incur capital expenditure for expansion/diversification/modernization.
- Not to allow promoters to disinvest/transfer their shareholdings.
- Not to effect any merger or acquisition.
- Not to pay any dividend otherwise then out of the current year's earnings after making due provisions.
- Not to create any charge on any or all of the assets or properties of the Company.
- Not to alter the Memorandum or Articles of the Company.
- Not to change or in any way alter the capital structure of the Company.

The restrictive covenants mentioned in the agreements are as per the usual practices of the lenders. We do not foresee any difficulty in getting the requisite permissions as and when required.

The availability of chief Raw Material namely, Bagasse, Wheat Straw, Paddy Straw and Rice Husk Fuel are mainly Seasonal and dependent upon the Agriclutural Crop. Paper Companies using these Raw Materials could be adversely affected by lower Agricultural Production.

The plant is located in H.P. near the sugar manufacturing and agricultural belt of Haryana and Punjab and therefore, has adequate availability of Raw Materials. Bagasse, Wheat and Rice Straw are alternate raw materials and can be used in substitution of each other. Bagasse is procured for annual requirement during November- April period, when the sugar mills are operational. Wheat and Rice Straw is purchased from in and around Plant location throughout the year. Similarly, Paddy Husk is available locally in abundance and adequate buffer stocks are kept to mitigate the uncertainties of the season. Further, we also use waste paper as raw material which is easily available through established vendors with whom we have dealings for past many years, hence no difficulties are envisaged for sourcing the required raw material and fuel.

We are solely dependant on HPSEB for our current requirement of power. Any disruption in electricity supply could adversely affect our production and our financial health.

Our Company is located in Himachal Pradesh which is electricity surplus state. We have a sanctioned load of 4000 KW from Himachal Pradesh State Electricity Board for running of the existing plant. Though we have not faced any major disruption in supply of electricity in past, such possibility cannot be ruled out. In such an eventuality our production could adversely affect resulting in financial losses. To avoid sole dependence on HPSEB electricity supply, we have planned to set up Captive power plant of 6 MW for the new Writing and Printing Paper plant being implemented.

We drive around 60% of our Sales from our top five Customers.

Our top five customers account for almost 60% of our total sales for the year ended March 31, 2006. We could be adversely affected in case supplies to any of these customers are affected for any reason. We are expanding our customer base. Our dependence on large customers to that extent will be reduced in subsequent years.

There are some Companies/ Ventures promoted by the promoters, which have reported losses in the last three years.

(Rs. in Lacs)			
Name of the Group Company	2006	2005	2004
Jasmer Packers Private Limited	0.06	0.66	(12.34)
Ruchira Exports	0.00	(0.03)	3.01

We are subject to increase in labour costs, slowdowns, work stoppages.

There has not been any disruption in work or any labour related problems for last 20 years. As such we do not anticipate any labour related work disruptions or slowdowns. The normal increase in wages and other benefits to workers will be taken care of in the normal course of business as is being done presently. The cordial relation with workers has resulted in higher capacity utilization and other benefits.

The Contingent liabilities could adversely affect our financial condition. The Contingent liabilities not provided for as on March 31, 2006 are listed below. If these Contingent liabilities materialise, fully or partly, the financial condition could be adversely affected.

- Estimated amount of capital contracts remaining to be executed and not provided for Rs. 13.00 Lacs.
- Bank Guarantees given to HPSEB for Rs.23.00 Lacs.

Mishaps or accidents at our Company's facilities could lead to property damage, property loss and accident claims particularly claims under Public Liability Insurance.

Our Company's machinery and property are insured for various risks viz. Fire, Strike, Riot, Malicious damages etc. with insurance companies. Thus we do not foresee any major impact on income and profitability arising out of property damage and accidents. However, we are not covered under Public Liability Insurance for handling hazardous substance/ material as required under Public Liability Insurance Act, 1991. Uncovered risks may expose us to losses and other consequences which may impact operations and profitability of our Company. For details of Insurance coverage please refer to page 108 of this Red Herring Prospectus.

We face growing and new competition from domestic and international players that may adversely affect our competitive position and profitability.

Significant additional competition in the markets where our Company sells its products may erode its market share and may result in reduced prices and thereby may negatively affect our revenues and profitability. Competition from competent low cost competitors may adversely impact our revenues. In most of the markets, players are significantly larger than the Company and have significantly stronger market positions, production capacities and greater financial resources than it possesses. These market participants include other small, limited-range providers and a number of full-range companies. The larger competitors have a much broader portfolio of business, greater resources and more experience than smaller companies.

If we fail to comply with Environmental Laws and Regulations or face Environmental Litigation, results of operation may be adversely affected.

We are adhering to environmental norms adequately for the existing operations. We may incur substantial costs to comply with requirements of environmental laws and regulations. Our Company is subject to significant national and state environmental laws and regulations, which govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from its operations. Environmental laws and regulations in India have been

increasing in stringency and it is possible that they will become significantly more stringent in the future. However, we do not foresee and difficulty to comply with the same.

We are dependant on third party transportation providers for the supply of raw materials and delivery of finished products.

We use third-party transportation providers for the supply of most of our raw materials and for delivery of our products to our customers. Transportation strikes, by members of various Indian transport union have had in the past, and could in the future, have an adverse effect on our receipt of supplies and our ability to deliver our products to our customers. In addition, continuing increase in transportation costs may have an adverse effect on our business and results of operations.

Our Brand name/ logo are not protected by Intellectual Property Rights. Any misuse of the same may result in loss of business for our Company.

Our brand name/ logo are not protected by intellectual property rights. We will have no legal recourse against any unauthorized use of the same. Further, we have not applied for registration of any of our trademark(s), which may lead to unauthorized use of our trademark(s), by persons including our competitors. Any misuse on account of these may result in dilution of brand value and loss of business to our Company. We will take appropriate steps to get our brand name/ logo registered in due course of time.

The success of our Company depends upon the Senior Management and Key Personnel and our ability to attract and retain them. The future performance will depend upon the continued services of these persons. We may not be able to retain Senior Management personnel or attract and retain new Senior Management personnel in the future. The loss of any of these Key Personnel may adversely affect the business and results of operations.

The ability to sustain growth depends, to a large part extent, on the ability to attract, train, motivate and retain highly skilled personnel. We believe that there is significant demand for personnel who possess the skills needed to perform the services it offers. The inability to hire and retain additional qualified personnel will impair our ability to continue to expand our business. An increase in the rate of attrition for the experienced employees, would adversely affect the growth strategy. We cannot assure you that it will be successful in recruiting and retaining a sufficient number of technical personnel with the requisite skills to replace those technical personnel who leave. Further, we cannot assure you that we will be able to re-deploy and re-train the technical personnel to keep pace with continuing changes in the business. We cannot assure you that some of our senior executives and top management will continue to work with us in the future.

An inability to manage our growth could disrupt our business and reduce our profitability.

We have experienced high growth in recent years and expect our business to grow significantly as a result of the setting up of proposed Writing & Printing Paper unit. We expect this growth to place significant demands on us and require us to continuously evolve and improve our operational, financial and internal controls across the organisation. In particular, continued expansion increases the challenges involved in:

- maintaining high levels of customer satisfaction;
- recruiting, training and retaining sufficient skilled management, technical and marketing personnel;
- adhering to quality and process execution standards that meet customer expectations;
- preserving a uniform culture, values and work environment in our operations; and
- developing and improving our internal administrative infrastructure, particularly our financial, operational, communications and other internal systems.

Any inability to manage our growth may have an adverse effect on our business and financial results.

We are a medium size Paper-manufacturing unit and will have to compete with big players in the field who have better economies of scale with higher capacity. Paper industry gets low priority from Policy makers.

The competition is inevitable in any line of business and we are coping with competitions in the past by focusing our products, canalizing our sales through dedicated dealers, managing raw materials, fuel and technological changes. The same would be continued in future also. In the highly competitive industry, our company follows a competitive approach,

which is not just limited to manufacturing process but also extends to entire operations. Our company extends the quality management responsibility from the quality control department to every member on the shop floor.

Risk in relation to Paper Industry.

The Paper Industry is cyclic in nature and operating results has historically fluctuated on a yearly basis and may fluctuate in future depending on a number of factors including the international prices of paper, fluctuation in rupee value, import tariff, domestic duties and taxes, changes in relationship between and revenue and cost and consolidation in the paper industry, effect of seasonality, availability of raw material, change of Government policies, addition of new machinery and other general economical and business factors. Due to all or any of these factors it is possible that in future, our operating results may vary from the expectations of share holders, market analysts and public. (For further details, please refer to section "Industry " on page 79 of this Draft Red Herring Prospectus)

We require certain registrations and permits from Government and Regulatory Authorities in the ordinary course of business and the failure to obtain them in a timely manner or at all may affect the operations.

We require certain approvals, licenses, registrations and permissions for operating our business. At present, we have all requisite approvals/ permissions, except NOC from fire department which has expired and we have made an application for obtaining its renewal. For more information, see the section titled "Government and other Approvals" on page 179 of this Draft Red Herring Prospectus. If we fail to obtain the said renewals/ permissions thereof, in a timely manner, or at all, our business may be affected.

Past performance not an indicator for future performance

Our revenues and profitability are dependent on a number of factors and may vary significantly from quarter to quarter. Therefore, the historical financial results may not be accurate indicator of future performance.

II. EXTERNAL RISK FACTORS

General economic conditions may adversely affect the sales and results of our Company.

The growth in demand for paper is directly linked to the GDP growth. The positive and reasonably good growth being achieved in GDP and the focus on literacy and education will drive the demand upwards.

We do not expect any reversal in economic growth. However, if the general economic outlook turns negative due to unforeseen factors it may have a bearing on the business and results of our Company.

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

After implementation of the project, the product mix of our Company moves up significantly and the value addition will yield higher margins. The incremental fixed cost for achieving enhanced production will also be low. Thus, our Company will be better positioned to face any increase in competition.

Compliance with stringent safety and emission standards relating to our Company's manufacturing facilities or other Environmental Regulations may adversely affect the business and results of our Company.

The technology, equipment & process selected by our Company address the effluent emission standards adequately. The environmental concerns, planned to be addressed by our company are keeping in view the proposed implementation of standards by regulating agencies under the Corporate Responsibility for Environmental Protection (CREP). As such we do not envisage any adverse impact on the business and results of our company.

Increase in taxes and other levies imposed by the Central or State Governments on the acquisition of Capital goods/components, purchase of raw materials or finished goods may have an adverse effect on the profitability of our Company.

Customs duty on raw material, consumables and machinery alongwith excise duty on finished goods with central sales tax, VAT and state entry tax and other levies affect our company. These taxes and levies affect the cost of production and sales

price of our products and hence the demand for our products. Any increase in any of these taxes or levies or the imposition of new taxes or levies in the future may have an adverse impact on our Company's business and financial condition.

Any unfavorable Government policies in relation to Paper industry may have adverse impact on us.

Paper industry's healthy growth is dependent on the government policies relating to education and promotion of literacy levels of the Country's population. Literacy being an important parameter of social progress and therefore of great concern for successive governments, we do not anticipate any such policy which will threaten industry's existence and growth.

Increasing employee compensation in India may erode some of the competitive advantage and may reduce the profit margins.

Employee compensation in India has historically been significantly lower than employee compensation in the United States and Western Europe for comparably skilled professionals, which has been one of the competitive strengths. However, compensation increases in India may erode some of this competitive advantage and may negatively affect the profit margins. Employee compensation in India is increasing at a faster rate than in the United States and Western Europe, which could result in increased costs relating to engineers, managers and other mid-level professionals. We may need to continue to increase the levels of our employee compensation to remain competitive and manage attrition. Compensation increases may have a material adverse effect on our business, results of operation and financial condition.

The price of the Equity Shares may be highly volatile.

Prior to the Issue, there has been no public market for the Equity Shares, and an active trading market on the Indian Stock Exchanges may not develop or be sustained after the Issue. The prices of our Company's Equity Shares on the Indian Stock Exchanges may fluctuate after this Issue as a result of several factors including:

- a) Volatility in Indian and global securities market;
- b) Results of operations and performance;
- c) Performance of the competitors and perception in the Indian market about investment in the paper sector;
- d) Adverse media reports on our Company or the industry;
- e) Changes in the estimates of the performance or recommendations by financial analysts;
- f) Significant development in India's economics liberalization and de-regulation policies; and
- g) Significant development in India's fiscal and environmental regulations.

There can be no assurance to the prices at which our Equity Shares will trade in the market subsequent to this Issue. Future sales by current shareholders could cause the price of the shares to decline.

If the existing shareholders sell a substantial number of Equity Shares in the public market, the market price of our Company's Equity Shares could fall. Sale or distribution of substantial number of shares by existing holders, or the perception that such sale or distribution could occur, could adversely affect prevailing market prices for the shares.

Force majeure events, particularly those affecting the State where units are located, could adversely affect our business.

We are headquartered in the state of Himachal Pradesh and our facilities are located at Kala Amb. It is possible that natural disasters in India, particularly those that directly affect the areas in which the facilities and other operations are located, could result in substantial damage to the manufacturing facilities and other assets and adversely affect our Company's operations and financial results.

Regional conflicts in South Asia could adversely affect the Indian Economy, disrupt the operations and cause our business to suffer.

South Asia has from time to time experienced instances of civil unrest and hostilities among neighboring countries, such as between India and Pakistan. Military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel and transportation more difficult. Such political tensions could create a greater perception

that investments in Indian companies involve a higher degree of risk. This, in turn, could have a material adverse effect on the market for securities of Indian companies, including our Equity Shares and on the market for our Company's products.

Our performance is linked to the stability of policies and the political situation in India.

The role of the Indian central and state governments in the Indian economy on producers, consumers and regulators has remained significant over the years. Since 1991, the Government of India has pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. The most recent Government of India, which was formed in June 2004, has continued policies and taken initiatives that support the continued economic liberalization policies that had been pursued by previous governments. We cannot assure you that these liberalization policies will continue in the future. Protests against privatization could slowdown the pace of liberalization and deregulation. The rate of economic liberalization could change and specific laws and policies affecting companies, foreign investment, currency exchange rates and other matters affecting investment in our securities could change as well. A significant change in India's economic liberalization and deregulation policies could disrupt business and adversely affect economic conditions in India and thereby affect our business.

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

The Indian economy has shown sustained growth over the last few years. The estimate of GDP released by the Central Statistical Organization has placed the GDP growth at 6.9% in fiscal 2005. GDP in India grew at 8.5% in fiscal 2004, 4.0% in fiscal 2003 and 5.8% in fiscal 2002. India's GDP growth for the first quarter of fiscal 2006 (April-June) accelerated to 8.1% from 7.6% in the corresponding period last year, signaling continued strong growth. (Source: Macroeconomic and Monetary Developments – Mid-Term Review 2005-06, Reserve Bank of India.) Any slowdown in the Indian economy and the consequent impact on disposable income could adversely affect our sales and consequently affect the results of operations.

NOTES TO RISK FACTORS

1. Public issue of [.] Equity Shares of Rs. 10/- each issued for cash at a Price of Rs. [.] aggregating to Rs. 2850 Lacs (hereinafter referred to as "Issue"). The Issue comprises of Promoters Contribution of [.] Equity Shares of Rs. 10/- each at a price of Rs. [.] each aggregating to Rs. 500 Lacs (hereinafter referred to as the "Promoters Contribution") and the Net Issue to Public of [.] Equity Shares aggregating to Rs. 2350 Lacs (hereinafter referred to as "Net Issue to Public"). The Net Issue to Public would constitute [.] % of the fully diluted post issue paid up capital of our Company.
2. The Book Value per Equity Share of Rs.10/- each is at Rs. 24.79 as at March 31, 2006 as per our restated unconsolidated financial statements under Indian GAAP.
3. The Net Worth of our Company is Rs. 2486.92 Lacs as at March 31, 2006, as per our restated financial statements under Indian GAAP
4. The average cost of acquisition of existing Equity Shares of the Promoters as on May 31, 2006 is as under:

Name of the Promoter	No. of Shares held	Average Cost of Acquisition per Equity Share (in Rs.)
Mr. Umesh Chander Garg	685787	14.67
Mr. Subhash Chander Garg	595568	18.95
Mr. Jatinder Singh	1489802	9.98
Mrs. Shashi Garg	477257	11.50
Mrs. Parveen Garg	335775	12.80
Mrs. Charanjeet Kaur	779873	11.11

5. Investors are advised to refer to the section titled "Basis for Issue Price" on page 73 of this Draft Red Herring Prospectus.
6. Any clarification or information relating to the Issue shall be made available by the BRLMs, our Company and our

Compliance Officer to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. Investors may contact the BRLMs and the Syndicate Members for any complaints pertaining to the Issue.

7. The Promoter/ Promoter Group/ Directors have not purchased and/ or sold/financed any shares of our Company during a period of six months preceding the date on which this Draft Red herring Prospectus is filed with SEBI, except the shares acquired on merger of HTL with our Company pursuant to order of High Court of Himachal Pradesh dated January 27, 2006. For further details, please refer to section titled, "Capital Structure" beginning on page no. 34 of this Draft Red Herring Prospectus.
8. The investors are advised to refer the Chapter titled "Our Promoters and Group Companies" on promoters background on page 129 of the Draft Red Herring Prospectus before making investment in this proposed Issue.
9. Kinly refer to Annexure XV of the section titled "Financial Statements" beginning on page 141 of this Draft Red Herring Prospectus for the related party transactions with group companies, related companies and individuals.
10. The promoters/ directors/ key management personnel of our Company have no interest other than reimbursment of expenses incurred or normal remuneration or benefits arising out of the shareholding in the Company or out of any business relation with any of the ventures in which they are interested. For more details, plese refer to sections "Our Management" and "Our Promoters and Group Companies" on page nos. 119 and 129 respectively of this Draft Red Herring Prospectus.
11. Trading in Equity Shares of our Company for all investors shall be in dematerialized form only.
12. Investors should note that in case of over subscription in the Issue, Allotment will be made on a proportionate basis to Qualified Institutional Bidders, Retail Individual Bidders and Non Institutional Bidders in consultation with BSE, the designated Stock Exchange and as per SEBI Guidelines. For details please refer to the sub-section titled "Basis of Allotment" on page 208 of this Draft Red Herring Prospectus.

SUMMARY

This is only a summary and does not contain all information that you should consider before investing in our Equity Shares. You should read the entire Draft Red Herring Prospectus, including the information on “Risk Factors” beginning on page 10 and our financial statements and related notes beginning on page 141 of this Draft Red Herring Prospectus, before deciding to invest in our Equity Shares.

OVERVIEW - INDUSTRY

The paper industry globally is dependent on two parameters:

1. The literacy level (which is dependent on government expenditure on education).
2. The GDP growth rates & levels of computerisation.

India has witnessed phenomenal development in the field of education— both in quantitative and qualitative terms, since independence. However, the national goals of universal elementary education and total eradication of illiteracy still remain elusive. The Government is committed to achieving these national goals and has been steadily increasing the budgetary allocation for education. The Country has also made significant strides in higher and technical education. India spent 3.94% of its GDP on education during 2004-05 but about 40% of its adult population is still illiterate. (Source: Economic Survey February 2006).

GLOBAL INDUSTRY SCENARIO

The paper industry's performance depends on macro-economic factors and the demand-supply situation. The industry is highly diverse, technology and capital intensive. Further, norms such as in chlorine free operations and tighter effluent treatment/discharge parameters have restricted expansion of capacities.

The production of paper is a key economic activity accounting in value terms for about 2.5% of the world's industrial production and 2% of world trade. Paper products are important for education, communications, packaging and health care. Worldwide, pulp and paper industry is the fifth largest industrial consumer of energy, accounting for four percent of the world's energy use.

INDIAN SCENARIO

The Indian paper industry is highly fragmented with nearly 515 mills producing about 5.7 MnTPA. Only about 15 mills have 60,000 tonnes or larger annual capacities. India's per capita paper consumption is dismissal 5 kgs which compares very poorly even to countries such as Philippines (11), Indonesia (22), China (30), USA (340) and is nowhere near the ASEAN average of 29 kgs and global average of 54 kgs.

Indian paper industry needs the following to be globally more competitive:

- Sustained availability of good quality of raw material (forest based) and bulk import of waste paper to supplement the raw material supplies.
- Adequate modernization of the manufacturing facilities.
- Improvement of infrastructure.
- Quality improvements and reduction in cost of production
- Import policy conducive for import of material, equipment, instruments, raw material & technologies.

In India, paper demand has been growing at around 5% CAGR in the past five years. Paper demand is inextricably linked to economic growth, industrial production, advertisement expenditure, expenditure on education etc. While industrial paper demand is driven by industrial output, packaging industry growth etc, printing and writing paper demand is driven by public spending on education, publicity and literacy.

Production of paper grew at 1.1% during the previous financial year. With rise in demand and no matching rise in capacity, the demand-supply gap in the industry is widening. The situation is therefore ripe for capacity expansion.

During previous financial year, the prices of writing paper went up in the international market in dollar terms. In India prices are expected to sustain high levels, as capacity utilisation has peaked and proposed expansions will not keep pace with demand growth in the short term.

Some of the key players in the industry are Ballarpur Industries, ITC, Sirpur Paper Mills, West Coast Paper Mills, J K Paper, Century Paper Mills and Tamilnadu Newsprint etc. The major varieties of writing & printing paper are cream wove and map litho. Cream Wove is used in note books and text books, office stationery including computer stationery, share application forms, magazines, envelopes, labels, tickets, publishing and publicity materials.

Paper plays an important role in communication and as a packaging material. The demand for paper is closely linked to the economic conditions prevalent in the economy. Strong economic growth boosts demand for paper and vice versa. Thus, paper consumption is an indicator of the economic and literacy status of any country. While India accounts for nearly 15% of the world population, it consumes only 1% of the world paper production.

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

IMPORTANCE TO ECONOMY

The paper segment's products include Kraft paper and paperboard that are primarily used in packaging. The segment accounts for the largest share of production, approximately 45% in the Indian paper industry, with printing and writing paper accounting for approximately 39% and newsprint accounting for the balance. The segment's products are used as inputs in a host of industries such as agriculture, Fast Moving Consumer Goods (FMCG), processed foods, pharmaceuticals, consumer durables and cigarettes besides exports. However, even as the sector makes important contributions, the segment, and also the paper industry as such face a generally deteriorating policy outlook because of increasing social concern about deforestation. Further, the segments share of the estimated contribution of Rs 20-25 billion to the national exchequer by paper industry by way of excise and sales tax is smaller than its share in production as its products tend to be of relatively low value. Paper industry provides employment to 300,000 people and influences another 1 million jobs indirectly. These factors contribute to the segment moderate importance in the economy.

OVERVIEW - COMPANY

Ruchira Papers Limited was incorporated as a Limited Company under the Companies Act, 1956 on December 8, 1980 with the Registrar of Companies, Punjab. H.P and Chandigarh at Jalandhar. We have obtained certificate of commencement of business on July 23, 1981. Our Company was initially promoted by Mr. Umesh Chander Garg, Mr. Subhash Chander Garg and Mr. Jatinder Singh. The present promoters of our Company are Mr. Umesh Chander Garg, Mr. Subhash Chander Garg, Mr. Jatinder Singh, Mrs. Shashi Garg, Mrs. Parveen Garg and Mrs. Charanjeet Kaur. Our Company's registered office is situated at Trilokpur Road, Kala – Amb, District Sirmour (H.P) and Administrative Office is situated at 21 – 22, New Professor Colony, Yamuna Nagar (Haryana).

Our Company was initially set up with a small capacity of 2310 TPA Agro Waste Paper Mill for manufacturing of Kraft Paper which finds application in packaging industry, at Kala – Amb, District Sirmour (H.P) in the year 1981. Our commercial production started in the year 1983.

The Unit is located at Village Kala – Amb of District Sirmour in Himachal Pradesh. This place is 68 K.M. from Chandigarh on Dehradun Highways and 50 K.M. from Ambala / Yamuna Nagar. This Unit was set up with a capital outlay of 87.86 Lacs and was financed by Himachal Pradesh State Industrial Development Corporation Limited (HPSIDC), Himachal Pradesh Financial Corporation (HPFC) and Central Bank of India (CBI). The project was implemented and commissioned on time and the commercial production commenced on 14.08.1983. Over the years, the production capacity has been increased from 2310 TPA to 52800 TPA.

Our Company uses Agro Wastes like Wheat Straw, Bagasse and Sarkanda as the main raw – materials. Alongwith these wastes some quantities of Hessian Rags and waste paper are also used depending upon requirement of paper to be manufactured. Our company uses Rice Husk as the Fuel in the Boiler. Since our company is located on the border of Haryana and Himachal Pradesh, it has good access to various Agro Wastes like Wheat Straw, Rice Husk and Sarkanda. Similarly, it has comfortable availability of Bagasse, another pulping material. In view of the facts that there are about 6 sugar mills in the vicinity of 100 K.M.

We have been keeping pace with the changing technology in the Paper Industry. Company's products find application in the packaging industry especially for making Corrugated Boxes and for other packaging requirements. The special feature of our Kraft Paper is load bearing capacity and tensile strength which makes its most suitable for corrugated packing application.

The affairs of our company are controlled by Shri Umesh Chander Garg as the Managing Director alongwith Shri Subhash Chander Garg and Shri Jatinder Singh who are Whole Time Directors. Shri J.N. Singh (Executive Director) controls the operations at unit level with the assistance of various functional managers in the fields of Finance, Production, Engineering Quality Control and Sales.

We now proposes to set up a Writing & Printing paper mill having a capacity of 33000 TPA at site adjoining to existing manufacturing facility alongwith Chemical Recovery Plant & 6MW Co-Generation Power Plant. We have appointed M/s Chemprojects Consulting Private Limited, a leading paper technology consultant for preparation of project report for the proposed project. Chemprojects Consulting Private Limited would also be involved in the implementation of the proposed project. We have already received clearance by State Level Single Window Clearance & Monitoring Authority to set up New Plant for Writing and Printing Paper.

COMPANY'S COMPETITIVE STRENGTHS

- ❖ Our Company being located in Himachal Pradesh, is subject to the following tax benefits:
 - 100% excise duty exemption upto June 09, 2013 subject to Government notifications issued from time to time.
 - 100% income tax exemption for first five years and there after 30% exemption for next five years from the date of start of commercial production of proposed project.
 - Concessional rates of central sales tax at 1% against 4% in other states.
 - Capital Investment subsidy @ 15 % of investment in Plant and Machinery, subject to a ceiling of Rs. 30 Lacs
- ❖ Availability of relatively cheap and uninterrupted power supply. The power tariff in H.P. is Rs.3.25 per unit against Rs.4- 4.50 in other states. We have also proposed to install our own 6 MW power generation system. The cost of power co-generation will be approximately Rs.1.90 per unit.
- ❖ Availability of ample supply of raw material and agro wastes from neighbouring areas of Haryana, Punjab and Himachal Pradesh.
- ❖ Promoters with more than two decades of experience in paper industry.
- ❖ Strong Management and Technical team with over two decades of experience.

BUSINESS/ GROWTH STRATEGY

We are operating in a competitive market and the strategy is to enhance revenues through taking advantage of our inherent strengths and business dynamics. We plan to increase the revenue in future through better realizations, quality control, cost reduction and improvement in yields. Considering the existing competition in the industry and future entrants, we have focused on the following strategies:

• Setting up of Proposed New Writing and Printing Plant

Our decision to set up Agro based Writing and Printing Plant is based on the availability of agricultural residues in abundance in the surrounding area that ensures sufficient supply & demand for Writing & Printing paper.

• Setting up of Power Co Generation Plant

A paper-manufacturing unit is a power intensive unit, which also uses steam for drying the paper. We are setting up a 6 MW Captive Power Plant to rein in one of the major cost driver i.e. Power. Therefore it becomes an ideal situation to have a Co-Generation Captive Power Plant in a paper mill where the spent steam from the turbine is used in the process of making pulp and drying the paper.

- **Setting up of Chemical Recovery Plant**

At present we are spending substantial amount in complying with the norms of the pollution Control board. The New Project shall include setting up of a Chemical Recovery Plant which will recover caustic soda and will also help in minimizing environmental pollution. It will reduce the manufacturing cost of the finished product on one hand and increase the profit margin on the other because the caustic soda recovered would be re-used again as a raw material.

Writing and Printing paper provides us with a product that has adequate demand and a ready market with the help of our existing dealer network. The location of our company provides an added advantage of availability of the correct raw material for the manufacture of the product. Agricultural residues have adequate properties in order to ensure their usage for manufacture of high quality writing and printing paper.

SUMMARY OF FINANCIAL AND OPERATING INFORMATION

The following summary financial and operating information is derived from our restated financial statements as of March 31, 2002, 2003, 2004, 2005 and 2006, as described in the Auditors' Report in the section titled "Financial Statements" appearing on page 141 of this Draft Red Herring Prospectus. These financial statements have been prepared in accordance with Indian GAAP, the Companies Act, 1956 and have been restated as required under the SEBI Guidelines.

The summary financial and operating information presented below should be read in conjunction with the financial statements, the notes thereto included in the sections titled "Financial Statements" and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 141 and 162, respectively, of this Draft Red Herring Prospectus.

SUMMARY OF PROFIT & LOSS ACCOUNT, AS RESTATED

Rs. in Lacs

Particulars	For the year ended				
	31-Mar-06	31-Mar-05	31-Mar-04	31-Mar-03	31-Mar-02
INCOME					
SALES					
Of Products Manufactured by the Company	6261.23	4870.92	4450.03	3783.53	3393.74
Increase/ (Decrease) in stocks	3.21	(11.07)	(2.49)	16.72	9.77
Other Income	51.53	24.40	6.69	0.51	0.60
Total	6315.97	4884.25	4454.23	3800.76	3404.11
EXPENDITURE					
Material Consumed	3786.63	2892.97	2278.89	1899.93	1741.44
Manufacturing Expenses	1116.54	957.96	806.83	718.15	740.70
Personnel Expenses	456.82	361.13	320.94	282.53	273.14
Excise Duty	8.15	6.19	489.65	518.42	451.50
Misc. and Deferred Revenue Exp. W/Off	1.17	-	0.41	0.41	0.41
Total	5369.31	4218.25	3896.72	3419.44	3207.19
Profit before Interest, Depreciation and Tax	946.66	666.00	557.52	381.33	196.92
Depreciation	169.98	133.46	124.34	117.77	114.59
Profit before Interest and Tax	776.68	532.54	433.18	263.56	82.33
Interest & Finance Charges	154.56	118.43	176.56	181.39	187.31
Loss on sale of Fixed Assets	0.38	(0.46)	0.40	-	-
Net Profit Before Tax	621.74	414.57	256.22	82.17	(104.98)
Provision For Taxation:					
Current Tax	160.00	32.54	19.70	6.50	0.87
Deferred Tax	(3.96)	2.59	12.79	-	-
Net Profit After Tax	465.70	379.44	223.73	75.67	(105.85)
Income Tax Refund	-	6.54	0.04	-	-
Net profit after tax after adjusting prior period item before restatement	465.70	385.98	223.77	75.67	(105.85)
Adjustments					
Current Tax impact of Adjustments	-	6.54	0.04	(0.03)	-
Deferred Tax impact of Adjustments	-	110.98	79.21	328.98	-
Provision for leave Encashment	1.44	1.83	1.81	1.00	1.41
Net Profit after Tax as Restated	464.26	266.63	142.71	(254.29)	(107.26)
Profit and Loss Balance at the beginning of the year	626.51	359.88*	184.57	438.85	546.11
Balance Carried to Balance Sheet	1,090.77	626.51	327.28	184.57	438.85

* Investment Allowance Reserve amounting to Rs 32.59 Lacs has been added to Profit and Loss Account balance instead of being shown separately under the heading Reserves & Surplus. There is no impact on over all figures.

SUMMARY OF ASSETS AND LIABILITIES, AS RESTATED
Rs. in Lacs

Particulars	As at				
	31-Mar-06	31-Mar-05	31-Mar-04	31-Mar-03	31-Mar-02
FIXED ASSETS					
Gross Block	4588.20	3815.65	3669.27	3517.83	3482.95
Less: Depreciation	1849.94	1645.65	1480.10	1326.21	1170.82
Net Block	2738.25	2170.00	2189.17	2191.62	2312.13
Less : Revaluation Reserve	133.72	134.63	171.82	209.80	247.89
Net Block after adjustment for Revaluation Reserve	2604.54	2035.37	2017.35	1981.82	2064.24
Capital Work in Progress	756.52	403.48	19.78	1.23	-
Total Fixed Assets (A)	3361.05	2438.85	2037.13	1983.05	2064.24
INVESTMENTS (B)	-	8.00	8.00	8.00	8.00
CURRENT ASSETS, LOANS AND ADVANCES					
Inventories	592.07	461.22	518.85	444.35	388.11
Sundry Debtors	811.44	682.60	907.45	746.28	740.32
Cash and bank Balance	12.57	64.27	9.98	4.82	10.24
Loans and Advance	163.82	241.65	78.80	83.67	72.95
Total (C)	1579.90	1449.74	1515.08	1279.12	1211.62
LIABILITIES AND PROVISIONS					
Secured Loans	1442.25	1164.83	1044.97	1040.61	1088.25
Unsecured Loans	-	-	8.00	-	-
Current Liabilities & Provisions	431.19	524.21	719.89	677.33	718.48
Deferred Tax liability	530.59	534.55	420.98	328.98	-
Total (D)	2404.03	2223.59	2193.84	2046.92	1806.73
Share Application Money	50.00	40.00	-	-	-
NET WORTH (A+B+C-D)	2486.92	1633.00	1366.37	1223.25	1477.13
REPRESENTED BY:					
Share Capital (E)	1003.05	806.50	806.50	806.50	806.50
Total Reserves and Surplus	1622.25	961.13	731.69	626.96	919.33
Less Revaluation Reserves	133.72	134.63	171.82	209.80	247.89
Net Reserve and Surplus (F)	1488.53	826.50	559.87	417.16	671.44
Miscellaneous Expenditure (G)	4.66	-	-	0.41	0.81
NET WORTH (E+F-G)	2486.92	1633.00	1366.37	1223.25	1477.13

THE ISSUE

Equity Shares Offered	[.] Equity Shares of face value of Rs. 10/- each.
Of which:	
Promoters Contribution	[.] Equity Shares of face value of Rs. 10/- each aggregating to Rs. 500 Lacs
Net issue to Public	[.] Equity Shares of Rs. 10/- each aggregating to Rs. 2350 Lacs
Of which:	
(A) Qualified Institutional Portion	Upto [.] Equity Shares of face value of Rs. 10/- each, constituting upto 50% of the Net issue to Public (allocation on proportionate basis), out of which upto 5% i.e., [.] shares of face value of Rs. 10/- each shall be available for allocation on a proportionate basis to Mutual Funds (Mutual Funds Portion), and balance Equity Shares shall be available for allocation to all QIBs, including Mutual Funds.
(B) Non-Institutional Portion	At least [.] Equity Shares of Rs. 10/- each, constituting at least 15% of the Net Issue to Public (allocation on proportionate basis).
(c) Retail Portion	At least [.] Equity Shares of face value of Rs. 10/- each, constituting at least 35% of the Net Issue to Public (allocation on proportionate basis).
Equity Shares Outstanding prior to the Issue	1,00,30,500 Equity Shares of face value of Rs. 10/- each.
Equity Shares Outstanding after the Issue	[.] Equity Shares of face value of Rs. 10/- each.
Objects of the Issue	Please see the section titled "Objects of the Issue" on Page 58 of this Draft Red Herring Prospectus.

- The Promoters Contribution in full shall be brought in at least one day prior to the opening of the Issue, at the higher end of the Price band, as per Clause 4.9.1 of the SEBI Guidelines. Further, in terms of Clause 4.9.2, our Board will pass a resolution prior to the opening of the Issue for allotment of [.] Equity Shares at the price to be discovered through the Book-Building Process and the said shares will be allotted alongwith allotment of Equity Shares under Net Issue to Public portion. In terms of Clause 4.9.3 of SEBI Guidelines, we will submit the copy of the said resolution along with a Chartered Accountants' certificate confirming bringing in of Promoters' contribution prior to the opening of the Issue.
- Under-subscription in any of the categories in Net Issue to Public portion, would be allowed to be met with spillover inter-se from any other categories, at the sole discretion of our Company and BRLMs.

GENERAL INFORMATION

INCORPORATION

Our Company was incorporated as a Public Limited Company on December 8, 1980 and obtained the certificate of commencement of business on July 23, 1981.

REGISTERED OFFICE OF OUR COMPANY

Ruchira Papers Limited
Trilokpur Road, Kala-Amb,
District Sirmour – 173030,
Himachal Pradesh
Tel.: 91-1702-238654, 238537, 238350
Fax: 91-1734-261141
E-mail: ipo@ruchirapapers.com

REGISTRATION NUMBER

06-4336

CORPORATE IDENTIFICATION NUMBER

L21012HP1980PLC004336

REGISTRAR OF COMPANIES

Registrar of Companies, Punjab, H.P. & Chandigarh situated at 286, Defence Colony, Jalandhar, Punjab.

ADMINISTRATIVE OFFICE OF OUR COMPANY

21-22, New Professors Colony,
Yamuna Nagar – 135001,
Haryana
Tel.: 91-1732-233799, 233140,
Fax: 91-1732-230403

BOARD OF DIRECTORS

Our Company is currently managed by Board of Directors comprising of nine directors. The day-to-day operations of our Company are looked after by Mr. Umesh Chander Garg, Managing Director with the assistance of Mr. Subhash Chander Garg, Mr. Jatinder Singh, Whole-time Directors and Mr. Jaleshwar Narain Singh, Executive Director of our Company. Our Board of Directors comprises of the following:

Sl. No.	Name of Director	Designation	Status	Provisional Director's Identification Number
1.	Mr. Umesh Chander Garg	Managing Director	Promoter	00236801
2.	Mr. Subhash Chander Garg	Whole-time Director	Promoter	00236861
3.	Mr. Jatinder Singh	Whole-time Director	Promoter	00242082
4.	Mr. Jaleshwar Narain Singh	Executive Director	Executive Director	00244648
5.	Mr. Dalbir Singh	Director	Independent & Non-Executive Director	00244791
6.	Mr. Avtar Singh Bajwa	Director	Independent & Non-Executive Director	00244898
7.	Mr. Surinder Gupta	Director	Independent & Non-Executive Director	00244837
8.	Mr. S.K.Dewan	Director	Independent & Non-Executive Director	00244730
9.	Mr. M.C.Dhyani	Director	Independent & Non-Executive Director (Nominee – IFCI)	00268570

For further details of our Managing Director, Whole Time Directors and other Directors, please refer to the section titled “Our Management” on page 119 of this Draft Red Herring Prospectus

COMPLIANCE OFFICER

Mr. Vipin Gupta

DGM Finance
Trilokpur Road, Kala-Amb,
District Sirmour – 173030,
Himachal Pradesh
Tel.: 91-1702-238654, 238537, 238350
Fax: 91-1734-261141
E-mail: ipo@ruchirapapers.com

COMPANY SECRETARY

Mr. Satinder Pal Singh

Trilokpur Road, Kala-Amb,
District Sirmour – 173030,
Himachal Pradesh
Tel.: 91-1702-238654, 238537, 238350
Fax: 91-1734-261141
E-mail: ipo@ruchirapapers.com

Note: The investors' are requested to contact the Compliance Officer in case of any pre-Issue / post-Issue related problems such as non-receipt of letters of allotment/ credit of allotted Shares in the respective beneficiary accounts/ refund orders, etc.

ISSUE MANAGEMENT TEAM

BOOK RUNNING LEAD MANAGERS TO THE ISSUE

A.K. Capital Services Limited

SEBI Regn. No.: INM000010411
Flat No. N, Sagar Apartments,
6, Tilak Marg,
New Delhi- 110 001
Tel: 91-11-23385704, 23388235
Fax: 91-11-23385189
Website: www.akcapindia.com
Email: rplipo@akgrouponline.com
Contact Person: Mr. Sanjay Jain

Punjab National Bank

SEBI Regn. No.: INM000010882
Merchant Banking Division,
7, Bhikaiji Kama Place,
New Delhi- 110 070
Tel : (011) 26161196
Fax: (011) 26196483
Website: www.pnbindia.com
Email: mbd@pnb.co.in
Contact Person: Mr. B.B. Aggarwal

REGISTRAR TO THE ISSUE

Intime Spectrum Registry Limited

C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup West,
Mumbai-400078.
Tel: 91-22-2596 0320-28
Fax: 91-22-25960329
Email: rplipo@intimespectrum.com
Website: www.intimespectrum.com
Contact Person: Mr Salim Shaikh

SYNDICATE MEMBERS

[.] (Will be updated at the time of RoC Filing)

LEGAL ADVISORS TO THE ISSUE

Vaish Associates, Advocates
10, Hailey Road, # 5-7,
New Delhi – 110 001.
Ph: 91-11-42492525
Fax: 91-11-23320484
Email: hitender@vaishlaw.com
Contact Person: Mr. Hitender Mehta

ESCROW COLLECTING BANKS AND BANKERS TO THE ISSUE

[.] (Will be updated at the time of RoC Filing)

AUDITORS

I. Chander Goel & Co.,
Chartered Accountants,
Railway Road,
Jagadhari, Yamuna Nagar,
Haryana
Tel: 91-1732-242695, 242300
Email: smittalca@rediffmail.com
Contact person: Mr. I. Chander Goel

BANKERS TO OUR COMPANY

Central Bank of India

The Mall, Nahan,
Distt. Sirmour,
Himachal Pradesh
Tel: 91-1702-222310
Fax: 91-1702-226787
Email: bmsml1452@centralbank.co.in
Contact Person: Mr. Lovneesh Talwar

IFCI Limited

Sector 27C, Madhya Marg,
Chandigarh-160019
Tel.: 91-0172-2650878, 2650743
Fax: 91-0712-2656734
Email: chro@ifcimail.com
Contact Person: Mr. Naresh Saluja

State Bank of India

Kala Amb, Distt. Sirmour,
Himachal Pradesh
Ph. 91-0172-238535
Fax: 91-01702-238488
Email: sbikalaamb@yahoo.co.in
Contact Person: Mr. Suneet Marwaha

Himachal Pradesh State Industrial Development Corporation Limited

New Himrus Building, Hotel Himland,
Shimla, Himachal Pradesh
Tel: 91-0177-225339, 224059
Fax: 91-0177-224278
Email: hpsidc@sancharnet.in
Contact Person: Mr. Anil Khachi

Punjab National Bank

Sector 17B,
Chandigarh
Tel.: 91-0172-2702679
Fax: 91-0172-2704669
Email: bo0087@pnb.co.in
Contact person: Mr. S.P. Mathur

BROKERS TO THE ISSUE

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

STATEMENT OF INTER-SE ALLOCATION OF RESPONSIBILITIES

The following table sets forth the inter-se allocation of responsibilities for various activities among AK Caps and PNB as Book Running Lead Managers for the IPO of the Equity Shares of Ruchira Papers Limited:

Particulars		Responsibility	Coordinator
1	Capital structuring with the relative components and formalities such as type of instruments etc.	AK Caps/ PNB	AK Caps
2	Due diligence of our Company's operations/ management/ business plans/ legal etc. Drafting and design of the Draft Red Herring Prospectus and of statutory advertisement including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalization of Prospectus and RoC filing.	AK Caps/ PNB	AK Caps
3	Drafting and approval of all publicity material other than statutory advertisement as mentioned in (2) above including corporate advertisement, brochure, road show presentations, FAQs, corporate films etc.	AK Caps/ PNB	PNB
4	Appointment of other intermediaries viz. Registrar, Printers, Advertising Agency and Bankers to the Issue.	AK Caps/ PNB	PNB
5	Institutional Marketing of the Issue, which will cover, inter alia, Finalize the list and division of investors for one to one meetings; and Finalize road show schedule and investor meeting schedules	AK Caps/ PNB	AK Caps
6	Non-Institutional and Retail Marketing of the Issue, which will cover, inter alia, formulating marketing strategies, preparation of publicity budget; finalize media & PR strategy; finalize centers for holding conferences for brokers etc.; finalize collection centers; and follow-up on distribution of publicity and Issue material including form, prospectus and deciding on the quantum of the Issue material.	AK Caps/ PNB	AK Caps
7	The post bidding activities including management of escrow accounts, coordinate non-institutional allocation, intimation of allocation and dispatch of refunds to Bidders etc. The post Issue activities will involve essential follow up steps, which include the finalisation of listing of instruments and dispatch of certificates and demat delivery of Shares, with the various agencies connected with the work such as the Registrar to the Issue and Bankers to the Issue and the bank handling refund business. The BRLMs shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with our Company.	AK Caps	AK Caps

CREDIT RATING

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

DEBENTURE TRUSTEES

This being an Issue of Equity Shares, appointment of Trustees is not required.

MONITORING AGENCY

Punjab National Bank, Sector 17B, Chandigarh has been appointed as the Monitoring Agency to oversee the utilisation of the funds, which will be raised through the proposed Public Issue.

APPRAISING ENTITY

Punjab National Bank

7, Bhikaiji Cama Place,
New Delhi- 110 070
Tel : (011) 26161196
Fax: (011) 26196483
Email: cad@pnb.co.in
Website: www.pnbindia.com
Contact Person: MR. S. Dutta

IPO GRADING

We have not opted for IPO grading.

WITHDRAWAL OF THE ISSUE

Our Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue at anytime after the Bid/ Issue Opening Date but before Allotment, without assigning any reason therefore.

BOOK BUILDING PROCESS

Book Building refers to the process of collection of Bids from investors on the basis of the Draft Red Herring Prospectus, which is based on the price band, with the issue price being finalized after the Bid/ Issue Closing Date. The principal parties involved in the Book Building Process are:

1. Company;
2. Book Running Lead Managers;
3. Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as underwriters. Syndicate Members are appointed by the BRLMs;
4. Escrow Collection Bankers; and
5. Registrar to the Issue.

SEBI Guidelines have permitted an issue of securities to the public through 100% Book Building Process, wherein: (i) upto 50% of the Net Issue to Public shall be allocated on a proportionate basis to QIBs, which includes reservation amounting to 5% for Mutual Funds. Mutual Funds shall also be considered in the balance, available for allocation to QIBs. (ii) at least 15% of the Net Issue to Public shall be available for allocation on a proportionate basis to the Non-Institutional Bidders and (iii) at least 35% of the Net Issue to Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. We shall comply with Guidelines issued by SEBI for this Issue. In this regard, we have appointed A.K. Capital Services Limited and Punjab National Bank as BRLMs to manage the Issue and to procure subscription to the Issue.

QIBs are not allowed to withdraw their Bid(s) after the Bid/ Issue Closing Date. In addition, QIBs are required to pay atleast 10% margin amount upon submission of the Bid cum Application Form during the Bidding Period and allocation to QIBs will be done on a proportionate basis. For further details please refer to the section titled "Issue Procedure" appearing on page 192 of this Draft Red Herring Prospectus.

Our Company shall comply with guidelines issued by SEBI and any other ancillary directions issued by SEBI for this Issue.

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

ILLUSTRATION OF BOOK BUILDING AND PRICE DISCOVERY PROCESS

(Investors may note that this illustration is solely for illustrative purposes and is not specific to the Issue).

Bidders can Bid at any price within the price band. For instance, assuming a price band of Rs. 40 to Rs. 48 per share, issue size of 6,000 Equity Shares and receipt of nine Bids from Bidders details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the website of the BSE (www.bseindia.com) and NSE (www.nseindia.com) during the Bidding Period. The illustrative book as shown below, shows the demand for the Shares of Company at various prices and is collated from Bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	48	500	8.33%
700	47	1,200	20.00%
1,000	46	2,200	36.67%
400	45	2,600	43.33%
500	44	3,100	51.67%
200	43	3,300	55.00%
2,800	42	6,100	101.67%
800	41	6,900	115.00%
1,200	40	8,100	135.00%

The price discovery is a function of demand at various prices. The highest price at which the Issuer is able to issue the desired quantum of Shares is the price at which the book cuts off i.e. Rs. 42/- in the above example. The issuer, in consultation with the BRLMs will finalize the issue price at or below such cut off price i.e. at or below Rs. 42. All bids at or above this issue price and cut-off bids are valid Bids and are considered for allocation in respective category.

STEPS TO BE TAKEN FOR BIDDING:

Check eligibility for making a Bid (see section titled “Issue Procedure – Who Can Bid” on page 192 of this Draft Red Herring Prospectus);

Ensure that the Bidder has a demat account and demat account details are correctly mentioned in Bid cum Application Form;

If bid is for Rs. 50,000 or more, ensure that the Bid cum Application Form is accompanied by the PAN or by Form 60 or Form 61 of the Income Tax Rules, 1962 as may be applicable. Bidders are specifically requested not to submit their GIR number instead of the PAN number, as the Bid is liable to be rejected. (see section titled “Issue Procedure”-PAN or GIR Number on Page 206 of this Draft Red Herring Prospectus);

Ensure that the Bid cum Application Form is duly completed as per instructions given in the Draft Red Herring Prospectus and in the Bid cum Application Form;

The Bidder should ensure the correctness of his or her Demographic details (as defined in the section titled “Issue Procedure-Bidder’s Bank Account Details” on page 202 of this Draft Red Herring Prospectus) given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.

UNDERWRITING

After the determination of the Issue Price but prior to filing of the Prospectus with 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 BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are subject to certain conditions to closing, as specified therein.

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

(This portion has been intentionally left blank and will be completed before filing of the prospectus with RoC)

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in million)
[•]	[•]	[•]
[•]	[•]	[•]

The above mentioned amount is indicative and this would be finalized after determination of Issue Price and actual allocation of the Equity Shares. The Underwriting Agreement is dated [•].

In the opinion of the Board of Directors (based on a certificates given to them by BRLMs and the Syndicate Members), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above- mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchanges. The above Underwriting Agreement has been accepted by the Board of Directors and our Company has issued letters of acceptance to the Underwriters.

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

CAPITAL STRUCTURE

SHARE CAPITAL AS ON DATE OF FILING OF DRAFT RED HERRING PROSPECTUS WITH SEBI

Particulars	Nominal Value (Rs in Lacs)	Aggregate Value (Rs in Lacs)
AUTHORISED CAPITAL		
31,000,000 Equity Shares of Rs 10/- each	3,100.00	
ISSUED, SUBSCRIBED AND PAID UP CAPITAL BEFORE THE ISSUE		
10,030,500 Equity Shares of Rs 10/- each fully paid up	1,003.05	1,203.05
C. PRESENT ISSUE IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS		
[.] Equity Shares of Rs 10/- each at a premium of Rs. [.] each fully paid up	[.]	2,850.00
OF WHICH		
1. PROMOTERS CONTRIBUTION		
[.] Equity Shares of Rs 10/- each at a premium of Rs. [.] each fully paid up	[.]	500.00
2. NET ISSUE TO PUBLIC		
[.] Equity Shares of Rs 10/- each at a premium of Rs. [.] each fully paid up	[.]	2,350.00
OF WHICH		
(i) QIB portion of Upto [.] Equity Shares of Rs. 10/- each fully paid up. Out of which upto 5% i.e., [.] shares of face value of Rs. 10/- each shall be available for allocation on a proportionate basis to Mutual Funds only, and balance Equity Shares shall be available for allocation to all QIBs, including Mutual Funds.	[.]	1175.00
(ii) Non-Institutional portion of atleast [.] Equity Shares of Rs. 10/- each fully paid up	[.]	352.50
(iii) Retail portion of atleast [.] Equity Shares of Rs. 10/- each fully paid up	[.]	822.50
PAID UP CAPITAL AFTER THE ISSUE		
[.] Equity Shares of Rs 10/- each fully paid up	[.]	4,053.05
SHARE PREMIUM ACCOUNT		
Before the Issue	-	200.00
After the Issue	-	[.]

NOTES TO CAPITAL STRUCTURE

1. DETAILS OF INCREASE IN SHARE CAPITAL OF OUR COMPANY:

Sr. No.	Particulars of Increase	Date of Meeting	Nature of Meeting
	Rs. 20 Lacs	Since Incorporation	-
2	From Rs. 20 Lacs to Rs.30 Lacs	14.05.1983	EGM
3	From Rs. 30 Lacs to Rs.50 Lacs	16.06.1986	EGM
4	From Rs. 50 Lacs to Rs.250 Lacs	30.12.1989	EGM
5	From Rs. 250 Lacs to Rs.1050 Lacs	31.08.1994	EGM
6	From Rs. 1050 Lacs to Rs.1600 Lacs	25.03.1995	EGM
7	From Rs. 1600 Lacs to Rs.3100 Lacs	-	Pursuant to merger of HTL with our Company vide High Court Order dated 27.01.2006

2. CAPITAL BUILDUP:

The existing share capital of our Company has been subscribed and allotted as under :

Date of Allotment & Date on which fully paid-up	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Value (Rs.)	Cumulative Capital (Rs.)	Description
08.12.1980	7101	100	100	Cash	710100	710100	Subscribers to the Memorandum
04.04.1981	8,899#	100	100	Cash	889900	1600000	Further Issue
27.01.1983	4,000	100	100	Cash	400000	2000000	Further Issue
30.12.1983	2,000	100	100	Cash	200000	2200000	Further Issue
27.03.1985	3,000	100	100	Cash	300000	2500000	Further Issue
14.08.1986	5,000	100	100	Cash	500000	3000000	Further Issue
15.01.1987	3,000	100	100	Cash	300000	3300000	Further Issue
15.03.1987	2,000	100	100	Cash	200000	3500000	Further Issue
11.11.1987	9,000	100	100	Cash	900000	4400000	Further Issue
30.12.1989	440,000	10	-	-	4400000	4400000	Subdivision of face value of shares from Rs. 100/- per equity share to Rs. 10/- per equity share*
31.03.1990	100000	10	10	Cash	1000000	5400000	Further Issue

01.12.1990	200000	10	10	Cash	2000000	7400000	Further Issue
31.12.1990	200000	10	10	Cash	2000000	9400000	Further Issue
02.07.1991	140000	10	10	Cash	1400000	10800000	Further Issue
28.07.1992	200000	10	10	Cash	2000000	12800000	Further Issue
21.12.1992	600000	10	10	Cash	6000000	18800000	Further Issue
24.03.1994	200000	10	10	Cash	2000000	20800000	Further Issue
31.08.1994	8320000	10	-	Consideration other than Cash	83200000	104000000	Issued as Bonus Shares in ratio of 4:1 **
25.03.1995	200000	10	10	Cash	2000000	106000000	Further Issue
19.12.1995	530000	10	-	Consideration other than Cash	5300000	111300000	Issued as Bonus Shares in ratio of 1:20 ***
14.07.1997	5565000	10	-	Capital Reduction	55650000	55650000	Capital Reduction to the extent of 50% of Existing Capital****
23.08.1997	1347800	10	20	Cash	13478000	69128000	Further Issue
16.12.1997	652200	10	20	Cash	6522000	75650000	Further Issue
30.06.2001	500000	10	10	Cash	5000000	80650000	Further Issue
25.03.2006	1965500	10	-	Consideration other than Cash	19655000	100305000	Merger of HTL with our Company*****
Total	10,030,500				100305000		

The return of allotment filed with RoC in respect of these shares also includes 7,101 shares allotted to subscribers to the Memorandum of our Company.

*4,40,000 Equity Shares issued in lieu of 44,000 Equity Shares on account of sub-division of face value of Equity Shares from Rs. 100/- to Rs. 10/- per share as approved by EGM held on December 30, 1989.

**Our Company has approved Bonus Issue in the EGM dated August 31, 1994 in the ratio of 4 Equity Shares for every 1 Equity Share held by the shareholders by capitalizing Revaluation Reserves and allotment was made on August 31, 1994.

***Our Company has approved Bonus Issue in the EGM dated December 08, 1995 in the ratio of 1 Equity Share for every 20 Equity Shares held by the shareholders and allotment was made on December 19, 1995.

****Our Company effected capital reduction to the extent of 50% of existing capital vide Himachal Pradesh High Court Order dated July 14, 1997.

***** Shares Issued pursuant to Merger of Himachal Tissues Limited, a group Company with our Company vide Himachal Pradesh High Court Order dated January 27, 2006.

3. AGGREGATE SHAREHOLDING OF THE PROMOTERS AND PROMOTERS GROUP AND LOCK-IN PERIOD.

(A) DETAILS OF AGGREGATE SHAREHOLDING OF PROMOTERS

SL No.	Name of the Promoter	Date of Allotment/ Purchase	Consideration Cash/Bonus/Transfer	No. of Shares	Face Value (Rs.)	Issue Price/ Transfer Price (Rs.)	% of post Issue capital	Lock In Period
1	Mr. Umesh Chander Garg	4-Apr-81	Cash	2500	100	100		
		23-Sep-81	Transfer	(1000)	100	100		
		12-Oct-84	Transfer	400	100	100		
		27-Mar-85	Cash	300	100	100		
		14-Aug-86	Cash	700	100	100		
		15-Jan-87	Cash	300	100	100		
		11-Nov-87	Cash	1000	100	100		
		30-Dec-89	Subdivision of face value of shares from Rs. 100/- per equity share to Rs.10/- per equity share	42000	10	-		
		5-Feb-90	Transfer	4000	10	2.50		
		31-Mar-90	Cash	9000	10	10		
		26-May-90	Transfer	(2500)	10	10		
		1-Dec-90	Cash	16000	10	10		
		2-Jul-91	Cash	5000	10	10		
		28-Jul-92	Cash	4000	10	10		
		21-Dec-92	Cash	5000	10	10		
		24-Mar-94	Cash	15000	10	10		
		31-Aug-94	Bonus	390000	10	-		
		25-Mar-95	Cash	13500	10	10		
		20-Oct-95	Transfer	(88500)	10	4.67		
		19-Dec-95	Bonus	20625	10	-		
		12-Mar-97	Transfer	1	10	10		
		14-Jul-97	Capital Reduction of 50% of Existing Capital	216563	10	-		
		23-Aug-97	Cash	20000	10	20		
		16-Dec-97	Cash	17700	10	20		
		17-Aug-98	Transfer	7000	10	20		
		26-Dec-01	Transfer	2724	10	5		
		5-Mar-04	Transfer	9900	10	20		

		26-Dec-05	Transfer	117900	10	20.40		
		25-Mar-06	Allotment pursuant to merger of HTL with our Company	294000	10	-		
			Sub-total	685787				
		Promoters Contribution in the Issue	Cash	[.]	10	[.]	[.]	[.]
			Total	[.]			[.]	[.]
2	Mr. Subhash Chander Garg	4-Apr-81	Cash	1500	100	100		
		30-Dec-83	Cash	800	100	100		
		3-Jul-84	Transfer	300	100	100		
		28-Nov-84	Transfer	200	100	100		
		14-Aug-86	Cash	700	100	100		
		11-Nov-87	Cash	300	100	100		
		30-Dec-89	Subdivision of face value of shares from Rs. 100/- per equity share to Rs.10/- per equity share	38000	10	-		
		5-Feb-90	Gift	4000	10	-		
		5-Feb-90	Transfer	6000	10	2.50		
		31-Mar-90	Cash	10000	10	10		
		1-Dec-90	Cash	20000	10	10		
		31-Dec-90	Cash	10000	10	10		
		31-Dec-90	Transfer	(2200)	10	3.64		
		2-Jul-91	Cash	8000	10	10		
		28-Jul-92	Cash	5000	10	10		
		21-Dec-92	Cash	10000	10	10		
		31-Aug-94	Bonus	435200	10	-		
		24-Dec-94	Transfer	100000	10	7		
		11-Feb-95	Transfer	25000	10	7		
		25-Mar-95	Cash	16500	10	10		
		19-Dec-95	Bonus	34275	10	-		
		12-Mar-97	Transfer	1	10	10		
		14-Jul-97	Capital Reduction of 50% of Existing Capital	359888	10	-		
		23-Aug-97	Cash	102500	10	20		
		16-Dec-97	Cash	36200	10	20		
		17-Aug-98	Transfer	(14000)	10	20		
		15-Oct-99	Gift	3600	10	-		
		6-May-00	Transfer	27000	10	10		
		10-Aug-00	Transfer	12100	10	15		
		16-Jan-01	Transfer	73200	10	8		
		30-Jun-01	Cash	40000	10	10		
		12-Feb-05	Gift	53455	10	-		
		27-Mar-05	Gift	(363375)	10	-		

		25-Mar-06	Allotment pursuant to merger of HTL with our Company	265000	10	-		
			Sub-total	595568			[.]	[.]
		Promoters Contribution in the Issue	Cash	[.]	10	[.]		
			Total	[.]			[.]	[.]
3	Mr. Jatinder Singh	4-Apr-81	Cash	2500	100	100		
		15-Oct-84	Transfer	300	100	100		
		18-Oct-84	Transfer	400	100	100		
		14-Aug-86	Cash	1600	100	100		
		15-Jan-87	Cash	700	100	100		
		11-Nov-87	Cash	250	100	100		
		30-Dec-89	Subdivision of face value of shares from Rs. 100/- per equity share to Rs.10/- per equity share	57500	10	-		
		5-Feb-90	Transfer	12000	10	2.50		
		31-Mar-90	Cash	36900	10	10		
		1-Dec-90	Cash	50000	10	10		
		2-Jul-91	Cash	30000	10	10		
		28-Jul-92	Cash	4000	10	10		
		21-Dec-92	Cash	6000	10	10		
		24-Mar-94	Cash	10000	10	10		
		31-Aug-94	Bonus	825600	10	-		
		11-Feb-95	Transfer	205000	10	6.7		
		19-Dec-95	Bonus	61850	10	-		
		17-Sep-96	Transmission	312900	10	-		
		17-Sep-96	Transfer	(76800)	10	10		
		14-Jul-97	Capital Reduction of 50% of Existing Capital	767475	10	-		
		23-Aug-97	Cash	125600	10	20		
		16-Dec-97	Cash	73000	10	20		
		17-Aug-98	Transfer	7000	10	20		
		16-Jan-01	Transfer	61500	10	6		
		30-Jun-01	Transfer	34000	10	6		
		26-Dec-01	Transfer	54177	10	5		
		26-Jun-03	Transfer	33800	10	19.97		
		25-Mar-06	Allotment pursuant to merger of HTL with our Company	333250	10	-		
			Sub-total	1489802			[.]	[.]

		Promoters Contribution in the Issue	Cash	[.]	10	[.]		
			Total	[.]			[.]	[.]
4	Mrs. Shashi Garg	4-Apr-81	Cash	2000	100	100		
		21-Sep-81	Transfer	(1750)	100	100		
		15-Jan-87	Cash	300	100	100		
		11-Nov-87	Cash	1000	100	100		
		30-Dec-89	Subdivision of face value of shares from Rs. 100/- per equity share to Rs.10/- per equity share	15500	10	-		
		5-Feb-90	Transfer	3500	10	2.50		
		5-Feb-90	Transfer	500	10	3		
		31-Mar-90	Cash	6000	10	10		
		1-Dec-90	Cash	16000	10	10		
		2-Jul-91	Cash	500	10	10		
		28-Jul-92	Cash	3000	10	10		
		21-Dec-92	Cash	5000	10	10		
		31-Aug-94	Bonus	200000	10	-		
		11-Feb-95	Transfer	513750	10	6.81		
		25-Mar-95	Cash	13500	10	10		
		19-Dec-95	Bonus	38863	10	-		
		12-Mar-97	Transfer	1	10	10		
		14-Jul-97	Capital Reduction of 50% of Existing Capital	408057	10	-		
		23-Aug-97	Cash	10000	10	20		
		16-Dec-97	Cash	31200	10	20		
		26-Jun-03	Transfer	10500	10	20		
		25-Mar-06	Allotment pursuant to merger of HTL with our Company	17500	10	-		
			Sub-total	477257			[.]	[.]
		Promoters Contribution in the Issue	Cash	[.]	10	[.]		
			Total	[.]			[.]	[.]
5	Mrs. Parveen Garg	4-Apr-81	Cash	2000	100	100		
		12-Nov-81	Transfer	(1500)	100	100		
		14-Aug-86	Cash	200	100	100		
		30-Dec-89	Subdivision of face value of shares from Rs. 100/- per equity share to Rs.10/- per equity share	7000	10	-		
		24-Mar-94	Cash	5000	10	10		
		31-Aug-94	Bonus	48000	10	-		
		22-Oct-94	Transfer	265000	10	7		
		23-Nov-94	Transfer	200000	10	5.6		

		19-Dec-95	Bonus	26250	10	-		
		14-Jul-97	Capital Reduction of 50% of Existing Capital	275625	10	-		
		23-Aug-97	Cash	15000	10	20		
		16-Dec-97	Cash	21400	10	20		
		25-Mar-06	Allotment pursuant to merger of HTL with our Company	23750	10	-		
			Sub-total	335775			[.]	[.]
		Promoters Contribution in the Issue	Cash	[.]	10	[.]		
			Total	[.]			[.]	[.]
6	Mrs. Charanjeet Kaur	4-Apr-81	Cash	2500	100	100		
		15-Nov-81	Transfer	(1500)	100	100		
		15-Jan-87	Cash	200	100	100		
		15-Mar-87	Cash	160	100	100		
		11-Nov-87	Cash	1000	100	100		
		2-Dec-89	Gift	200	100	-		
		30-Dec-89	Subdivision of face value of shares from Rs. 100/- per equity share to Rs.10/- per equity share	25600	10	-		
		5-Feb-90	Transfer	6000	10	2.50		
		31-Mar-90	Cash	4100	10	10		
		26-May-90	Transfer	2500	10	10		
		1-Dec-90	Cash	14000	10	10		
		2-Jul-91	Cash	15000	10	10		
		28-Jul-92	Cash	4000	10	10		
		21-Dec-92	Cash	15000	10	10		
		24-Mar-94	Cash	20000	10	10		
		31-Aug-94	Bonus	424800	10	-		
		24-Dec-94	Transfer	65000	10	7.00		
		25-May-95	Transfer	(112500)	10	15.07		
		23-Aug-95	Transfer	(127200)	10	15.09		
		19-Dec-95	Bonus	17815	10	-		
		12-Mar-97	Transfer	1	10	10.00		
		14-Jul-97	Capital Reduction of 50% of Existing Capital	187058	10	-		
		23-Aug-97	Cash	27800	10	20		
		16-Dec-97	Cash	22800	10	20		
		26-Jun-03	Transfer	8700	10	10		
		1-Jul-05	Transfer	96265	10	10		
		25-Mar-06	Allotment pursuant to merger of HTL with our Company	437250	10	-		
			Sub-total	779873			[.]	[.]

		Promoters Contribution in the Issue	Cash	[.]	10	[.]		
			Total	[.]			[.]	[.]
	Grand Total (A)			[.]			[.]	

- Figures in bracket indicate sale/ Transfer/ Transmission of Shares.

(B) DETAILS OF AGGREGATE SHAREHOLDING OF PROMOTER GROUP (OTHER THAN PROMOTERS):

SL. No.	Name of the Promoter	Date of Allotment/ Purchase	Consideration	No. of Shares	Face Value (Rs.)	Issue Price/ Transfer Price (Rs.)	% of post Issue capital	Lock In Period
1	U.C.Garg (HUF)	15-Jan-87	Cash	1000	100	100		
		15-Mar-87	Cash	600	100	100		
		11-Nov-87	Cash	1000	100	100		
		30-Dec-89	Subdivision of face value of shares from Rs. 100/- per equity share to Rs.10/- per equity share	26000	10	-		
		5-Feb-90	Transfer	4000	10	2.5		
		31-Mar-90	Cash	6000	10	10		
		31-Dec-90	Cash	5000	10	10		
		28-Jul-92	Cash	3000	10	10		
		21-Dec-92	Cash	3000	10	10		
		31-Aug-94	Bonus	188000	10	-		
		24-Dec-94	Transfer	926500	10	7		
		20-Oct-95	Transfer	88500	10	5		
		19-Dec-95	Bonus	62500	10	-		
		14-Jul-97	Capital Reduction of 50% of Existing Capital	656250	10	-		
		23-Aug-97	Cash	12500	10	10		
		16-Dec-97	Cash	49800	10	10		
		26-Dec-05	Transfer	30000	10	10		
		25-Mar-06	Allotment pursuant to merger of HTL with our Company	87500	10	-		
			Total	836050			[.]	1 Year
2	Mr. Deepan Garg	4-Apr-81	Cash	100	100	100		
		24-Feb-82	Cash	150	100	100		
		27-Mar-85	Cash	100	100	100		
		11-Nov-87	Cash	200	100	100		

		2-Dec-89	Gift	200	100	-		
		14-Aug-06	Cash	35	100	100		
		30-Dec-89	Subdivision of face value of shares from Rs. 100/- per equity share to Rs.10/- per equity share	7850	10	-		
		5-Feb-90	Transfer	2000	10	2.50		
		2-Jul-91	Cash	500	10	10		
		28-Jul-92	Cash	1000	10	10		
		24-Mar-94	Cash	2000	10	10		
		31-Aug-94	Bonus	53400	10	-		
		22-Oct-94	Transfer	617500	10	7		
		25-Mar-95	Cash	13500	10	10		
		19-Dec-95	Bonus	34887	10	-		
		12-Mar-97	Cash	1	10	10		
		14-Jul-97	Capital Reduction of 50% of Existing Capital	366319	10	-		
		16-Dec-97	Cash	40000	10	20		
			Sub-total	406319			[.]	
		Promoters Contribution in the Issue	Cash	[.]	10	[.]		
			Total	[.]			[.]	1 Year
3	Mr. Atul Garg	4-Apr-81	Cash	100	100	100		
		24-Feb-82	Cash	150	100	100		
		27-Mar-85	Cash	100	100	100		
		14-Apr-86	Cash	35	100	100		
		11-Nov-87	Cash	200	100	100		
		2-Dec-89	Gift	200	100	-		
		30-Dec-89	Subdivision of face value of shares from Rs. 100/- per equity share to Rs.10/- per equity share	7850	10	10		
		5-Feb-90	Transfer	2000	10	2.50		
		2-Jul-91	Cash	500	10	10		
		28-Jul-92	Cash	500	10	10		
		31-Aug-94	Bonus	43400	10	-		
		11-Feb-95	Transfer	241500	10	7		
		19-Dec-95	Bonus	14788	10	-		
		14-Jul-97	Capital Reduction of 50% of Existing Capital	155269	10	-		
		23-Aug-97	Cash	30000	10	20		
		16-Dec-97	Cash	25600	10	20		
		25-Mar-06	Allotment pursuant to merger of HTL with our Company	51250	10	-		

			Sub-total	262119			[.]	
		Promoters Contribution in the Issue	Cash	[.]	10	[.]		
			Total	[.]			[.]	1 Year
4	Mr. Lucky Garg	4-Apr-81	Cash	100	100	100		
		24-Feb-82	Cash	100	100	100		
		27-Mar-85	Cash	100	100	100		
		14-Aug-86	Cash	35	100	100		
		11-Nov-87	Cash	200	100	100		
		2-Dec-89	Gift	200	100	-		
		30-Dec-89	Subdivision of face value of shares from Rs. 100/- per equity share to Rs.10/- per equity share	7350	10	-		
		5-Feb-90	Transfer	2000	10	2.50		
		2-Jul-91	Cash	500	10	10		
		28-Jul-92	Cash	500	10	10		
		31-Aug-94	Bonus	41400	10	-		
		19-Dec-95	Bonus	2588	10	-		
		14-Jul-97	Capital Reduction of 50% of Existing Capital	27169	10	-		
		16-Dec-97	Cash	2100	10	20		
		12-Feb-05	Gift	7900	10	-		
		26-Dec-05	Transfer	1412	10	10		
		25-Mar-06	Allotment pursuant to merger of HTL with our Company	52250	10	-		
			Sub-total	90831			[.]	
		Promoters Contribution in the Issue	Cash	[.]	10	[.]		
			Total	[.]			[.]	1 Year
5	Jatinder Singh (HUF)	11-Nov-87	Cash	1500	100	100		
		30-Dec-89	Subdivision of face value of shares from Rs. 100/- per equity share to Rs.10/- per equity share	15000	10	-		
		28-Jul-92	Cash	6000	10	10		
		21-Dec-92	Cash	40000	10	10		
		24-Mar-94	Cash	97000	10	10		
		31-Aug-94	Bonus	632000	10	-		
		19-Dec-95	Bonus	39500	10	-		
		17-Sep-96	Transfer	76800	10	20		

		14-Jul-97	Capital Reduction of 50% of Existing Capital	453150	10	-		
		16-Dec-97	Cash	34000	10	20		
		30-Jun-01	Transfer	35700	10	12		
			Total	522850			[.]	1 Year
6	Mr. Daljeet Singh	15-Mar-87	Cash	200	100	100		
		11-Nov-87	Cash	250	100	100		
		2-Dec-89	Gift	200	100	-		
		30-Dec-89	Subdivision of face value of shares from Rs. 100/- per equity share to Rs.10/- per equity share	6500	10	-		
		5-Feb-90	Transfer	2000	10	2.50		
		2-Jul-91	Cash	2000	10	10		
		28-Jul-92	Cash	4000	10	10		
		21-Dec-92	Cash	4000	10	10		
		24-Mar-94	Cash	10000	10	10		
		31-Aug-94	Bonus	114000	10	-		
		23-Nov-94	Transfer	20000	10	7		
		24-Dec-94	Transfer	87000	10	7		
		19-Dec-95	Bonus	12475	10	-		
		12-Mar-97	Transfer	1	10	10		
		14-Jul-97	Capital Reduction of 50% of Existing Capital	130988	10	-		
		23-Aug-97	Cash	22500	10	20		
		16-Dec-97	Cash	13400	10	20		
		25-Jul-05	Transfer	50000	10	10		
		25-Mar-06	Allotment pursuant to merger of HTL with our Company	36250	10	-		
			Total	253138			[.]	1 Year
7	Mr. Jagdeep Singh	15-Mar-87	Cash	200	100	100		
		11-Nov-87	Cash	250	100	100		
		25-Dec-89	Transfer	200	100	Gift		
		30-Dec-89	Subdivision of face value of shares from Rs. 100/- per equity share to Rs.10/- per equity share	6500	10	-		
		5-Feb-90	Transfer	2000	10	10		
		2-Jul-91	Cash	2000	10	10		
		28-Jul-92	Cash	4000	10	10		
		21-Dec-92	Cash	4000	10	10		
		24-Mar-94	Cash	10000	10	10		

		31-Aug-94	Bonus	114000	10	-		
		24-Dec-94	Transfer	110000	10	7		
		19-Dec-95	Bonus	12625	10	-		
		12-Mar-97	Transfer	1	10	10		
		14-Jul-97	Capital Reduction of 50% of Existing Capital	132563	10	-		
		23-Aug-97	Cash	27500	10	20		
		16-Dec-97	Cash	11200	10	20		
		25-Jul-05	Transfer	50000	10	10		
		25-Mar-06	Allotment pursuant to merger of HTL with our Company	8750	10	-		
			Total	230013			[.]	1 Year
8	S.C.Garg (HUF)	15-Mar-87	Cash	600	100	100		
		30-Dec-89	Subdivision of face value of shares from Rs. 100/- per equity share to Rs.10/- per equity share	6000	10	-		
		5-Feb-90	Transfer	4000	10	2.50		
		31-Mar-90	Cash	6000	10	10		
		31-Dec-90	Cash	5000	10	10		
		2-Jul-91	Cash	2000	10	10		
		28-Jul-92	Cash	3000	10	10		
		21-Dec-92	Cash	10000	10	10		
		24-Mar-94	Cash	15000	10	10		
		31-Aug-94	Bonus	204000	10	-		
		24-Dec-94	Transfer	420000	10	7		
		25-Mar-95	Cash	40000	10	10		
		19-Dec-95	Bonus	35750	10	-		
		14-Jul-97	Capital Reduction of 50% of Existing Capital	375375	10	-		
		23-Aug-97	Cash	42500	10	20		
		16-Dec-97	Cash	30100	10	20		
		15-Oct-99	Transfer	33500	10	10		
		16-Jan-01	Transfer	31400	10	8		
		25-Mar-06	Allotment pursuant to merger of HTL with our Company	96250	10	-		
			Total	609125			[.]	1 Year
9	Ms. Radhika Garg	4-Apr-81	Cash	100	100	100		
		27-Mar-85	Cash	100	100	100		
		14-Aug-86	Cash	35	100	100		
		11-Nov-87	Cash	200	100	100		

		2-Dec-89	Gift	200	100	-		
		30-Dec-89	Subdivision of face value of shares from Rs. 100/- per equity share to Rs.10/- per equity share	6350	10	-		
		5-Feb-90	Transfer	2000	10	2.50		
		2-Jul-91	Cash	1000	10	10		
		28-Jul-92	Cash	1000	10	10		
		21-Dec-92	Cash	1000	10	10		
		31-Aug-94	Bonus	45400	10	-		
		23-Nov-94	Transfer	221000	10	7		
		19-Dec-95	Bonus	13887	10	-		
		12-Mar-97	Transfer	1	10	10		
		14-Jul-97	Capital Reduction of 50% of Existing Capital	145819	10			
		23-Aug-97	Cash	25000	10	20		
		16-Dec-97	Cash	106100	10	20		
		28-Dec-98	Gift	8425	10	-		
		27-Mar-05	Gift	64875	10	-		
		25-Mar-06	Allotment pursuant to merger of HTL with our Company	58750	10	-		
			Sub-total	408969			[.]	
		Promoters Contribution in the Issue	Cash	[.]	10	[.]		
			Total	[.]			[.]	1 Year
10	Ms. Shaloo Gupta	4-Apr-81	Cash	100	100	100		
		27-Mar-85	Cash	100	100	100		
		14-Aug-86	Cash	35	100	100		
		23-Aug-86	Cash	250	100	100		
		11-Nov-87	Cash	200	100	100		
		2-Dec-89	Gift	200	100	-		
		30-Dec-89	Subdivision of face value of shares from Rs. 100/- per equity share to Rs.10/- per equity share	8850	10	-		
		5-Feb-90	Transfer	2000	10	10		
		31-Mar-90	Cash	6000	10	10		
		1-Dec-90	Cash	18000	10	10		
		2-Jul-91	Cash	1000	10	10		
		28-Jul-92	Cash	2000	10	10		
		21-Dec-92	Cash	2000	10	10		
		31-Aug-94	Bonus	159400	10	-		
		19-Dec-95	Bonus	9962	10	-		

		14-Jul-97	Capital Reduction of 50% of Existing Capital	104606	10	-		
		16-Dec-97	Cash	8000	10	20		
		18-Jan-99	Gift	56500	10	-		
		27-Mar-05	Gift	180800	10	-		
			Total	349906			[.]	1 Year
11	Ms. Ruchika G Kumar	4-Apr-81	Cash	100	100	100		
		24-Feb-82	Cash	200	100	100		
		27-Mar-85	Cash	100	100	100		
		14-Aug-86	Cash	35	100	100		
		23-Aug-86	Cash	250	100	100		
		11-Nov-87	Cash	200	100	100		
		2-Dec-89	Gift	200	100	-		
		30-Dec-89	Subdivision of face value of shares from Rs. 100/- per equity share to Rs.10/- per equity share	10850	10	-		
		5-Feb-90	Transfer	2000	10	2.50		
		31-Mar-90	Cash	6000	10	10		
		31-Dec-90	Cash	5000	10	10		
		2-Jul-91	Cash	1000	10	10		
		28-Jul-92	Cash	3000	10	10		
		21-Dec-92	Cash	5000	10	10		
		24-Mar-94	Cash	5000	10	10		
		31-Aug-94	Bonus	151400	10	-		
		11-Feb-95	Transfer	322500	10	11.18		
		25-Mar-95	Cash	40000	10	10		
		19-Dec-95	Bonus	27588	10	-		
		14-Jul-97	Capital Reduction of 50% of Existing Capital	289669	10	-		
		23-Aug-97	Cash	12000	10	20		
		16-Dec-97	Cash	22300	10	20		
		27-Mar-05	Gift	26000	10	-		
		25-Mar-06	Allotment pursuant to merger of HTL with our Company	25000	10	-		
			Total	374969			[.]	1 Year
12	Ms. Vaishali Jhaveri	4-Apr-81	Cash	100	100	100		
		24-Feb-82	Cash	200	100	100		
		27-Mar-85	Cash	100	100	100		
		14-Aug-86	Cash	35	100	100		
		11-Nov-87	Cash	200	100	100		
		2-Dec-89	Gift	200	100	-		

		30-Dec-89	Subdivision of face value of shares from Rs. 100/- per equity share to Rs.10/- per equity share	8350	10	-		
		5-Feb-90	Transfer	4000	10	2.50		
		2-Jul-91	Cash	1000	10	10		
		28-Jul-92	Cash	1000	10	10		
		21-Dec-92	Cash	3000	10	10		
		31-Aug-94	Bonus	69400	10	-		
		23-Nov-94	Transfer	132000	10	7		
		11-Feb-95	Transfer	72500	10	7		
		25-Mar-95	Cash	40000	10	4.38		
		19-Dec-95	Bonus	16562	10	-		
		14-Jul-97	Capital Reduction of 50% of Existing Capital	173906	10	-		
		23-Aug-97	Cash	40000	10	20		
		16-Dec-97	Cash	24900	10	20		
		28-Dec-98	Gift	5400	10	-		
		18-Jan-99	Gift	14000	10	-		
		27-Mar-05	Gift	91700	10	-		
		25-Mar-06	Allotment pursuant to merger of HTL with our Company	58750	10	-		
			Total	408656			[.]	1 Year
13	Ms. Shelly Garg	25-Mar-06	Allotment pursuant to merger of HTL with our Company	20000	10	-		
			Total	20000			[.]	1 Year
14	M/s Sirmaur Hotels Private Limited	16-Dec-97	Cash	1600	10	10		
			Total	1600			[.]	1 Year
15	M/s Ruchira Packaging Products Private Limited	1-Jul-05	Transfer	206956	10	6.83		
		26-Dec-05	Transfer	54000	10	10		
			Sub-total	260956			[.]	
		Promoters Contribution in the Issue	Cash	[.]	10	[.]		
			Total	[.]			[.]	1 Year
16	M/s Jasmer Packers Private Limited	Promoters Contribution in the Issue	Cash	[.]	10	[.]		
			Total	[.]			[.]	1 Year

17	Mr. Vipin Kumar	Promoters Contribution in the Issue	Cash	[.]	10	[.]		
			Total	[.]			[.]	1 Year
18	Mr. Sachin Jindal	Promoters Contribution in the Issue	Cash	[.]	10	[.]		
			Total	[.]			[.]	1 Year
	Grand Total (B)			[.]			[.]	1 Year
	Grand Total (A)+(B)			[.]			[.]	

- Average cost of acquisition/ sale has been shown for shares acquired/ sold on a particular date.

4. LOCK-IN OF MINIMUM PROMOTERS CONTRIBUTION

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

SL No.	Name of the Promoter	Date of Allotment/ Purchase	Consideration	No. of Shares	Face Value (Rs.)	Issue Price/ Transfer Price (Rs.)	% of post issue capital	Lock In Period
1	Mr. Umesh Chander Garg	[.]	[.]	[.]	10	[.]	[.]	
		Promoters Contribution in the Public Issue	Cash	[.]	10	[.]	[.]	
			Total	[.]			[.]	3 Years
2	Mr. Subhash Chander Garg	[.]	[.]	[.]	10	[.]	[.]	
		Promoters Contribution in the Public Issue	Cash	[.]	10	[.]	[.]	
			Total	[.]			[.]	3 Years
3	Mr. Jatinder Singh	[.]	[.]	[.]	10	[.]	[.]	
		Promoters Contribution in the Public Issue	Cash	[.]	10	[.]	[.]	
			Total	[.]			[.]	3 Years
4	Mrs. Shashi Garg	[.]	[.]	[.]	10	[.]	[.]	
		Promoters Contribution in the Public Issue	Cash	[.]	10	[.]	[.]	
			Total	[.]			[.]	3 Years
5	Mrs. Parveen Garg	[.]	[.]	[.]	10	[.]	[.]	
		Promoters Contribution in the Public Issue	Cash	[.]	10	[.]	[.]	
			Total	[.]			[.]	3 Years

6	Mrs. Charanjeet Kaur	[.]	[.]	[.]	10	[.]	[.]	
		Promoters Contribution in the Public Issue	Cash	[.]	10	[.]	[.]	
			Total		[.]		[.]	3 Years
		Grand Total		[.]			20.00	

*20% of the Post-Issue Paid-up Equity Share Capital, as determined after the Book-Building Process, would be locked-in for a period of three years, which would be contributed by Promoters, namely, Mr. Umesh Chander Garg, Mr. Subhash Chander Garg, Mr. Jatinder Singh, Mrs. Shashi Garg, Mrs. Parveen Garg and Mrs. Charanjeet Kaur.

All the promoters have given their consent for lock in as stated above. Shares Issued last have been locked in first. Lock-in-period will commence from the date of allotment in this Issue. Besides this, entire pre-Issue share capital, other than that locked in as promoters contribution for 3 years, will be locked in for a period of one year from the date of allotment in this Issue.

An over-subscription to the extent of 10% of the net offer to public can be retained for the purpose of rounding off to the nearest integer and in such case, the number of share to be locked in for 3 years shall be calculated on the increased allotted share capital.

5. PROMOTERS CONTRIBUTION IN THE PRESENT ISSUE

Out of the present issue, [.] Equity Shares of face value of Rs. 10/- each aggregating to Rs. 500 Lacs will be subscribed by our Promoters and Promoters Group as under:

SL No.	Name of the Promoter/ Promoter Group	Date of Allotment / Purchase	Consideration	No. of Shares	Face Value (Rs.)	Issue Price/ Transfer Price (Rs.)	Aggregate value (Rs. Lacs)	% of post Issue capital	Lock In Period
1.	Mr. Umesh Chander Garg	[.]	Cash	[.]	10	[.]	70.00	[.]	3 Years
2.	Mr. Subhash Chander Garg	[.]	Cash	[.]	10	[.]	123.00	[.]	3 Years
3.	Mr. Jatinder Singh	[.]	Cash	[.]	10	[.]	70.00	[.]	3 Years
4.	Mrs. Shashi Garg	[.]	Cash	[.]	10	[.]	63.00	[.]	3 Years
5.	Mrs. Parveen Garg	[.]	Cash	[.]	10	[.]	10.00	[.]	3 Years
6.	Mrs. Charanjeet Kaur	[.]	Cash	[.]	10	[.]	64.00	[.]	3 Years
7.	Mr. Atul Garg	[.]	Cash	[.]	10	[.]	2.00	[.]	1 Year
8.	Mr. Deepan Garg	[.]	Cash	[.]	10	[.]	3.00	[.]	1 Year
9.	Mr. Lucky Garg	[.]	Cash	[.]	10	[.]	4.00	[.]	1 Year
10.	Ms. Radhika Garg	[.]	Cash	[.]	10	[.]	22.00	[.]	1 Year
11.	Mr. Vipin Kumar	[.]	Cash	[.]	10	[.]	19.50	[.]	1 Year
12.	Mr. Sachin Jindal	[.]	Cash	[.]	10	[.]	10.50	[.]	1 Year
13.	M/s Ruchira Packaging Products Private Limited	[.]	Cash	[.]	10	[.]	23.00	[.]	1 Year
14.	M/s Jasmer Packers Private Limited	[.]	Cash	[.]	10	[.]	16.00	[.]	1 Year
	Total			[.]		[.]	500.00	[.]	

6. DETAILS OF SHARES ISSUED TO PROMOTERS AND PROMOTERS GROUP PURSUANT TO MERGER OF HIMACHAL TISSUES LIMITED WITH OUR COMPANY VIDE HIGH COURT ORDER DATED JANUARY 27, 2006

Sl. No.	Name	No. of Shares held in HTL	No. of Shares Issued in Ruchira Papers Limited pursuant to Merger
A.	Promoters		
1	Mr. Umesh Chander Garg	588000	294000
2	Mr. Subhash Chander Garg	530000	265000
3	Mr. Jatinder Singh	666500	333250
4	Mrs. Shashi Garg	35000	17500
5	Mrs. Parveen Garg	47500	23750
6	Mrs. Charanjeet Kaur	874500	437250
	Total (B)	2741500	1370750
B.	Promoters Group		
1	Umesh Chander Garg (HUF)	175000	87500
2	Mr. Atul Garg	102500	51250
3	Ms. Shelly Garg	40000	20000
4	Mr. Lucky Garg	104500	52250
5	Subhash Chander Garg(HUF)	192500	96250
6	Ms. Vaishali Jhaveri	117500	58750
7	Ms. Radhika Garg	117500	58750
8	Mrs. Ruchika G.Kumar	50000	25000
9	Mr. Daljeet Singh	72500	36250
10	Mr. Jagdeep Singh	17500	8750
	Total (B)	989500	494750
	Grand Total (A+B)	3731000	1865500

7. AS PER THE REQUIREMENTS OF CLAUSE 3(1)(A) OF SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997; NECESSARY DISCLOSURE(S) IN RESPECT OF ALLOTMENT OF EQUITY SHARES IN THE PRESENT PUBLIC ISSUE TO PROMOTER(S)/ PROMOTERS GROUP AS PART OF PROMOTERS CONTRIBUTION IN THE ISSUE IS MENTIONED HEREUNDER

The identity of the acquirer/allottee who has agreed to acquire the shares	Disclosed under Sr. 3 of 'Notes to Capital Structure"
The purpose of acquisition/ allotment	Towards Promoters Contribution
Consequential Changes in Voting Rights	The voting rights will be changed based upon subscription by the Promoters Group, as disclosed under Sr. No. 9 of "Notes to Capital Structure"
Consequential Changes in the Shareholding Pattern of our Company, if any	Disclosed under Sr. No. 8 and 9 of "Notes to Capital Structure"
Consequential Changes in the Board of Directors of our Company, if any	No
Whether such allotment would result in change in control over our Company	No

In view of the aforesaid disclosures, nothing contained in Regulation 10, regulation 11 and Regulation 12 of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 shall apply to the allotment of Equity shares in the present Public Issue to Promoters/ Promoters Group as part of Promoters' Contribution in the Issue.

The Equity Shares to be held by the promoters under lock-in period shall not be sold/hypothecated/transferred during the lock-in period. However, the Equity Shares held by promoters, which are locked in, may be transferred to and among promoter/promoter group or to a new promoter or persons in control of our Company, subject to the continuation of lock-in with the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable. The Promoters may pledge their Equity Shares with banks or financial institutions as collateral security for loans whenever availed by them from banks or financial institutions, provided the pledge shares is one of the terms of sanction of loan.

Further, the Equity Shares held by persons other than the promoters prior to the Issue may be transferred to any other person holding the Equity Shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferred for the remaining period and compliance with SEBI Takeover Regulations.

In addition, the Equity Shares subject to lock-in will be transferable subject to compliance with the SEBI Guidelines, as amended from time to time.

8. THE PRE ISSUE AND POST ISSUE SHAREHOLDING PATTERN OF PROMOTER AND PROMOTERS GROUP IS AS UNDER

	Particulars	Pre Issue		Post Issue	
		No. of Shares	% holding	No. of Shares	% holding
(a)	Promoters				
1	Mr. Umesh Chander Garg	685787	6.84	[.]	[.]
2	Mr. Subhash Chander Garg	595568	5.94	[.]	[.]
3	Mr. Jatinder Singh	1489802	14.85	[.]	[.]
4	Mrs. Shashi Garg	477257	4.76	[.]	[.]
5	Mrs. Parveen Garg	335775	3.35	[.]	[.]
6	Mrs. Charanjeet Kaur	779873	7.77	[.]	[.]
	Sub-total (a)	4364062	43.51	[.]	[.]
(b)	Immediate relatives of Promoter (Spouse, or any parent, child, brother, sister of Promoter or Spouse of Promoter)				
1	Mr. Atul Garg	262119	2.61	[.]	[.]
2	Mr. Deepan Garg	406319	4.05	[.]	[.]
3	Mr. Lucky Garg	90831	0.91	[.]	[.]
4	Ms. Vaishali Jhaveri	408656	4.07	408656	[.]
5	Ms. Shaloo Gupta	349906	3.49	349906	[.]
6	Ms. Radhika Garg	408969	4.08	[.]	[.]
7	Mrs. Ruchika G. Kumar	374969	3.74	374969	[.]
8	Mr. Daljeet Singh	253138	2.52	253138	[.]
9	Mr. Jagdeep Singh	230013	2.29	230013	[.]
10	Ms. Shelly Garg	20000	0.20	20000	[.]
	Sub-total (b)	2804920	27.96	[.]	[.]
(c)	Subsidiary or holding company of Promoter Company	0	0	0	0
	Sub-total (c)	0	0	0	0
(d)	Any company in which the promoter company holds 10% or more of the equity capital or which holds 10% or more of the equity capital of the promoter company	0	0	0	0
	Sub-total (d)	0	0	0	0

(e)	any company in which a group of individuals or companies or combinations thereof who holds 20% or more of the equity capital in that company also holds 20% or more of the equity capital of the issuer company	0	0	0	0
	Sub-total (e)	0	0	0	0
(f)	Company(s) in which 10% or more of the share capital is held by the promoter, his immediate relative, firm or HUF in which the promoter or his immediate relative is a member				
1	Umesh Chander Garg (HUF)	836050	8.34	836050	[.]
2	Subhash Chander Garg (HUF)	609125	6.07	609125	[.]
3	Jatinder Singh (HUF)	522850	5.21	522850	[.]
4	M/s Sirmaur Hotels Private Limited	1600	0.02	1600	[.]
5	M/s Ruchira Packaging Products Private Limited	260956	2.60	[.]	[.]
6	Jasmer Packers Private Limited	-	-	[.]	[.]
	Sub-total (f)	2230581	22.24	[.]	[.]
(g)	Company(s) in which the Company mentioned at (f) above holds 10% or more of the share capital	-	-	-	-
	Sub-total (g)	-	-	-	-
(h)	HUF or firm in which aggregate share of the promoter and his immediate relatives is equal or more than 10% of the total	-	-	-	-
	Sub-total (h)	-	-	-	-
(I)	Any Other (Please Specify)				
1	Vipin Kumar (Person Acting in Concert with Promoters)	-	-	[.]	[.]
2	Sachin Jindal (Person Acting in Concert with Promoters)	-	-	[.]	[.]
	Sub-total (i)	-	-	[.]	[.]
	Grand Total	9399563	93.71	[.]	[.]

9. THE PRE AND POST ISSUE SHAREHOLDING PATTERN OF OUR COMPANY IS AS UNDER

Category	Pre Issue		Post Issue	
	No. of Shares	% holding	No. of Shares	% holding
Promoter	4364062	43.51	[.]	[.]
Promoter Group	5035501	50.20	[.]	[.]
Non-Promoter	630937	6.29	[.]	[.]
Public	-	-	[.]	[.]
NRI's	-	-	[.]	[.]
Banks, Mutual Funds & Indian Financial Institutions	-	-	[.]	[.]
Employees	-	-	[.]	[.]
Total	10030500	100.00	[.]	[.]

10. EQUITY SHARES HELD BY TOP TEN SHAREHOLDERS

a. THE TEN LARGEST SHAREHOLDERS AS ON DATE OF FILING OF THE DRAFT RED HERRING PROSPECTUS WITH ROC ARE AS FOLLOWS

Name	No. of Shares	% holding*
Mr. Jatinder Singh	1489802	14.85
U.C. Garg (HUF)	836050	8.34
Mr. Charanjeet Kaur	779873	7.78
Mr. U.C. Garg	685787	6.84
S.C. Garg (HUF)	609125	6.07
Mr. S.C. Garg	595568	5.94
Jatinder Singh (HUF)	522850	5.21
Ms. Shashi Garg	477257	4.76
Ms. Radhika Garg	408969	4.08
Ms. Vaishali Jhaveri	408656	4.07
Total	6813937	67.93

* Issued Capital here represents 1,00,30,500 Equity Shares

b. THE TEN LARGEST SHAREHOLDERS, 10 DAYS PRIOR TO THE DATE OF FILING OF THE DRAFT RED HERRING PROSPECTUS WITH ROC ARE AS FOLLOWS

Name	No. of Shares	% holding**
Mr. Jatinder Singh	1489802	14.85
U.C. Garg (HUF)	836050	8.34
Mr. Charanjeet Kaur	779873	7.78
Mr. U.C. Garg	685787	6.84
S.C. Garg (HUF)	609125	6.07
Mr. S.C. Garg	595568	5.94
Jatinder Singh (HUF)	522850	5.21
Ms. Shashi Garg	477257	4.76
Ms. Radhika Garg	408969	4.08
Ms. Vaishali Jhaveri	408656	4.07
Total	6813937	67.93

** Issued Capital here represents 1,00,30,500 Equity Shares

c. THE TEN LARGEST SHAREHOLDERS, TWO YEARS PRIOR TO THE DATE OF FILING OF THE DRAFT RED HERRING PROSPECTUS WITH ROC ARE AS FOLLOWS

Name	No. of Shares	% holding***
Mr. Jatinder Singh	1156552	14.34
U.C. Garg (HUF)	718550	8.91
Mr. S.C. Garg	640488	7.94
Jatinder Singh (HUF)	522850	6.48
S.C. Garg (HUF)	512875	6.36
Ms. Shashi Garg	459757	5.70
Mr. Deepan Garg	406319	5.04
Ms. Ruchika G. Kumar	323969	4.02
Ms. Parveen Garg	312025	3.87
Ms. Radhika Garg	285344	3.54
Total	5338729	66.20

*** Issued Capital here represents 80,65,000 Equity Shares

The Promoter/ Promoter Group/ Directors have not purchased and/ or sold/financed any shares of our Company during a period of six months preceding the date on which this Draft Red herring Prospectus is filed with SEBI, except the shares acquired on merger of HTL with our Company pursuant to order of High Court of Himachal Pradesh dated January 27, 2006. For further details, please refer to note no. 6 above.

Our Company/Promoters/Promoters Group/ Directors/BRLMs have not entered into buyback/standby or similar arrangements for purchase of securities issued by our Company through this prospectus.

An over-subscription to the extent of 10% of the net offer to public can be retained for the purpose of rounding off to the nearest integer subject to a minimum allotment being equal to [.] Shares, which is the minimum bid size in this Issue, while finalizing the allotment.

14. In case of over-subscription in all categories, up to 50% of the Net Issue to Public shall be available for allocation on a proportionate basis to QIB Bidders. 5% of the QIB portion shall be available to Mutual Funds. Mutual Funds participating in the 5% share in the QIB portion will also be eligible for allocation in the remaining QIB portion. Further, at least 15% of the Net Issue to Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 35% of the Net Issue to Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the issue Price. Under-subscription, if any, in any category would be met with spillover from other categories, at our sole discretion, in consultation with the BRLMs and the Designated Stock Exchange.
15. The Equity Shares offered through this Issue shall be made fully paid up on allotment.
16. We have revalued our fixed assets (including Land & Building) and created a revaluation reserve of Rs. 836.92 Lacs. Subsequent to this, Company issued 83,20,000 bonus shares in the ratio of 4 shares for every 1 share held in our Company by capitalizing revaluation reserve to the extent of Rs. 832.00 Lacs on August 31, 1994.

We subsequently realized that our paid up equity capital is much on the higher side as compared to our operation levels and the same requires reduction. Consequently, Company moved a petition before Himachal Pradesh High Court for reduction of Capital. Pursuant to the Himachal Pradesh High Court Order dated July 14, 1997, the then paid up capital of our Company of Rs. 1113.00 Lacs was reduced by 50% to Rs. 556.50 Lacs

17. Shares Issued for consideration other than cash:

- a. On August 31, 1994, our Company has issued 8320000 bonus shares in the ratio of 4 shares for every 1 share held in our Company by capitalization of Rs. 832.00 Lacs from Revaluation Reserves.
 - b. On December 19, 1995, our Company has issued 530000 bonus shares in the ration of 1 share for every 20 shares held in our Company by capitalization of Rs. 5.30 Lacs from General Reserves.
 - c. On March 25, 2006, our Company has issued 1965500 equity shares pursuant to merger of HTL with our Company as approved by the Himachal Pradesh High Court vide its order dated January 27, 2006.
18. The shareholders of our Company do not hold any warrants, options, convertible loan or any debenture, which would entitle them to acquire further shares of our Company.
 19. We do not currently have any Employees Stock Option Plan.
 20. There is no "bridge Loan" from any Bank taken by us against the proceeds of the Issue.
 21. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
 22. The Promoters Contribution in full shall be brought in at least one day prior to the opening of the Issue, at the higher end of the Price and, as per Clause 4.9.1 of the SEBI Guidelines. Further, in terms of Clause 4.9.2, our Board will

pass a resolution prior to the opening of the Issue for allotment of [...] Equity Shares at the price to be discovered through the Book-Building Process and the said shares will be allotted alongwith allotment of Equity Shares under Net Issue to Public portion. In terms of Clause 4.9.3 of SEBI Guidelines, we will submit the copy of the said resolution along with a Chartered Accountants' certificate confirming bringing in of Promoters' contribution prior to the opening of the Issue.

23. There would be no further Issue of capital whether by way of Issue of bonus Shares, preferential allotment, rights Issue or in any other manner during the period commencing from submission of the Draft Red herring Prospectus with SEBI until the Equity Shares offered through this Draft Red herring Prospectus have been listed.
24. We presently does not have any intention or proposal to alter our capital structure for a period of six months from the Bid/ Issue opening date, by way of split/consolidation of the denomination of Equity Shares or further Issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise. However, during such period or at a later date, we may, subject to necessary approvals, undertake an issue of shares or securities linked to equity shares to finance an acquisition, merger, or joint venture by us or as consideration for such acquisition, merger or joint venture, or to capitalize upon any business opportunities, or for regulatory compliance if an opportunity of such nature is determined by our Board to be in our interest.
26. At any given point of time, there shall be only one denomination for the Equity Shares of our Company. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
27. No payment, direct or indirect in the nature of discount, commission, allowance or otherwise shall be made either by our Company or the Promoter to the persons who receive firm allotment (if any) in this Public Issue.
28. Our Company had 54 members as on May 31, 2006.

OBJECTS OF THE ISSUE

The objects of the Issue are to:

- a. Finance setting up of a new Writing & Printing Paper Plant alongwith Chemical Recovery Plant and 6 MW Co-Generation Power Plant.
- b. Mobilise Funds for general corporate purposes,
- c. Meet the expenses of this Issue; and
- d. Achieve benefit of listing of the Equity Shares on the Stock Exchanges.

The object clause of the Memorandum of Association enables us to undertake the existing activities and the activities for which the funds are being raised by us, through the Issue.

Net Tangible Assets to be created after the issue is Rs 13562.70 Lacs (after deduction of Issue Expenses) which is 98.29% of total project cost.

PROJECT

We are currently engaged in manufacturing of Kraft Paper having capacity of 52800 TPA. We now proposes to set up a unit of 33000 TPA capacity for manufacture of Writing & Printing Paper including Chemical Recovery Plant & 6MW Co-Generation Plant adjoining to existing unit at a capital cost of Rs. 13,797.70 Lacs. The Project has been appraised by Punjab National Bank.

COST OF PROJECT

		Rs. in Lacs
Sl. No.	Particulars	Total
A.	As Appraised by Punjab National Bank	
1.	Setting up of Writing & Printing Paper Plant alongwith Chemical Recovery Plant and Co-Generation Power Plant	
a.	Land and site development	850.00
b.	Building	903.40
c.	Plant & Machinery	7416.00
d.	Misc. Fixed Assets	2198.45
e.	Other Fixed Assets	50.08
f.	Preliminary/ pre-operative Expenses (including issue Expenses of Rs. 105.00 Lacs)	1150.20
g.	Contingencies	528.40
h.	Working Capital Margin	453.17
	Total (as appraised by Punjab National Bank)	13549.70
B.	Additional Funds requirements	
2.	General Corporate Purposes	118.00
3.	Additional Issue Expenses	130.00*
	Total	13797.70

* Initial Public Offering expenses has been estimated to be Rs. 105.00 Lacs by the appraising entity, Punjab National Bank & included in Preliminary/ Pre-operative Expenses. However, the management has estimated the same to be Rs. 235.00 Lacs. Hence there is additional funds requirement to the extent of Rs. 130.00 Lacs. For further details of Issue Expenses, please refer page 68 of this Draft Red Herring Prospectus.

MEANS OF FINANCE AS APPRAISED BY PUNJAB NATIONAL BANK

		Rs. in Lacs
Sl. No.	Particulars	Total
1.	Term Loan	9347.70
2.	Internal Accruals	1200.00
3.	Equity, Cash & Cash equivalents pursuant to merger of HTL with our Company	400.00#
4.	Promoters participation in IPO	500.00
5.	Public Issue	2102.00
Total		13549.70

PNB appraisal envisaged Promoters Contribution of Rs. 900 Lacs consisting of value of land Rs. 400.00 Lacs held by Promoter group company, HTL and Rs. 500 Lacs as contribution in IPO. HTL has since been merged with our Company and the land referred above has been acquired by our Company vide High Court Order dated January 27, 2006.

As per PNB appraisal, Public Issue was estimated at Rs. 2102.00 Lacs. However on account of additional Issue expenses of Rs. 130.00 Lacs and funds required for general corporate purposes Rs. 118.00 Lacs, the total funds being raised through Public Issue is Rs. 2350.00 Lacs. The revised Means of Finance shall be as under:

REVISED MEANS OF FINANCE

		Rs. in Lacs
Sl. No.	Particulars	Total
1.	Term Loan	9347.70
2.	Internal Accruals	1200.00
3.	Equity, Cash & Cash equivalents pursuant to merger of HTL with our Company	400.00#
4.	Promoters participation in IPO	500.00
5.	Public Issue	2350.00
Total		13797.70

PNB appraisal envisaged Promoters Contribution of Rs. 900 Lacs consisting of value of land Rs. 400.00 Lacs held by Promoter group company, HTL and Rs. 500 Lacs as contribution in IPO. HTL has since been merged with our Company and the land referred above has been acquired by our Company vide High Court Order dated January 27, 2006.

In case of shortfall, if any, the same shall be further met out of internal accruals.

We hereby confirms that firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through proposed Public Issue, have been made.

APPRAISAL

The project has been appraised by Punjab National Bank for the purpose of grant of term loan to our Company vide its appraisal report dated February 06, 2006. The Bank has given its consent for their name being included as appraising agency and for its appraisal report being referred and used in this document vide their letter dated July 04, 2006.

The above appraisal report has been used as the basis for this prospectus wherever required.

The salient points and the areas of strength and weaknesses as mentioned in the Appraisal report are mentioned below:

SWOT ANALYSIS

STRENGTHS

- Due to its location advantage (i.e. Himachal Pradesh), we enjoys 100% excise duty exemption as well as concessional rates of central sales tax at 1% against 4% in other states. The Company is eligible for 100% income tax exemption for first five years and there after 30% exemption for next five years from the date of start of commercial production.
- Relatively cheap and uninterrupted power supply. The power tariff in H.P. is Rs.3.25 per unit against Rs.4.- 4.50 in other states. We have also proposed to install our own power generation system by putting turbine, cost of power co-generation will be app. Rs.1.90 per unit.
- Ample supply of raw material and agro wastes from neighbouring states like Haryana and Uttar Pradesh.
- The company's management team comprises of technical experts having more than 20 years of experience in the paper industry.

WEAKNESS

- Cyclicity of business.
- Transportation. Because of its geographical location the company has to take into consideration the time delay in transporting the finished goods to western or southern parts of India.

OPPORTUNITIES

- Having regard to ecological problems caused by the usage of plastic materials, paper is becoming the most favoured option for packaging.
- Demand for writing and printing paper is estimated to have increased at a CAGR (consumption and growth ratio) of 5.02 per cent from 1.76 million tonnes in 2000-01 to 1.94 million tonnes in 2002-03, around 38 per cent of total paper and paperboard demand.
- Demand for writing and printing paper is correlated to population growth, literacy levels, private and public spending on education. Also the spending on advertisements by corporate, age structure and income distribution has changed. This has increased the demand of writing and printing paper.
- Paper industry is highly capital-intensive. In developed countries cost of production is higher than in India. This might prompt some companies abroad to shift their production bases to India, since the current regulations permit more than 51% holding in Indian companies.

THREATS

- As liberalization in paper industry continues, foreign players are also allowed entry. Thus there could be investments in the industry from foreign players. Nevertheless they are expected to concentrate on higher end products requiring high investments.
- Technological progression, aspires at paper less offices. This also is going to be a slow process and might only affect the growth rates rather than overall demand.

DETAILED BREAK-UP OF COST

1. LAND AND SITE DEVELOPMENT

a. LAND

For the proposed Writing & Printing Paper Unit, the total land requirement is estimated to be 67 Bighas and 4 Biswa which is approximately 56784 sq. meters. We are in the process of acquiring land adjacent to our existing unit situated at Trilokpur Road, Kala Amb, District Sirmour, Himachal Pradesh. We have already acquired 31 Bighas and 15 Biswa of land belonging to the erstwhile Himachal Tissues Ltd (HTL) through amalgamation of Company in RPL. The amalgamation has been approved as per Shimla High Court order dated January 27, 2006. The land has been valued at around Rs. 400.00 lakh in terms of valuation done from Mr. S.L.Mangal (Govt Approved Registered Valuer) report dated 02.03.05.

We have also acquired land measuring 18 Bighas and 4 Biswa purchased through auction for a total consideration of Rs. 216.00 Lacs (value of Land Rs.169.00 Lacs, Building Rs.18.00 Lacs and Plant & Machinery Rs.29.00 Lacs, total Rs.216.00 Lacs) conducted (as per H.P. High Court order) by office of official Liquidators. The said land /building and plant and machinery belonged to erstwhile Kanwar Papers Private Limited.

We have recently entered into an agreement with owners of two other plots of land measuring 3 Bighas and 9 Biswa and 1 Bighas and 3 Biswa for purchase of the same and have applied to the State Government for the required permission i.e. for purchase of land along with change of use of land for industrial purpose. We have obtained Essentiality certificate from Directorate of Industries vide their letter dated November 24, 2005 & February 03, 2006.

The Land acquired by us till now is 54 Bighas 11 Biswa. We are also negotiating purchase of additional 12 Bighas 13 Biswa of land in the adjacent area. The total value of the last three areas of land has been estimated at Rs. 191.00 lakh.

Detail of total cost of land is given below: -

		(Rs. in Lacs)
S.No.	Land Particulars	Total Cost
(i)	Land measuring 31Bigha-15 Biswa*	400.00
(ii)	Land measuring 18 Bigha-4 Biswa	209.00#
(iii)	Land measuring 17 Bigha-5 Biswa	191.00
	Total 67 Bigha 4 Biswa	800.00

*One Bigha is equal to approximately 845 square meters & 20 Biswa equals to approximately one Bigha.

Land @ Rs.10.35 Lac per Bigha. + Registration charges @ 11% = Rs.1.13 Lacs. Total value comes out to Rs.11.48 per Bigha.

Value of land measuring at Sr. No. (iii) above has been taken at the approximate value of land equivalent to value of land mentioned at Sr. No. (ii) above.

Total cost of land comes out to Rs.800.00 Lacs.

b. SITE DEVELOPMENT

For putting up the Writing & Printing Paper unit, we have to develop the new site suitably. An amount of Rs. 50.00 Lacs has been provided in the cost of project for development of land.

2. BUILDING

We have proposed additional civil works for the proposed Writing & Printing Paper unit, Chemical Recovery Plant and Co-Generation Power Plant etc. The building and civil structures structure shall comprise of Main Plant Building, Building for Auxiliary Services, Administrative Building, Godown and Warehouses and Non-factory Building. For the proposed civil work, a map has been prepared. The total cost toward civil construction has been estimated at Rs. 903.40 Lacs by the technical consultant, M/s Chemprojects Consulting Private Limited, the gist of which is being given as under: -

Rs. in Lacs		
S. No.	Particulars	Amount
A	Main plant and building	517.35
B	Factory building for civil works	83.10
C	Godown and Warehouse	36.80
D	Misc. non factory buildings	31.90
E	Silos, tanks chests, basins, hoppers, bins & others	96.00
F	Services like septic tank, storage pit etc	18.00
G	Misc civil works (modification of ETP, internal roads)	25.00
H	Chimney and machine foundations	40.00
I	Others	55.25
	Total	903.40

The plant layout plan and construction of building / civil work shall be in supervision of the consultant and we have entered into an agreement with the technical consultant, M/s Chemprojects Consulting Private Limited in this regard. The cost of construction of total cover area of 19952 Sq. mt. (221068.16 Sq. ft.) is of Rs.674.39 Lac which comes out to Rs.305.06 per Sq. ft. In addition to this cost of construction for Tanks, Chest, Basins, Silo, Chimney, Septic Tanks and misc. civil works has been taken as lump sum at Rs.229.00 Lac. Total cost of construction has been worked out at Rs.903.40 Lac.

We have already assigned the contract of civil work to M/s Panesar Construction Company, B/9/8, Partap House, Main Ring Road, Rajouri Garden, New Delhi vide letter of intent dated May 16, 2006. The civil work has already been started.

3. PLANT & MACHINERY

The plant & machinery for the proposed Writing & Printing Paper unit comprises of machinery / equipment for Paper Mill, Chemical Recovery Plant and Co-Generation Power Plant.

The section wise details of plant & machinery for the proposed Paper Mill and Chemical Recovery Plant is as under:

Rs. in Lacs					
S. No.	Particulars	Amount	Name of Supplier	Date of Order/ Probable Date of Order	Expected Delivery/ Completion Date
A	Raw material cleaning	150.35	Agro Pulping Machinery (P.) Limited, Chennai	January 28, 2006	December, 2006
B	Pulping system	450.00	Agro Pulping Machinery (P.) Limited, Chennai	January 28, 2006	December, 2006
C	Pulp screening / cleaning	50.00	Aims India Machinery, Kolkatta	July, 2006	December, 2006
D	Pulp washing	250.00	Hindustan Dorr Oliver Limited, Mumbai	August, 2006	December, 2006
E	Chemical Recovery plant	2,200.00	Agro Pulping Machinery (P.) Limited, Chennai	August, 2006	November, 2006
F	Bleaching section	580.00	Hindustan Dorr Oliver Limited, Mumbai	August, 2006	November, 2006
G	Purchased pulp paper strut	50.00	Ruby Macons, Pune	August, 2006	December, 2006
H	Stock preparation	70.00	Sunmoons Sleeves Private Limited, Aurangabad & Aims India, Delhi	August, 2006	December, 2006

I	Paper machine	1,510.00	M/s Wemet Paper Equipment Co. Limited, China	December 07, 2005	November, 2006
J	Finishing house	150.00	The Globe Radio Company, Tamilnadu/ Gurunanak Machinery, Faridabad	August, 2006	December, 2006
K	Sub Total	5460.35	-	-	-
L	Excise with cess, transportation	1208.70	-	-	-
M	Erection and Commissioning	200.00	-	-	-
N	Piping fitting & Instrumentation	546.04	-	-	-
	Total Erected Cost	7415.09	-	-	-
	Say	7416.00	-	-	-

A. DETAILS OF RAW MATERIAL CLEANING

Rs. in Lacs		
S. No.	Particulars	Amount
1	Twin Turbo/ Washer tank	150.00
2	Aqua separator	
3	Water circulation Tank	
4	Pressing system	
	Water Circulation Pump	0.35
	Total (Rs. 150.35 Lacs)	150.35

B. DETAILS OF PULPING SYSTEM

Rs. in Lacs		
S. No.	Particulars	Amount
1	Metering Device/ Cross Screw Conveyor	450.00
2	Pin Drum Feeder	
3	Equalizing Screw Conveyor & Screw Feeder	
4	Inlet Chamber	
5	Digester Tube (3 Nos.)	
6	Time Control Screw	
7	Cold Blow Discharger	
8	Scrap Chamber	
9	Discharge Valve (2 Nos.)	
10	Lubrication System	
11	Blow Back Cyclone	
12	Blow Tank with Agitator	
13	Pumps	
	Total	450.00

C. DETAILS OF PULP SCREENING/ CLEANING

Rs. in Lacs		
S. No.	Particulars	Amount
1	Knotter Screen (2 Nos.)	50.00
2	Cown/ Pressure Screen- 2 Stage	
3	3 Stage Centri Cleaners	
4	Pumps	
	Total	50.00

D. DETAILS OF PULP WASHING

		Rs. in Lacs
S. No.	Particulars	Amount
1	Primary Feed Box	
2	Brown Stock Washer (4 Nos.)	
3	Intermediate Shredder in Repulper (4 Nos.)	
4	Final Conveyor Repulper	
5	Foam Breaker	
6	Radial Agitator	
7	Dilution Nozzle	
8	Pumps	250.00
	Total	250.00

E. DETAILS OF CHMICAL RECOVERY PLANT

		Rs. in Lacs
S. No.	Particulars	Amount
1	Evaporator	
2	Recovery Boiler	
3	Causticising Plant	
4	Pumps	
5	Tanks & Miscellaneous	2200.00
	Total	2200.00

F. DETAILS OF BLEACHING SECTION

		Rs. in Lacs
S. No.	Particulars	Amount
1	Cl ₂ & ClO ₂ Vaporisation and Mixing System	500.00
2	Chlorine Tower Accessories	
3	Chlorine Washer	
4	Repulper	
5	Heater Mixture	80.00
6	O ₂ Mixture and Accessories	
7	EOP Stage Tower Accessories	
8	EOP Stage Washer	
9	Repulper	
10	Heater Mixture	
11	ClO ₂ Mixer & Heater	
12	M.C. Pump	
13	Up flow Tower Accessories	
14	ClO ₂ Stage Washer	
15	Pumps	
16	Total	580.00

G. DETAILS OF PURCHASED PULP STREET

		Rs. in Lacs
S. No.	Particulars	Amount
1	Conveyor	50.00
2	Hydra Pulper	
3	HD Cleaner	
4	Refiner	
5	Agitators (3 Nos., 20m ³ Each)	
6	Pumps	
	Total	50.00

H. DETAILS OF STOCK PREPARTION**Rs. in Lacs**

S. No.	Particulars	Amount
1	Double/ Triple Refiner (2 Nos.)	
2	Chemical Preparation	
3	Pumps for Chemicals	
4	Agitators (10 nos., 70m3 Each)	
5	Pumps	
	Total	70.00

I. DETAILS OF PAPER MACHINE**Rs. in Lacs**

S. No.	Particulars	Amount
1	Head Box, Fourdrinier, Press, Dryer, Size Press, Calendar, Pope Reel, Hood, Condensate System, Compressor	1510.00
	Total	1510.00

J. DETAILS OF FINISHING HOUSE**Rs. in Lacs**

S. No.	Particulars	Amount
1	Slitter rewinder	
2	Duplex/ Simplex Sheet Cutter	
3	Guillotine Machine	
4	Wooden Table (15 Nos.)	
	Total	150.00

4. MISCELLANEOUS FIXED ASSETS

Miscellaneous Fixed Assets mainly comprises of machinery / equipments required for the Captive Power Plant (CPP) of 6 MW capacity, material handling equipments, electrical and Effluent Treatment Plant. The section wise details are as under: -

Rs. in Lacs

S. No.	Particulars	Amount	Name of Supplier	Date of Order/ Probable Date of Order	Expected Delivery/ Completion Date
A	Steam generation and distribution (Power House)	1000.00	M/s Isgec John Thompson, Noida & M/s Siemens Limited, Baroda	February 18, 2006 & March 2, 2006	November, 2006
B	Material Handling equipments	100.00	Asian Cranes, Ludhiana	July, 2006	December, 2006
C	Electrical	450.00	Siemens Limited, Baroda, ABB Limited, Bangalore, Electrogears (P.) Limited, Chandigarh	July, 2006	December, 2006
D	Water supply and piping	41.00	Gurnam Singh & Co., Derabassi	August, 2006	November, 2006
E	Laboratory equipments	25.00	Universal Engineering Corporation, Saharanpur	August, 2006	December, 2006
F	Workshop Equipments	75.00	To be procured locally	August, 2006	December, 2006
G	Fire Fighting equipments	75.00	To be procured locally	August, 2006	December, 2006
H	Effluent treatment plant	22.00	Agro Pulping Machinery (P.) Limited, Chennai	August, 2006	December, 2006
I	Miscellaneous assets	10.00	To be procured locally	August, 2006	December, 2006

J	Miscellaneous tools	2.00	To be procured locally	August, 2006	December, 2006
	Sub Total	1800.00	-	-	-
K	Excise with cess, transportation	398.45	-	-	-
	Total	2198.45	-	-	-

A. DETAILS OF STEAM GENERATION AND DISTRIBUTION (POWER HOUSE)

Rs. in Lacs

S. No.	Particulars	Amount
1	High Pressure Boiler	1000.00
2	Turbine and Alternator	
3	Cooling Tower	
4	Pumps	
	Total	1000.00

B. DETAILS OF MATERIAL HANDLING EQUIPMENTS

Rs. in Lacs

S. No.	Particulars	Amount
1	Cranes	100.00
2	Weighbridge	
3	Forklift for Finishing House	
4	Tractor, Trolley for Raw Material Yard	
	Total	100.00

C. DETAILS OF ELECTRICALS

Rs. in Lacs

S. No.	Particulars	Amount
1	Transformer – 11KV to 440 V	450.00
2	MCC Panels	
3	Distribution System, Motors, Starter, Cables etc.	
	Total	450.00

4. OTHER FIXED ASSETS

Other Fixed Assets expenses have been worked out to Rs. 50.08 Lacs. Details of same is given below:

Rs. in Lacs

S. No.	Particulars	Amount
A	Furniture and Fixtures	31.00
B	Office equipments	10.00
	Sub Total	41.00
C	Excise with cess, transportation	9.08
	Total	50.08

We have already placed orders for the above Miscellaneous Fixed Assets from the local market.

6. PRELIMINARY/ PRE-OPERATIVE EXPENSES

Preliminary & Pre-operative expenses have been worked out to Rs.1150.20 Lac. Detail of the same is given below: -

S. No.	Nature	Rs. in Lacs
		Amount
A	Interest during Construction period	911.40
B	Consultancy charges	75.00
C	IPO charges	105.00\$
D	Misc. Expenses	58.80
	TOTAL	1150.20

\$ Initial Public offering expenses has been estimated to be Rs. 105.00 Lacs by the appraising entity. However, the same is estimated to Rs. 235.00 Lacs by the management. For details, please refer to page 68 of this Draft Red Herring Prospectus

7. CONTINGENCIES

Contingency at the rate of 5% of the total value of building, plant and machinery, miscellaneous fixed assets and other fixed assets have been considered as under:

Particulars	Total Cost	Rs. in Lacs
		Contingency Cost
Building	903.4	45.17
Plant and Machinery	7,416.0	370.80
Miscellaneous Fixed Assets	2,198.4	109.92
Other Fixed Assets	50.1	2.51
TOTAL	10567.90	528.40

8. WORKING CAPITAL MARGIN

Margin money for working capital requirement for the proposed Writing & Printing unit has been assessed at Rs.423.17 Lac. Calculation for the same is given below: -

Description	Months	Rs. in Lacs	
		2007-08	2008-09
Current Assets			
Raw Material	0.33	102.0	123.8
Stores & Spares	8.00	162.1	178.3
WIP	0.07	12.1	14.7
Finished Goods	1.00	363.6	441.5
Receivables	2.00	1,052.9	1,383.8
Chargeable Current Assets	-	1,692.70	2,142.1
Current Liabilities			
Sundry Creditors	0.50	153.0	185.7
Working Capital Requirement	-	1,539.70	1,956.4
Margin Money @25% of CCA	-	423.17	535.52

Margin requirement for working capital facility has been worked out at Rs.423.17 Lac and for NFB (BG of Rs.200.00 Lac @ 15%) of Rs.30.00 Lac. Total margin requirement for FBWC and NFB limits worked out at Rs.453.17 Lac (Rs.423.17 + 30.00) = Rs.453.17 Lac.

GENERAL CORPORATE PURPOSES

We propose to utilize Rs. 118 Lacs for general corporate purposes including brand building exercises and strengthening of Company's marketing and distribution capabilities.

Our Company's management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes.

ISSUE EXPENSES

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 details of the Issue expenses are tabulated below:

(Rs. in Lacs)	
Particulars	Expenses
Lead management, underwriting and selling commission	115.00
Advertisement and marketing expenses	40.00
Printing, stationary & distribution expenses	35.00
Others (Registrar's fees, legal fees, listing fees, etc.)	45.00
Total estimated Issue expenses	235.00

TERM LOAN

THE DETAILS OF THE TERM LOAN SANCTIONED IS AS FOLLOWS

Out of the total requirement of Rs 9347.70 Lacs, we have received sanction letters to the extent of Rs 10848.00 Lacs from Punjab National Bank, Oriental Bank of Commerce, State Bank of Bikaner & Jaipur and State Bank of Indore.

The details of the term loans sanctioned to our Company are as follows:

TERM LOAN SANCTIONED BY BANKS

Rs. in Lacs			
Name of Bank	Amount Sanctioned	Date of Sanction	Amount Disbursed
Punjab National Bank	4600.00	06.04.2006	Nil
Oriental Bank of Commerce	3248.00	12.05.2006	Nil
State Bank of Bikaner & Jaipur (Term Loan)	1500.00	08.02.2006	Nil
State Bank of Indore	1500.00	05.04.2006	Nil
Total	10848.00*		

* Out of Rs 10848.00 Lacs sanctioned, the management of our Company shall utilise only Rs 9347.70 Lacs for the financial closure of the proposed project.

IMPLEMENTATION SCHEDULE

SL NO	ACTIVITIES	COMMENCEMENT	COMPLETION
1	Civil Work	May 2006	October 2006
2	Quotations for Major Plant & Machineries	December 2005	February 2006
3	Placement of Orders	December 2005	August 2006
4	Supply of Plant and Machineries	July 2006	December 2006
5	Installation of Plant and Machineries	November 2006	January 2007
6	Test Run	February 2007	February 2007
7	Commissioning/ Commercial Production	March 2007	March 2007

FUNDS DEPLOYED

ACTUAL EXPENDITURE INCURRED ON THE OBJECTS AS ON MAY 31, 2006 IS AS FOLLOWS

Deployment of Funds	Amount (Rs. in Lacs)
Land & Land Development (including Advances)	617.78
Plant & Machinery (including Advances)	311.69
Building under Construction (including Advances)	166.81
Miscellaneous Fixed Assets (including Advances)	42.55
Pre-Operative Expenses (including IPO Expenses)	52.72
Total	1191.55

SOURCES OF FINANCING OF FUNDS ALREADY DEPLOYED

The deployments of funds were made from internal accruals of our Company/ Promoters Contribution in the Issue as detailed below:

Sources of Financing of Funds Already Deployed	Amount (Rs. in Lacs)
Equity, Cash & Cash Equivalents pursuant to merger of HTL with the Company	400.00
Share Application Money	119.10
Internal Accruals	672.45
Total	1191.55

YEAR WISE BREAK UP OF THE PROPOSED DEPLOYMENT OF FUNDS IS MENTIONED HEREUNDER

Deployment of Funds	Financial Year 2006-07		Rs. in Lacs
	Already incurred till May 31, 2006	To be incurred upto March 31, 2007	Total
Land and Land Development (including Advances)	617.78	232.22	850.00
Plant & Machinery (including Advances)	311.69	7104.31	7416.00
Building under Construction (including Advances)	166.81	736.59	903.40
Miscellaneous Fixed Assets (including Advances)	42.55	2205.98	2248.53
Pre-Operative Expenses (including IPO Expenses of Rs. 105.00 Lacs)	52.72	186.08	238.80
Interest during Construction Period	-	911.40	911.40
Contingencies	-	528.40	528.40
Margin for Working Capital	-	453.17	453.17
General Corporate Purposes	-	118.00	118.00
Additional Issue Expenses	-	130.00	130.00
Total	1191.55	12606.15	13797.70

INTERIM USE OF FUNDS

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

TERMS OF THE ISSUE

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

AUTHORITY FOR THE ISSUE

Our Board of Directors has pursuant to resolution passed at its meeting held on April 17, 2006 authorized the Issue subject to the approval by the shareholders of our Company under Section 81(1A) of the Companies Act.

The shareholders have authorized the issue by a special resolution in accordance with Section 81(1A) of the Companies Act, passed at the annual general meeting of our Company held on April 22, 2006.

RANKING OF EQUITY SHARES

The Equity Shares being offered shall be subject to the provisions of Memorandum and Articles of our Company and shall rank *pari passu* in all respects with the existing Equity Shares including rights in respect of dividend. Allottee of the Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of allotment.

MODE OF PAYMENT OF DIVIDEND

Payment of dividend by our Company, if recommended by Board and declared at the general meeting of our Company, would be in any of the modes specified or permitted by the Act from time to time.

FACE VALUE AND ISSUE PRICE

The Face Value of the Equity Shares is Rs.10/- per Equity Share and the Issue Price is Rs. [.] per Equity Share. At any given point of time, there shall be only one denomination for the Equity Shares.

The face value of the Shares is Rs. 10/- and the floor price is [.] times of the value and the Cap price is [.] of the face value.

COMPLIANCE WITH SEBI GUIDELINES

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

RIGHTS OF THE EQUITY SHAREHOLDERS

Subject to applicable laws, regulations, rules and guidelines and the Memorandum and Articles of Association, the Equity Shareholders shall have the following rights:

- i. Right to receive dividend, if declared.
- ii. Right to attend general meetings and exercise voting powers, unless prohibited by law.
- iii. Right to vote on a poll either personally or by proxy.
- iv. Right to receive offers for Rights Shares and be allotted Bonus Shares, if issued.
- v. Right to receive surplus on liquidation of our Company.
- vi. Right of free transferability; and
- vii. Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and the Articles of Association of our Company.

For a detailed description of the main provisions of our Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/ or consolidation/ splitting/, see "Main Provisions of Articles of Association of our Company" on page 215 of this Draft Red herring Prospectus.

MARKET LOT AND TRADING LOT

Under existing SEBI Guidelines, the trading in the Equity shares shall only be in dematerialized form for all investors and hence the tradable lot is one Equity Share. In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. Allotment of Equity Shares through this Issue will be done only in electronic form in multiples of one Equity Share to the successful Bidders subject to a minimum allotment of [.] Equity Shares.

NOMINATION FACILITY TO INVESTOR

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder(s), may nominate any one person in whom, in the event of death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the registered office of our Company or at the registrar and transfer agent of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by our Board, elect either:

- (a) to register himself or herself as the holder of the Equity Shares; or
- (b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with, within a period of 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialised mode, there is no need to make a separate nomination with us. Nominations registered with the respective Depository Participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective Depository Participant.

MINIMUM SUBSCRIPTION

If we do not receive the minimum subscription of 90% of the Issue amount including development of the Underwriters, if any, within 60 days from the BID/ Issue Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after we become liable to pay the amount, we shall pay interest as per Section 73 of the Companies Act.

We undertake that the number of allottee in the Issue shall be at least 1,000. Otherwise, the entire application money shall be refunded forthwith. In case of delay, if any, in refund, we shall pay interest on the application money at the rate of 15% per annum for the period of delay.

ARRANGEMENTS FOR DISPOSAL OF ODD LOTS

Since the market lot for our Equity Shares will be one, no arrangement for disposal of odd lot is required.

RESTRICTIONS, IF ANY, ON TRANSFER AND TRANSMISSION OF SHARES AND ON THEIR CONSOLIDATION/SPLITTING

For a detailed description in respect of restrictions, if any, on transfer and transmission of Shares and on their consolidation/splitting, please refer to Section “Main Provisions of Articles of Association of our Company” on page 215 of this Draft Red Herring Prospectus.

JURISDICTION

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/ authorities in Himachal Pradesh, India.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (“the Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold only (i) in the United States to “qualified institutional buyers”, as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offered and sale occur.

ALLOTMENT RECONCILIATION AND REVISED CANs

After the Bid/ Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/ NSE system. Based on the electronic book, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This Can is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to the QIBs, and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by us in consultation with the BRLMs on the basis of assessment of market demand for the offered Equity Shares by the Book Building Process and on the basis of the following qualitative and quantitative factors.

QUALITATIVE FACTORS

1. Our Company being located in Himachal Pradesh, is subject to the following tax benefits:
 - 100% excise duty exemption upto June 09, 2013 subject to Government notifications issued from time to time.
 - 100% income tax exemption for first five years and there after 30% exemption for next five years from the date of start of commercial production of proposed project.
 - Concessional rates of central sales tax at 1% against 4% in other states.
 - Capital Investment subsidy @ 15 % of investment in Plant and Machinery, subject to a ceiling of Rs. 30 Lacs
2. Availability of relatively cheap and uninterrupted power supply. The power tariff in H.P. is Rs.3.25 per unit against Rs.4.-4.50 in other states. We have also proposed to install our own 6 MW power generation system. The cost of power co-generation will be approximately Rs.1.90 per unit.
3. Availability of ample supply of raw material and agro wastes from neighbouring areas of Haryana and Punjab and Himachal Pradesh.
4. Promoters with more than two decades of experience in paper industry.
5. Strong Management and Technical team with over two decades of experience.

QUANTITATIVE FACTORS

ADJUSTED EARNING PER SHARE (EPS)

Financial Period	EPS based on Restated Financial Statements (Rs.)	Weight
Year ended March 31, 2004	1.77	1
Year ended March 31, 2005	3.31	2
Year ended March 31, 2006	4.63	3
Weighted Average	3.71	

PRICE EARNING RATIO (P/E RATIO)

Price Earning Ratio in relation to the Issue Price

Price Earning Ratio based on year ended March 31, 2006 EPS (based on restated financial statements) of Rs. 4.63 is [.] , at the lower end of the price band and [.] , at the upper end of the price band.

Industry P/E*

Highest (Pudumjee Pulp)	9.90
Lowest (Rama Paper)	3.60
Average	7.90

*Source: Capital Market, Vol. XXI/09 Jul 03-16,2006

AVERAGE RETURN ON NET WORTH (RoNW)

Financial Period	RONW based on Restated Financial Statements (%)	Weight
Year ended March 31, 2004	10.44	1
Year ended March 31, 2005	16.33	2
Year ended March 31, 2006	18.67	3
Weighted Average	16.52	

Minimum Return on Total Net Worth after Issue needed to maintain pre-Issue EPS of Rs. 4.63 is [.]%

NET ASSETS VALUE (NAV)

As at March 31, 2006

Rs. 24.79

After the Issue

Rs. [.]

Notes:

- The Earnings per share and the average return on net worth has been computed on the basis of the Restated Accounts of the respective years drawn after considering the impact of Accounting Policy changes and material adjustments /prior period items pertaining to the earlier years.
- Net Asset Value Per Share represents Shareholder's Equity as per restated financial statements less miscellaneous expenditure as divided by number of Shares outstanding at the end of the period.

COMPARISON OF THE ACCOUNTING RATIOS OF OUR COMPANY WITH THE INDUSTRY AVERAGE AND WITH THE ACCOUNTING RATIOS OF THE PEER GROUP (i.e. COMPANIES OF COMPARABLE SIZE IN THE SAME INDUSTRY) FOR THE PERIOD ENDING MARCH 31, 2006

	EPS (Rs.)	Book Value (Rs.)	RONW (%)	P/E Ratio
Shree Bhawani Paper Mills	1.60	17.10	9.40	8.50
S I Paper Mills	9.40	44.00	16.30	5.00
Malu Paper	2.40	21.90	30.10	6.40
Peer Group Average	4.47	27.67	18.60	6.63
Ruchira Papers Limited	4.63	24.61	18.81	-

Source: Our EPS, Book Value and RONW have been taken from our restated accounts. Source for peer group information is Capital Market, Vol. XXI/09 Jul 03 - 16, 2006

The face value per share is Rs. 10 and the Issue Price of Rs. [.] is [.] times the face value.

The BRLMs believes that the Issue Price of Rs. [.] is justified in view of the above qualitative and quantitative parameters. The investors may want to pursue the risk factors on page 10 of this Draft Red Herring Prospectus and the financials of our Company including important profitability and return ratios, as set out in the Financial Statements on page 141 of this Draft Red Herring Prospectus to have a more informed view of the investment proposition.

STATEMENT OF TAX BENEFITS

To
The Board of Directors,
Ruchira Papers Limited,
Trilokpur Road,
KALA-AMB – 173 030.
District Sirmaur (H.P)

Re: TAX BENEFITS.

We hereby report that the enclosed annexure states the possible tax benefits available to M/s. Ruchira Papers Limited and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which are based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

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

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

The contents of this annexure are based on information's, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and interpretations of the current tax laws.

**For I. CHANDER GOEL & CO.
CHARTERED ACCOUNTANTS**

**I.C.GOEL
Partner
M. No. 004631**

**Date: June 15, 2006
Place: Jagadhari**

ANNEXURE TO STATEMENT OF TAX BENEFITS

The Company is advised that under the current tax laws, the following tax benefits, inter-alia will be available to the Company and its shareholders.

1. UNDER THE INCOME TAX ACT, 1961

A. TO THE COMPANY

1. The Company is eligible under section 35D of the Income Tax Act, 1961 to a deduction equal to one-fifth of certain specified expenditure, including specified expenditure incurred in connection with the issue for the extension of the industrial undertaking, for a period of five successive years subject to the limits provided and conditions specified under the said section.
2. The Company would be eligible for depreciation @ 15% on the cost of plant and Machinery as per the provisions of Income Tax Act, 1961. Further the Company would be entitled to depreciation @80% of the cost of Plant & Machinery in the nature of energy saving devices and would also be entitled to depreciation on its other assets as per the Income Tax Rules, 1962.
3. As per provisions of section 32(1)(iia) of the Income Tax Act, 1961 the company would be entitled to additional depreciation @20% of the actual cost of new Plant & Machinery during previous year ending or after March 31, 2006 subject to the fulfillment of other conditions specified under the said section.
4. Under Section 115 JJA (IA) of the Income Tax Act, 1961 tax credit shall be allowed of any tax paid (MAT) under section 115 JB of the Act for any Assessment Year commencing on or after 2007-08. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Income – Tax Act. Such MAT credit shall not be available for set – off beyond 7 years succeeding the year in which the MAT credit initially arose.
5. The Company is entitled to the following benefits under Notification dated 07.01.2003 issued by Government of India, Ministry of Commerce and Industry:
 - a. 100 % (hundred per cent) outright excise duty exemption upto June 09, 2013.
 - b. 100% (hundred per cent) income tax exemption for initial period of five years and thereafter 30 % for a further period of five years from the date of start of commercial production.
 - c. Capital Investment subsidy @ 15 % of investment in Plant and Machinery, subject to a ceiling of Rs. 30 Lacs

B. TO THE SHAREHOLDERS

I. RESIDENT INDIANS

1. Under Section 10(34) of the Income Tax Act, 1961 income earned by way of dividend on the shares of the company is exempt from income tax in the hands of the shareholders.
2. Under Section 10(38) of the Income Tax Act, 1961 long term capital gains arising to the shareholder from transfer of a long term capital asset being an equity share in the company (i.e. equity shares held for the period of more than twelve months) and on which security transaction tax has been charged is exempt.
3. As per the provisions of section 111A of the Income Tax Act, 1961 tax on short term capital gain is charged to tax @10% (plus applicable surcharge and education cess) provided the capital gain arises from the transfer of equity shares of the company which are held for a period of not more than 12 months and on which security transaction tax has been charged.

In case of individual or HUF being a resident, where the total taxable income as reduced by such short term capital gain, is below the exemption limit, such short term capital gains will be reduced to the extent of shortfall and the balance of said short term capital gain shall be subjected to a flat rate of income tax at 10%.

4. As per the provisions of section 112 of the Income Tax Act, 1961 the long-term capital gains arising from the transfer of shares of the company being long term capital asset. Other than as mentioned in point 2 above shall be chargeable to tax @ 20% (plus applicable surcharge and education cess) after indexation as provided in second proviso to section 48, or @ 10% (plus applicable Surcharge and education cess) without indexation.
5. Long term capital gains as started in point 4 above on sale of shares of the company shall be exempt from income tax if such gains are invested in bonds/shares specified in section 54EC or section 54ED of the Income Tax Act, 1961 subject to the fulfillment of the conditions specified in the said sections. In the case of individual or HUF members, exemption is also available u/s 54F subject to the fulfillment of the conditions specified in the said section.
6. In terms of section 88E of the Income Tax Act, 1961, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income tax on the income chargeable under the head "profit and gains of business or profession" arising from taxable securities transactions subject to the fulfillment of other conditions specified under the said section.

II. NON RESIDENT INDIANS

1. Any income by way of dividends received on the shares of the company is entitled to be exempted u/s 10(34) of the Income Tax Act, 1961.
2. In the case of Non Resident Indians taxability of long term capital gains and short terms capital gains is similar to resident Indians. Refer Para B.1.2 to B. 1.5 above.
3. Further under section 115E of the Income Tax Act, 1961 Income by way of long term capital gains arising from the transfer of shares (otherwise than as mentioned in Para B.1.2 and B.1.4 above) held in the company will be taxable @ 10% (plus applicable surcharge and education cess) subject to the fulfillment of other conditions specified under Chapter XII-A of the Income Tax Act, 1961. Further above said long term capital gains shall be exempt under section 115F of Income Tax Act, 1961 subject to the fulfillment of other conditions specified under the said section.
4. Rebate of Securities Transaction Tax paid is available under section 88E of the Income Tax Act, 1961. Refer Para B.1.6 above.

III. FOREIGN INSTITUTIONAL INVESTORS (FII)

1. Any Income by way of dividends received on the shares of the company is entitled to be exempted u/s 10(34) of the Income Tax Act, 1961.
2. Under Section 10(38) of the Income Tax Act, 1961 long term capital gains arising to the shareholder from transfer of a long term capital asset being an equity share in the company (i.e. equity shares held for the period of more than twelve months) and on which security transaction tax has been charged is exempt.
3. Under Section 115AD(1)(iii) of the Income Tax Act, 1961 income by way of long term capital gain arising from the transfer of shares (otherwise than as mentioned in 2 above) held in the company will be taxable @10% (plus applicable surcharge and education cess). It is to be noted that the benefits of indexation are not available to FIIs.
4. Short term capital gains on transfer of securities shall be chargeable @30%/10% (plus applicable surcharge and education cess) as per clause (ii) to Section 115AD of the Income Tax Act, 1961.
5. Long term capital gains as stated in point 3 above on sale of shares of the company shall be exempt from income tax if such gains are invested in bonds/shares specified in section 54EC or section 54ED of the Income Tax Act, 1961 subject to the fulfillment of the conditions specified in the said sections.

IV. VENTURE CAPITAL COMPANIES/FUNDS

In terms of section 10(23FB) of the Income Tax Act, 1961 all venture capital companies/funds 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 sale of share of the company.

V. MUTUAL FUNDS

As per the provisions of section 10(23D) of the Income Tax Act, 1961 any income of Mutual funds registered under the securities and Exchange Board of India Act, 1992 or Regulations made there under or any other Mutual Funds set up by public sector banks or public financial institutions or authorized by the Reserve Bank of India would be exempt from income tax.

2. UNDER THE WEALTH TAX ACT, 1957

All assesses are entitled to exemption from tax in respect of the shares of the company as shares or securities are not included in the definition of asset u/s 2(ea) of the Wealth Tax Act, 1957.

3. UNDER CENTRAL EXCISE TARIFF

100 % (hundred per cent) outright excise duty exemption upto June 09, 2013.

4. UNDER EXPORT IMPORT POLICY

Import of Capital Goods under Export Promotion Capital scheme (EPCG Scheme) at concessional rate of duty subject to fulfillment of obligations.

5. UNDER SALES TAX ACT

Under sub section (1) of the section 8 of the central sales tax act 1956 shall be calculated in payable at the rate of 1% of the taxable turnover of goods up to the period ending 31.03.2009 vide notification no EXN-F(9) 2/99 dated 23.07.1999.

Notes:

- All the above benefits are as per the current tax laws and will be available only to the sole/first named holder in case joint holder in case joint holders hold the Equity Shares.
- In respect of non-residents, taxability of capital gains mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any between India and the country in which the non-resident has fiscal domicile.
- In view of the individual nature of tax concessions/implication, each investor is advised to consult his/her own tax advisor with respect to specific tax concessions/implication of his/her participation in the scheme.

**For I. CHANDER GOEL & CO.
CHARTERED ACCOUNTANTS**

**(I.C.Goel)
Partner
M. No. 004631**

**Date: June 15, 2006
Place: Jagadhari**

INDUSTRY

OVERVIEW - INDUSTRY

The paper industry globally is dependent on two parameters:

1. The literacy level (which is dependent on government expenditure on education).
2. The GDP growth rates & levels of computerisation.

India has witnessed phenomenal development in the field of education— both in quantitative and qualitative terms, since independence. However, the national goals of universal elementary education and total eradication of illiteracy still remain elusive. The Government is committed to achieving these national goals and has been steadily increasing the budgetary allocation for education. The Country has also made significant strides in higher and technical education. India spent 3.94% of its GDP on education during 2004-05 but about 40% of its adult population is still illiterate. (Source: Economic Survey February 2006).

GLOBAL INDUSTRY SCENARIO

The paper industry's performance depends on macro-economic factors and the demand-supply situation. The industry is highly diverse, technology and capital intensive. Further, norms such as in chlorine free operations and tighter effluent treatment/discharge parameters have restricted expansion of capacities.

The production of paper is a key economic activity accounting in value terms for about 2.5% of the world's industrial production and 2% of world trade. Paper products are important for education, communications, packaging and health care. Worldwide, pulp and paper industry is the fifth largest industrial consumer of energy, accounting for four percent of the world's energy use.

INDIAN SCENARIO

The Indian paper industry is highly fragmented with nearly 515 mills producing about 5.7 MnTPA. Only about 15 mills have 60,000 tonnes or larger annual capacities. India's per capita paper consumption is dismissal 5 kgs which compares very poorly even to countries such as Philippines (11), Indonesia (22), China (30), USA (340) and is nowhere near the ASEAN average of 29 kgs and global average of 54 kgs.

Indian paper industry needs the following to be globally more competitive:

- Sustained availability of good quality of raw material (forest based) and bulk import of waste paper to supplement the raw material supplies.
- Adequate modernization of the manufacturing facilities.
- Improvement of infrastructure.
- Quality improvements and reduction in cost of production
- Import policy conducive for import of material, equipment, instruments, raw material & technologies.

In India, paper demand has been growing at around 5% CAGR in the past five years. Paper demand is inextricably linked to economic growth, industrial production, advertisement expenditure, expenditure on education etc. While industrial paper demand is driven by industrial output, packaging industry growth etc, printing and writing paper demand is driven by public spending on education, publicity and literacy.

Production of paper grew at 1.1% during the previous financial year. With rise in demand and no matching rise in capacity, the demand-supply gap in the industry is widening. The situation is therefore ripe for capacity expansion.

During previous financial year, the prices of writing paper went up in the international market in dollar terms. In India prices are expected to sustain high levels, as capacity utilisation has peaked and proposed expansions will not keep pace with demand growth in the short term.

Some of the key players in the industry are Ballarpur Industries, ITC, Sirpur Paper Mills, West Coast Paper Mills, J K Paper, Century Paper Mills, Tamilnadu Newsprint etc. The major varieties of writing & printing paper are cream wove and map litho. Cream Wove is used in note books and text books, office stationery including computer stationery, share application forms, magazines, envelopes, labels, tickets, publishing and publicity materials.

Paper plays an important role in communication and as a packaging material. The demand for paper is closely linked to the economic conditions prevalent in the economy. Strong economic growth boosts demand for paper and vice versa. Thus, paper consumption is an indicator of the economic and literacy status of any country. While India accounts for nearly 15% of the world population, it consumes only 1% of the world paper production.

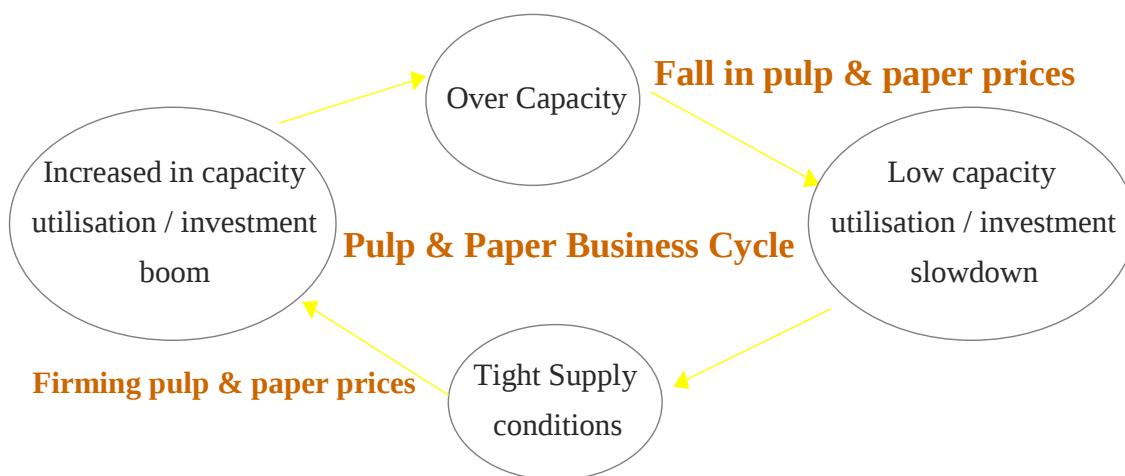
The first paper mill in India was established in 1867 and the raw material utilised were rags and wastepaper. Commercial scale production started in 1882 and the raw material were again non-wood fibers, that is, *Eulaliopsis binata* and *Sacharum bengalensis*. The development of the fractional process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

IMPORTANCE TO ECONOMY

The paper segment's products include Kraft paper and paperboard that are primarily used in packaging. The segment accounts for the largest share of production, approximately 45% in the Indian paper industry, with printing and writing paper accounting for approximately 39% and newsprint accounting for the balance. The segment's products are used as inputs in a host of industries such as agriculture, Fast Moving Consumer Goods (FMCG), processed foods, pharmaceuticals, consumer durables and cigarettes besides exports. However, even as the sector makes important contributions, the segment, and also the paper industry as such face a generally deteriorating policy outlook because of increasing social concern about deforestation. Further, the segment's share of the estimated contribution of Rs 20-25 billion to the national exchequer by paper industry by way of excise and sales tax is smaller than its share in production as its products tend to be of relatively low value. Paper industry provides employment to 300,000 people and influences another 1 million jobs indirectly. These factors contribute to the segment's moderate importance in the economy.

CYCLICALITY

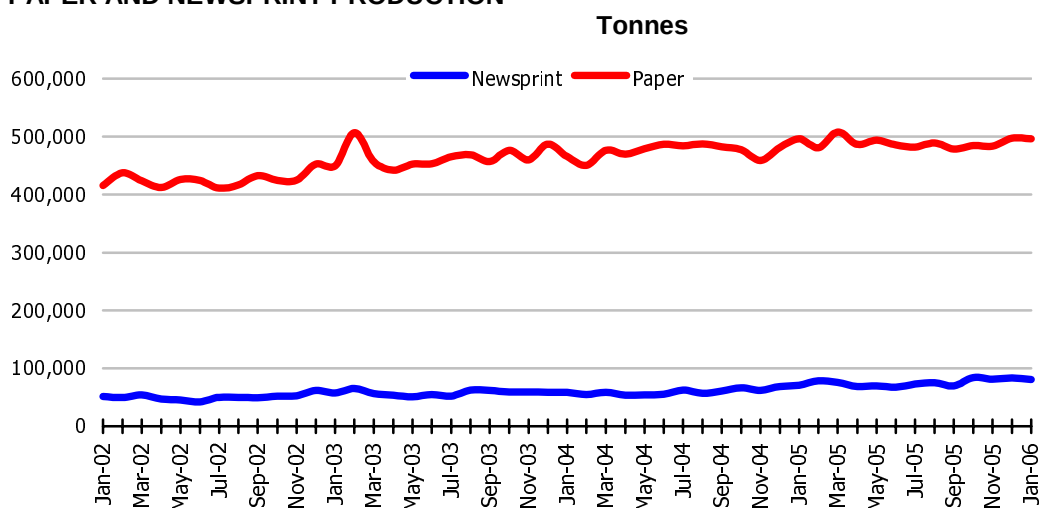
Demand for packaging is closely linked to demand for product of end-used industries. Demand for some of the important user industries such as agriculture, consumer durables and exports tends to be cyclical which exposes the industrial paper segment to cyclicality. Further, internationally, the cyclical behaviour of the industry is also influenced by periodic supply shocks. Supply shocks result from the simultaneous building of significant production capacities leading to consequent spells of over capacity in the markets. The cyclicality is reflected in the industry margins and the patterns in investment activity. During upturns, prices move upward at a faster rate than costs of inputs, while during the downturn, prices fall at a faster rate as compared to cost of inputs. This has a direct impact on profitability.



The Paper production has slowed down during FY2006, primarily because of capacity constraints faced by the paper industry as it is operating over 90% utilisation levels. With no major fresh capacity additions in near future, paper production is not expected to increase at a high rate in FY2007.

However, the paper industry is witnessing a favourable trend in terms of improved realisations since April 2005. The industry has been successful in gradually increasing the prices over the corresponding previous year period. Paper prices have shown a significant rise in both domestic and international markets. Pulp prices, which are trendsetters for paper prices, have increased by 3% since the beginning of 2006 in the US market. The Finnish Options Exchange (FOEX) US prices for Northern Bleached Softwood Kraft have increased from US\$ 656.6 per tonne in week ended February 28, 2006 to US\$ 660 in week ended March 28, 2006. Mirroring this trend, domestic prices of newsprint are expected to increase on an average by Rs.2,000 per tonne. Prices, however, may vary from mill to mill, in accordance with the quality. The Indian Newsprint Manufacturers Association has ratified the price revision proposals by its member units for the April-June 2006. Since no major new investments are envisaged in the near future, prices are expected to be firm during FY2007.

TRENDS IN PAPER AND NEWSPRINT PRODUCTION



DEVELOPMENT OF INDIAN PAPER INDUSTRY

	Capacity ('000 tpa)	Production ('000 tpa)	No. of Mills
1950	200	200	20
1960	500	400	30
1970	900	800	60
1980	1750	1100	140
1990	3400	2400	325
2000	6400	3800	400
2005	8570	5870	568

Source: CPPRI

Most of the Indian paper mills are small units. There are only 34 mills having capacity of over 33000 TPA.

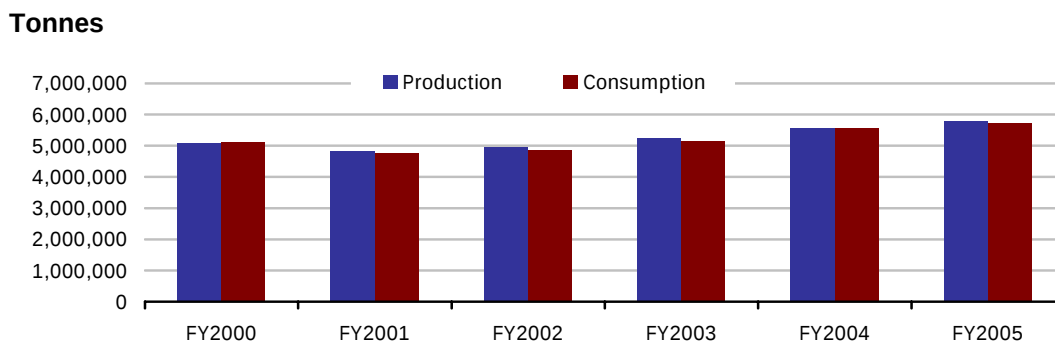
SENSITIVITY OF INDUSTRY TO GOVERNMENT POLICIES

Paper industry was deregulated with the start of economic liberalisation programme. Industrial licensing was done away with for most types of paper (except for SSI reserved items). Manufacture of SSI reserved items can also be taken up by other units provided they undertake an export obligation of a minimum of 50% of the new or additional production to be achieved within a maximum period of three years. There is no licensing requirement for new projects or expansion subject to the condition that the project should not be located within 25 kms from the periphery of city having population more than 1 million. Government has provided small non-conventional raw material (NCRM) users with an incentive by reducing the excise duty on paper manufactured by them to 8% for the first 3,500 tons and 12% for any further production. In light with the trend in other industries, the customs tariff on paper and paperboard has declined in past few years and currently stands at 12.5%. Similarly, the tariff on raw materials such as wood pulp and waste paper has also declined and currently stands at 5%. As the general direction of government policy towards the segment has been at par with general industrial and foreign trade policy, the risk on this account is moderate. In the Union Budget for 2006-07, the excise duty on specified printing, writing and packing paper has been reduced from 16% to 12%. The paper industry is likely to benefit as it will enable it to cover some of the raw materials cost and this in turn would result in improved margins.

GROWTH POTENTIAL/OUTLOOK

ICRA's study of the user industries has revealed that moderate growth potential exists for the industrial paper segment in the medium term. Pharmaceuticals, tea, powdered milk products, infant foods, cereals, other foods, cosmetics and toiletries, soaps and detergents are expected to be the high demand growth segments. Further, there is a potential to tap new products such as fertilisers. Paper consumption is estimated to have increased 3% in FY2005 to around 5.7 million tonnes. Consumption has increased at a 3-year compound average growth rate (CAGR) of 5.5%. During H1FY2006, paper consumption is estimated to have increased at an annual rate of 3.6%. The segment is expected to grow between 5-7% in the medium term.

PRODUCTION AND CONSUMPTION OF PAPER



The steady growth in paper consumption has been accompanied by a shift to higher quality papers generated by increasing office automation, an expansion in high-speed offset printing and the substitution of traditional packing materials such as jute and wood by paper (especially in the agricultural and export sectors). As part of this, industrial users have shown an increasing preference for lower weight and brighter papers.

PRINTING AND WRITING PAPER INDUSTRY STRUCTURE

Printing and writing paper (Printing & Writing paper) accounts for about 39% of the total paper market in India.

Uncoated wood free paper is the main variety accounting for almost 90% of printing & writing paper produced in India.

Printing & Writing Paper Grades

Cream wove
Map litho
Copier
Super copier
Bond
Coating base
Ledger paper etc.

COMPETITIVE FORCES

EXTENT OF COMPETITION

Dating back more than a century, the paper industry is one of India's oldest industries. Production, at 19,000 tonnes per year, was moderate at the beginning of the 20th century. By 2005, Indian paper production had risen to 5.7 MnTPA. There are, at present, about 515 units engaged in the manufacture of paper and paperboards and newsprint in India. Of these, only 10% are forest-based. The remaining mills are agricultural residue- or waste paper-based. Over the last two decades there has been a decline in the use of forest-based raw materials, from 84% in the 1970s, to 43% in the 1990s. The use of agricultural residues has increased from 10% to 32% during the same period, and is projected to rise to 60% by 2010.

Although competitive intensity in the industrial paper segment has increased, it is relative low in comparison to other segments. In light of the consolidation taking place in the industry and closing down of small and economically unviable units, the outlook on this front appears to be positive. The Indian industry is largely production driven and market share is driven by the scale of operations. To increase market share, companies need to emphasize on full capacity utilisation, right product mix and regular improvements in operating processes to minimise costs.

BARRIERS TO ENTRY

With decreasing customs duty, imports could potentially pose as a threat. ICRA's study of the segment has revealed that domestic manufacturers are competitive at the bound customs duty rate of 40% but not beyond. Threat of substitution is primarily from plastics, which have grabbed share from paperboards in some applications. However, there are indications of a process shift from plastic bags to paper bags as many leading retail chains have already switched or have indicated a favourable stance towards paper shopping bags on account of environmental considerations.

INTERNATIONAL COMPETITIVENESS

ICRA's comparison of product costs of Indian manufacturers with that of international manufacturers has revealed that the segment is competitive in select product segments. The cost competitiveness arises from use of relatively labour intensive processes as compared to international manufacturers, which magnifies the country's labour cost advantage. The factors that constrain competitive advantage include uneconomic average mill size, which affects process efficiency, relatively expensive raw materials and high-energy costs. As the constraints are unlikely to be mitigated in the medium term, declining customs tariff could erode competitiveness enhancing the business risk.

FLUCTUATIONS IN DEMAND SUPPLY GAP

Although India's paper consumption has been increasing slowly over the last 20 years, India still has one of the world's lowest per capita levels of paper consumption. The annual per capita consumption of paper in India is about 5 kg, which is quite low when compared to the global average of 54 kg and the average of 30 kg for China. The growth potential in consumption is expected to result in a demand supply gap in the industry, which would benefit the segment. However, import would need to be watched, especially in light of trend of declining customs tariff. Imports of paper, which remained at around 0.1 MnTPA

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India is almost self-sufficient in manufacture of most varieties of paper and paperboards. Import, however, is confined only to certain specialty papers. To meet part of its raw material needs the industry has to rely on imported wood pulp and waste paper. Import of paper and paper products has been growing over the years. About 0.267 million tonnes of paper was exported in FY2005 mainly to the neighbouring countries.

TOTAL DEMAND FOR PAPER IN INDIA UP TO 2020 ('000 TONS)

Paper grade	2000	2005	2010	2015	2020
Newsprint	900	1200	1400	2000	2400
Printing & Writing	1500	2000	3200	4000	5200
Carton boards	800	1200	1400	1800	2400
Containerboard	800	1200	1900	2500	3800
Other	200	300	400	600	800
Total	4200	5900	8300	10900	14600
Conservative estimate	4200	5600	7400	9400	12000

The demand for paper and board is expected to grow to over 11 million TPA by 2015 and further to 14 million TPA by 2020. (conservative estimate: 9.4 million TPA and 11.8 million TPA respectively). This represents an increase of 6.8 million TPA during the period 2000 to 2015. The industry is gearing up to meet the increasing demand, through capacity expansions planned by almost all major players in the coming years. However, the projected increase in supply by about 6 million TPA by 2015, will still be less than the increase in demand.

As a result the demand-supply gap is expected to widen from 0.7 million TPA in 2005 to 1.2 million TPA in 2015 and 1.9 million TPA in 2020 as depicted below:

PROJECTED DEMAND-SUPPLY SCENARIO IN INDIA (IN '000 TONS)

		2000	2005	2010	2015	Growth 2000-2015	2020
Newsprint	Demand	844	1177	1552	1937	1093	2380
	Supply	456	700	1040	1390	934	1800
	Net trade	-388	-477	-512	-547		-580
WC printing/writing	Demand	40	61	80	99	59	110
	Supply					0	
	Net trade	-40	-61	-80	-99		-110
WF printing/writing	Demand	1490	2125	2870	3880	2390	5215
	Supply	1530	2000	2580	3600	2070	4600
	Net trade	40	-125	-290	-280		-615
Tissue	Demand	38	75	130	185	147	235
	Supply	30	55	100	170	140	225
	Net trade	-8	-20	-30	-15		-10
Containerboard	Demand	814	1276	1942	2773	1959	3900
	Supply	806	1155	1840	2650	1844	3600
	Net trade	-8	-121	-102	-123		-300
Carton boards	Demand	798	1070	1468	1895	1097	2430
	Supply	828	1100	1300	1800	972	2200
	Net trade	30	30	-168	-95		-230
Others	Demand	191	222	249	276	85	315
	Supply	200	225	245	265	65	300
	Net trade	9	3	-4	-11		-15
Total Base scenario	Demand	4215	6006	8291	11045	6830	14585

	Supply	3850	5235	7105	9875	6025	12725
	Net trade	-365	-771	-1186	-1170		-1860
Total Conservative	Demand	4215	5660	7430	9435	5220	11870

Source: Jakko Poyry & Ruchira Project Report by technical consultant, M/s Chemprojects Consulting (P.) Ltd.

INDUSTRY FINANCIALS

ROCE AND OPERATING MARGINS

The operating margin in the segment reflects the rise in paper prices, which has led to improving realisations for the segment. In spite of an increase in prices, the operating margin have declined marginally in FY2005 on account of increase in pulp prices. Operating Income (OI) increased 6.3% during FY2005 to Rs. 80.47 billion, as compared with a growth of 2.5% in FY2004. Raw materials costs as percent of OI increased from 31.9% in FY2004 to 33.5% in FY2005. Large players have the advantages of economies of scale, captive raw material and power plants and have increased the prices by moving up the value chain. While, small players have higher cost of production and limited product range. They have witnessed a significant reduction in operating margin in FY2005 due to rising input costs and lower sales realisations. The ROCE reflects the trend in operating margin and has increased steadily. In the FY2005, large companies have maintained their ROCE while small companies have witnessed a significant decline in the same.

MARGINS AND RETURNS

FY	2003	2004	2005
Operating Margins	13.3%	14.4%	13.8%
Net Margins	3.0%	4.9%	4.9%
ROCE	10.9%	11.8%	10.9%

The consolidated financial performance of major paper companies during 9MFY2006 reflects a healthy rise in sales and a substantial improvement in net profit margins. Sales increased 8% (yoy) to Rs. 50.69 billion during 9MFY2006.

FINANCIAL PERFORMANCE OF INDIAN PAPER INDUSTRY

		Rs. Million		Change	% of OI	
				(%)		
9 months ended December		2005	2004		2005	2004
Net Sales/OI		50,688	46,913	8.0	100.0	100.0
	Raw Material Cost	15,868	14,077	12.7	31.3	30.0
	Employee Costs	4,564	4,287	6.5	0.0	0.0
	Other Operating Costs	21,945	21,269	3.2	43.3	45.3
Cost of Sales		42,377	39,632	6.9	83.6	84.5
OPBDIT		8,311	7,280	14.2	16.4	15.5
	Interest	2,133	2,129	0.2	4.2	4.5
	Depreciation	3,059	2,941	4.0	6.0	6.3
OPBT		3,119	2,211	41.1	6.2	4.7
	Other Income	648	637	1.7	1.3	1.4
PBT		3,767	2,848	32.3	7.4	6.1
	Tax	903	782	15.4	1.8	1.7
PAT		2,865	2,066	38.7	5.7	4.4

EARNINGS STABILITY

The global prices of pulp have stabilised during 2005, but delinking of paper industry from the core sectors list, would result in an increase in the procurement price of coal for the industry. With strong demand of paper and rising input cost, the manufacturers may lead to another round of increase in paper prices during FY2007. Many companies have declared plans of large expansion and modernisation projects. However, there are no major expansion projects to be commissioned during FY2006. Most of these projects will be completed during FY2007 or beyond that period. Hence, the growth in production of paper is expected to be moderate during FY2006 and FY2007.

industry is of cyclical nature and global paper industry being on come back trail, the Indian paper Industry has also started looking up. There exists a strong correlation between GDP growth and demand for paper. With GDP growth rate revised to 7-8% from previous estimate of 7-7.5% by RBI, there is considerable scope for the growth momentum to continue in the sector. India's per capita consumption of paper is around 5 kg, as compared with 30 kgs in China. With the expected increase in literacy rate and growth of the economy, an increase in the per capita consumption of paper is expected. The demand for upstream market of paper products, like, tissue paper, tea bags, filter paper, light weight online coated paper, medical grade coated paper, etc., is picking up. These developments are expected to result in demand growth.

The Industry figures and other details in general are based on the report on paper industry prepared by ICRA, except otherwise stated.

OUR BUSINESS

Ruchira Papers Limited was incorporated as a Limited Company under the Companies Act, 1956 on December 8, 1980 with the Registrar of Companies, Punjab. H.P and Chandigarh at Jalandhar. We have obtained certificate of commencement of business on July 23, 1981. Our Company was initially promoted by Mr. Umesh Chander Garg, Mr. Subhash Chander Garg and Mr. Jatinder Singh. The present promoters of our Company are Mr. Umesh Chander Garg, Mr. Subhash Chander Garg, Mr. Jatinder Singh, Mrs. Shashi Garg, Mrs. Parveen Garg and Mrs. Charanjeet Kaur. Our Company's registered office is situated at Trilokpur Road, Kala – Amb, District Sirmour (H.P) and Administrative Office is situated at 21 – 22, New Professor Colony, Yamuna Nagar (Haryana).

Our Company was initially set up with a small capacity of 2310 TPA Agro Waste Paper Mill for manufacturing of Kraft Paper which finds application in packaging industry, at Kala – Amb, District Sirmour (H.P) in the year 1981. Our commercial production started in the year 1983.

The Unit is located at Village Kala – Amb of District Sirmour in Himachal Pradesh. This place is 68 K.M. from Chandigarh on Dehradun Highways and 50 K.M. from Ambala / Yamuna Nagar. This Unit was set up with a capital outlay of 87.86 Lacs and was financed by Himachal Pradesh State Industrial Development Corporation Limited (HPSIDC), Himachal Pradesh Financial Corporation (HPFC) and Central Bank of India (CBI). The project was implemented and commissioned on time and the commercial production commenced on 14.08.1983. Over the years, the production capacity has been increased from 2310 TPA to 52800 TPA.

Our Company uses Agro Wastes like Wheat Straw, Bagasse and Sarkanda as the main raw – materials. Alongwith these wastes some quantities of Hessian Rags and waste paper are also used depending upon requirement of paper to be manufactured. Our company uses Rice Husk as the Fuel in the Boiler. Since we are located on the border of Haryana and Himachal Pradesh, we have good access to various Agro Wastes like Wheat Straw, Rice Husk and Sarkanda. Similarly, we have comfortable availability of Bagasse, another pulping material, in view of the facts that there are about 6 sugar mills in the vicinity of 100 K.M.

We have been keeping pace with the changing technology in the Paper Industry. Company's products find application in the packaging industry especially for making Corrugated Boxes and for other packaging requirements. The special feature of our Kraft Paper is load bearing capacity and tensile strength which makes its most suitable for corrugated packing application.

The affairs of our company are controlled by Shri Umesh Chander Garg, Managing Director alongwith Shri Subhash Chander Garg and Shri Jatinder Singh who are Whole Time Directors. Shri J.N. Singh (Executive Director) controls the operations at unit level with the assistance of various functional managers in the fields of Finance, Production, Engineering Quality Control and Sales.

We now proposes to set up a Writing & Printing paper mill having a capacity of 33000 TPA at site adjoining to existing manufacturing facility alongwith Chemical Recovery Plant & 6MW Co-Generation Power Plant. We have appointed M/s Chemprojects Consulting Private Limited, a leading paper technology consultant for preparation of project report for the proposed project. Chemprojects Consulting Private Limited would also be involved in the implementation of the proposed project. We have already received clearance by State Level Single Window Clearance & Monitoring Authority to set up New Plant for Writing and Printing Paper.

THE BUSINESS:

LOCATION OF THE PLANTS

The exiting unit is located at Village Kala – Amb of District Sirmour in Himachal Pradesh. This place is 68 K.M. from Chandigarh on Dehradun Highways and 50 K.M. from Ambala / Yamuna Nagar. The proposed project of Writing & Printing Paper will be located adjacent to the present unit.

PLANT AND MACHINERY

The major plant and machinery for the manufacturing of Kraft paper and Writing & Printing Paper includes hydro-pulper, refiner, turbo charger, high density cleaner, inclined screen, centri-cleaner, agitator, Johnson screen, calendaring machine, boiler, chemical recovery plant. The existing Plant and Machinery has installed capacity of 52800 TPA. For details of plant

and machinery required for the proposed project and other details, please refer to section "Objects of the Issue" beginning on page 58 of this draft prospectus.

A. PROCESS OF MANUFACTURING KRAFT PAPER

The Existing Plant is installed for manufacturing of Kraft Paper using Agricultural Residues mainly Bagasse, Wheat Straw, Rice Straw, Sarkanda, Jute Waste and Indigenous and Imported Waste Paper. In general, the following steps are involved in Paper Making process: -

1. Raw Material Preparation
2. Wet Washing
3. Pulping (Cooking of Raw Material)
4. Washing, Screening and Cleaning
5. Refining
6. Blending and Stock Preparation
7. Paper Making
8. Finishing and Packing

RAW MATERIAL PREPARATION

In the case of agricultural residue, raw material received from the source requires conditioning for preparation of pulping. Straws and Bagasse received from the fields contained dust, fine particles (other than raw material), pith and so many other undesirable materials. These non-fibrous materials require to be separated from the raw material before pulping. In case of Bagasse, dry depithing is carried out to remove pith which is non-fibrous material before cooking. For this process, Depither is installed.

For Wheat Straw, Deduster is being used to remove dust, sand etc.

In case of Sarkanda, a Cutter is installed to cut it in small pieces of around 10-12 MM in length to have proper penetration of the Chemicals. Then it is also dedusted and sent for Cooking.

With regards of Jute, it is sorted to remove undesired materials like Bitumen/Plastic Bags, Laminated, rotten etc. which are harmful for the Paper Making and then it is cut in small size of ½" and dedusted prior to the Cooking.

For Waste Paper, sorting is done to remove Plastic Strips, Oily Bitumen, Laminates, Paper Pins, Clips, and other foreign/undesirable material and then sent for pulping through Hydro Pulper. The Waste Paper normally does not require any Cooking.

WET WASHING

Agro based materials like Wheat Straw, Bagasse and Sarkanda come to Wet Cleaning System after thorough cuttings and dry de-dusting through Deduster, Depither and Cutter. Even after dry dedusting, lot of dust, sand, solids etc. remain attached to the raw materials.

In Wet Cleaning System, raw material is passed through water vat and mechanically beating/thrashing is done to de-attach sand, soil and kept for some time to get chemicals in the raw-materials dissolved and then wet raw material is passed through Equa separator to remove free flowing water and further passed through screw press to get desired solid percentage of raw-material suitable for cooking process.

PULPING

It is proven that for Paper making only fibrous material particularly cellulose is required and there is a need to remove non-fibrous constituent like lignin, pentasans, Resin, Pectin etc. and so on. For this, all non-fibrous components require delignification by cooking. Generally cooking is done by soda process in which mainly Caustic Soda is used in the percentage of 10-12% for Kraft Paper and 14-16% for White Grade of Paper. Raw-Material viz. Wheat Straw, Bagasse, Sarkanda etc. are cooked in Globe Digester under steam pressure of 6-7 Kgs./Cm² and temperature of 160-165 Degree C. The Globe Digester is rotated for 4 Hours for re-action of this process and then it is blown in Blow Tank to segregate the excess steam and Pulp. As a further step Pulp is screened to remove undesirable material including uncooked fiber, if any.

After screening, the Pulp is passed through Single Disc Refiner to give mild refining to make homogenous slurry to have better and proper washing in washing section.

WASHING, SCREENING AND CLEANING

In Washing Section all undesirable components which are in liquid form including spent caustic liquor is removed through filtration process. Then pulp is passed through Double Disc Refiner to make homogenous slurry for further processing and sent for Screening. From Johnson Screen, Stock is sent to Delkor Horizontal Belt Washer for washing of Pulp.

REFINING

After thorough Washing, Pulp is collected in a Storage tank and then Pulp is refined through Double Disc Refiners and Tri Disc Refiners to make pulp suitable for paper making and to impart better fiber bonding condition which improves the physical strength of the Paper.

Similarly cut and dedusted jute is cooked in Globe Digester in the same manner to remove lignin, wax, oil etc. and to make the jute softer for pulp making. Cooked Jute is chopped through Chopper Breaker and some refining is also given in the same process as well. Washing also takes place applying drum washer in between. This pulp is again screened through 6 MM hole Johnson Screen and passed through number of Centricleaners to remove sand and other impurities which remains with the Pulp. This Pulp is thickened and refined through Tri Disc Refiner to impart desired physical strength to the Pulp.

The Waste Paper does not require any cooking before pulping. It is directly slashed in Hydro Pulper in presence of Water and Mechanical Thrashing. This material is also passed through Screening System to two stage i.e. turbo separator and refiner. All three type of Pulp which is kept separately sent for blending in Stock Preparation.

BLENDING AND STOCK PREPARATION

Different type of Pulp i.e. Agro, Jute, and Waste Paper are taken in the measuring tank in desired proportion according to the quality of Paper to be made. In same Chest some Chemicals and additives are added like around 0.4% Rosin, 5% Alum and 0.2% additives to impart physical and chemical properties to the Paper. The Pulp is kept for 30-35 Minutes for re-action before sending for further processing. Next step is taken to make pulp more homogenous using Refiners i.e. refining is done through Tri Disc Refiner, Cleaning through Nos. of Centricleaners Bottles in three stages to remove uncooked, undesirable, sand, fines etc. from the pulp if any. Screened Pulp is passed through Pressure type Screening Equipment which has got 2.6 MM perforation which works on centrifugal force to remove longer fiber which is undesirable for Paper making. The accepted Pulp is taken on Paper Machine and rejected Pulp is taken separately for further processing to remove the rejects from the System.

PAPER MAKING

For Paper making Paper Machine is having number of different sections, which has different functions like: -

HEAD BOX

Head Box is Equipment which receives cleaned pulp from the Stock Preparation and discharge on fourdrinier machine which has wire mesh for sheet formation and filter for the filtration of the fiber. The main function of the Head Box is to deliver the Pulp on the fourdrinier in such a manner so that the fiber can be spread across the width and on Machine direction uniformly.

FOURDRINIER

Fourdrinier section consist a forming board, Hydro Foils, Suction Boxes, Table Rolls etc. Pulp is poured in the consistency of 1% fiber and 99% Water. The fourdrinier is supported with wire mesh and number of drainage elements. During formation of Sheets, Water drainage takes place in controlled manner to have uniform and strong paper sheet.

Basically fourdrinier work is to form a proper uniform fiber sheet by draining the Water. The Pulp slurry at inlet is 1% consistency and at the outlet of the fourdrinier the consistency is raised to 20-22% by using gravitational discharge of Water by employing hydro foil and table rolls. More Water is removed through Vacuum Suction Boxes.

TOP WIRE

Ruchira Paper has installed Top Wire which imparts extra strength by fine sheet formation and lamination in wet condition. Top Wire consists of all components similar to the Fourdrinier. By using top wire, low strength raw-materials is used which contribute in keeping lower cost of production and giving better quality of product to the Customers.

PRESSES

Formed sheet with the consistency of 22% passed through in between two heavy rolls under 70 Kgs. linear pressure to make paper sheet compact and to remove water to make it drier. Similar type of Presses are installed in 3 stage where load applying go on increasing upto 200 Kgs. linear pressure at 3rd Press and finally Paper dryness is achieved about 42-43%.

DRYER SECTION

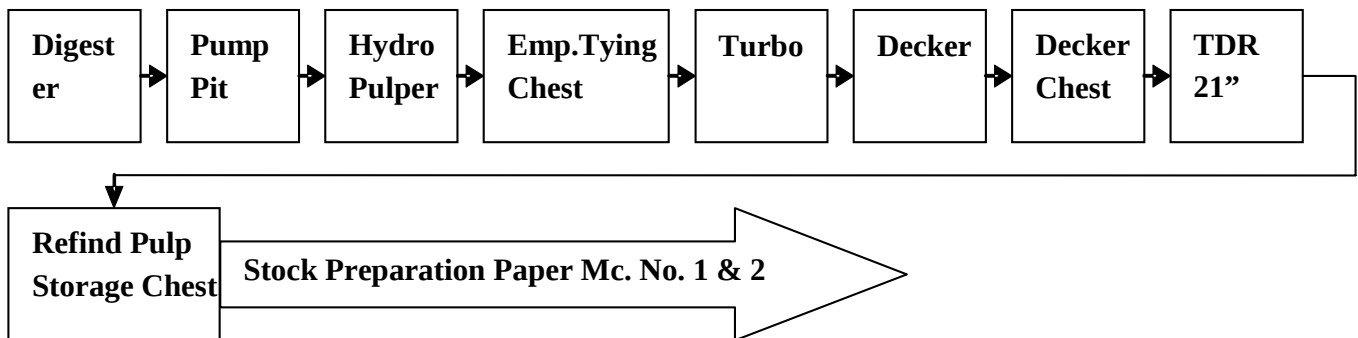
Pressed paper sheet with the moisture of 57-58% is passed through number of cylindrical dryer cylinders which are heated through steam to evaporate water to make the Paper dry. At the moisture of around 45% the paper sheet is passed through M.G. Cylinder to impart one side glaze to the Paper which is basic requirement of Kraft Paper. At last, number of Dryers are used to dry the Paper to 6-8% moisture contents.

FINISHING AND PACKAGING

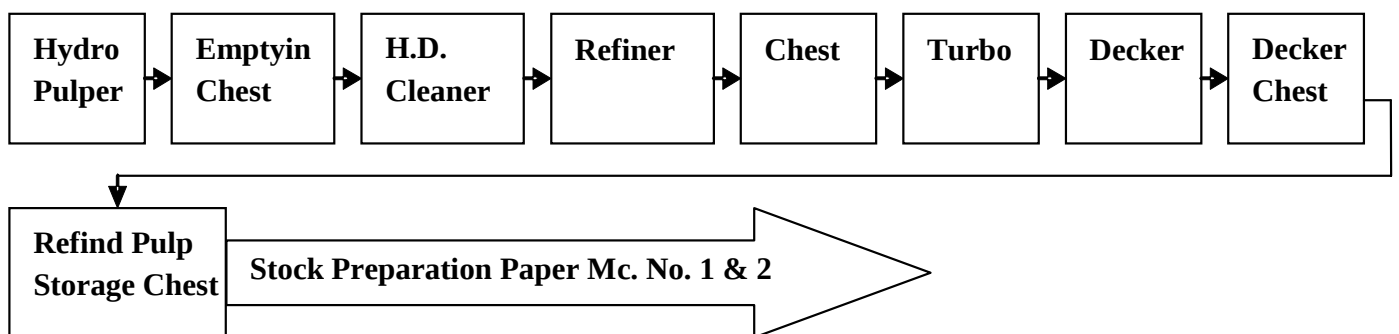
Finally the Paper is wound on Pope Reel and sent for Slitting Rewinder to cut it in small sizes in Reel Form as per the requirement of the Customers. Cut Reels are packed and dispatched to the market.

PROCESS FLOW CHART (KRAFT PAPER)

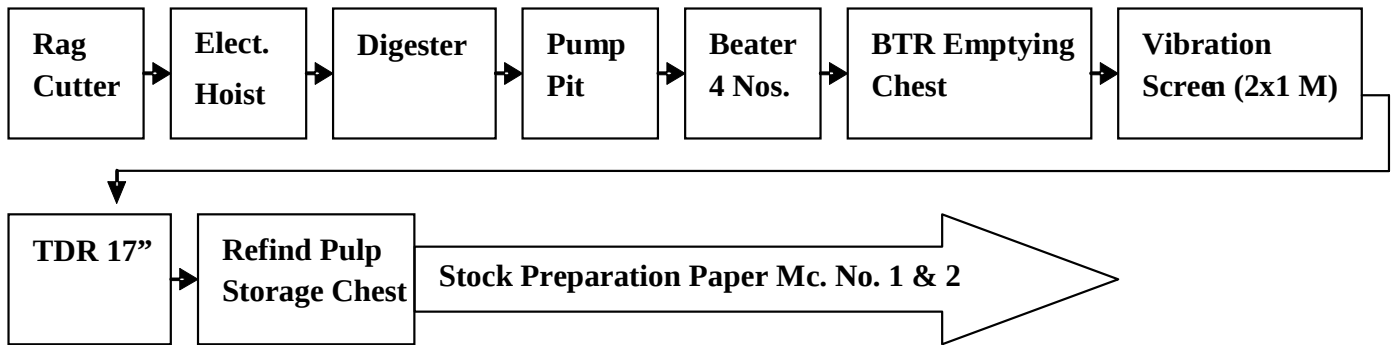
IMPORTED WASTE PAPER STREET



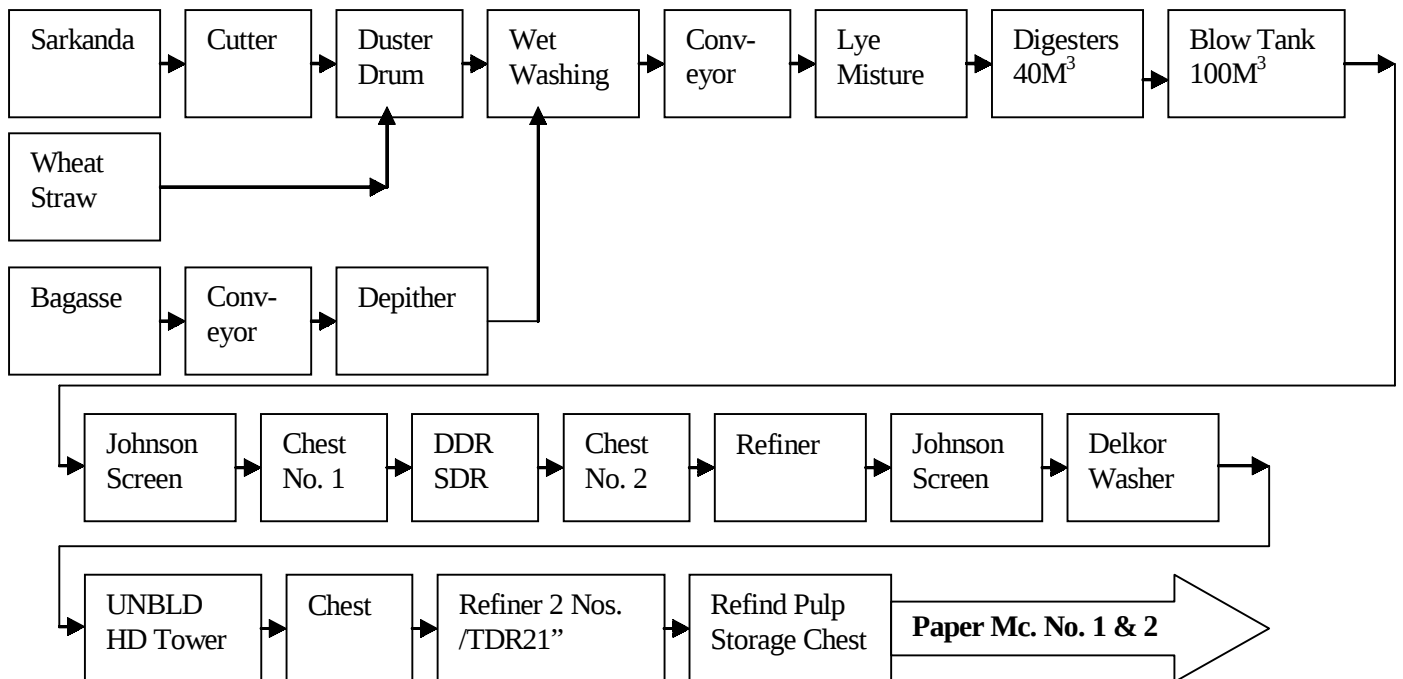
INDIAN WASTE PAPER STREET



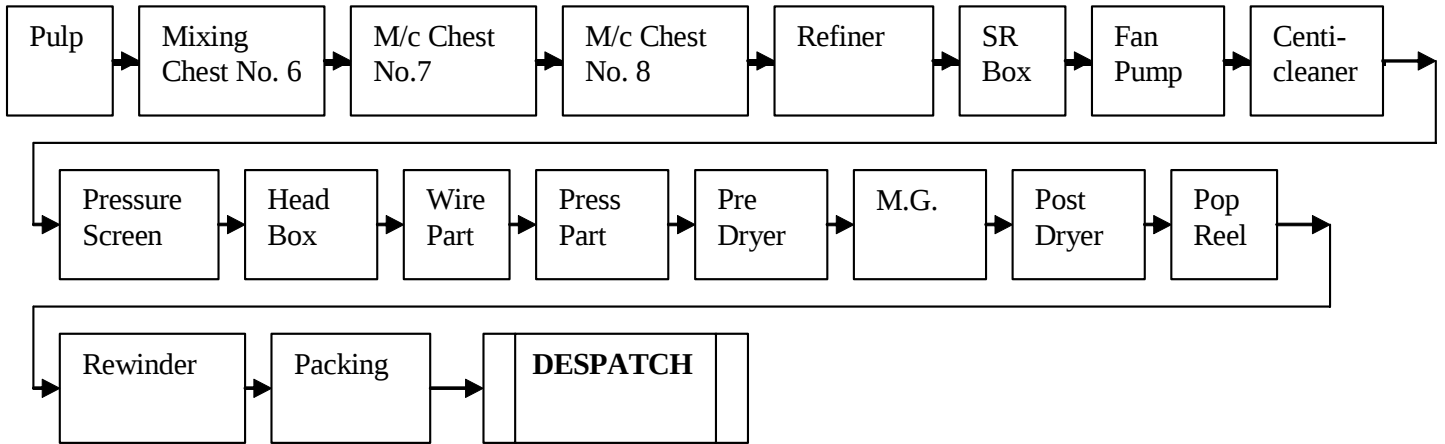
RAG STREET



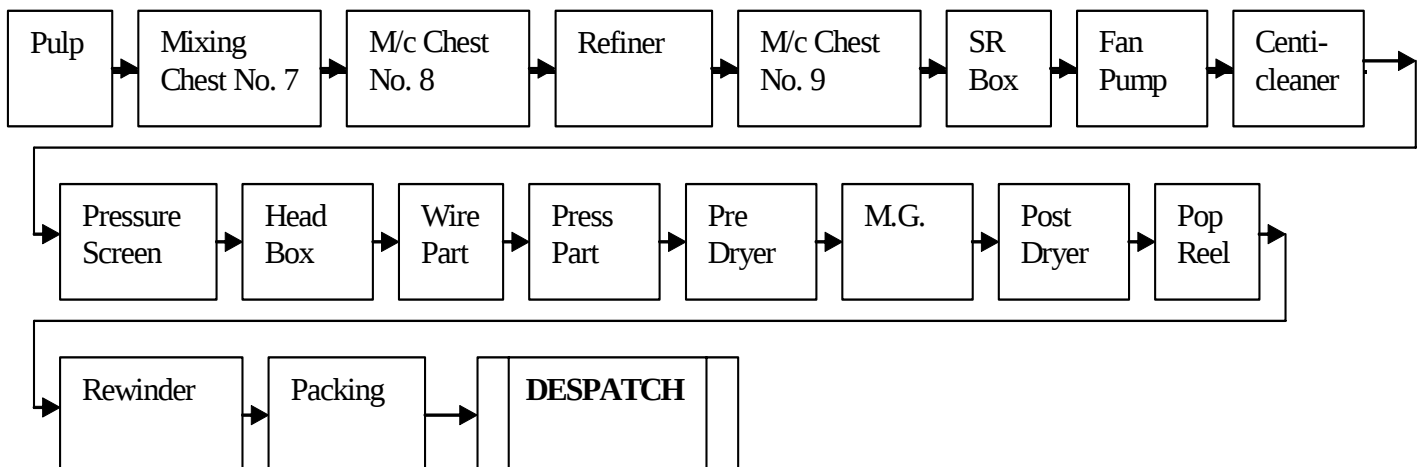
AGRO STREET



Paper Machine No. 1



Paper Machine No. 2



PROCESS OF MANUFACTURING WRITING & PRINTING PAPER

PROCESS OF MANUFACTURING

Proposed project is based on manufacturing of bleached varieties of paper using agricultural residues mainly wheat straw, Bagasse, rice straw and sarkanda. Pulping process of these raw materials is well proven and accepted in Indian paper industry.

In general following steps are involved in paper making process

- i. Raw material preparation
- ii. Wet Washing
- iii. Pulping of raw material
- iv. Washing, screening and cleaning
- v. Chemical recovery
- vi. Bleaching
- vii. Stock preparation
- viii. Paper making
- ix. Finishing and packaging

RAW MATERIAL PREPARATION

In the case of agricultural residue, raw material received from the source requires less conditioning for preparation for pulping. Straws and Bagasse received from the fields contains dust, fine particles, pith etc. These and other non-fibrous material require to be separated from the raw material before pulping. Screening and de-dusting of raw material is done in raw material preparation section. In case of Bagasse, depithing (dry and moist) is necessary to remove pith (non-fibrous sticky material) before pulping.

In proposed Writing and Printing paper unit, chemical recovery is being considered therefore, proper preparation of raw material will also improve quality of black liquor which will go to chemical recovery section and will be used to prepare white liquor and again used in pulping section. If dust and other foreign materials (chlorides etc.) go in black liquor it may create problems in burning of black liquor in recovery section. To handle this, washing of raw material is necessary and being adopted in proposed new unit. Washing of raw material also reduces fine particles and dust etc.

In case of sarkanda, a cutter is required for cutting the whole sarkanda stick in small parts suitable for pulping.

Suitable arrangement for screening & cleaning, dedusting, depithing and washing have been considered in proposed new unit.

WET WASHING

Agro based materials like Wheat Straw, Bagasse and Sarkanda shall come to Wet Cleaning System after thorough cuttings and dry de-dusting through Deduster, Depither and Cutter. Even after dry dedusting, lot of dust, sand, solids etc. remain attached to the raw materials.

In Wet Cleaning System, raw material is passed through water vat and mechanically beating/thrashing is done to de-attach sand, soil and kept for some time to get chemicals in the raw-materials dissolved and then wet raw material is passed through Equa separator to remove free flowing water and further passed through screw press to get desired solid percentage of raw-material suitable for cooking process.

PULPING

It is generally recognized that all raw material of paper making are composed primarily of cellulose and other carbohydrates, lignin and resins. From the standpoint of pulp making it is the cellulose in the raw material which is of primary interest. Delignification (pulping) process have as their principle object, the separation of this cellulose from the lignin and other components of raw material.

The purpose of pulping is to dissolve the inter fiber bonding materials of raw material by means of heat and alkaline liquor, leaving pulp as a fibrous residue. Subsequent of the pulping operation the pulp is separated from the residual liquor called black liquor, which contains the spent reagent and about half of the raw material contains. In pulping process, all constituents of the raw material are simultaneously attacked to conditions of digestion thus some of the noncellulosic materials remains in the pulp while at the same time, the cellulose itself has been subjected to some attack.

Ratio of chemicals to the raw materials, temperature of cooking, time of cooking, bath ratio etc. are the important parameters for pulping process. Cooking of raw materials can be done batch wise or continuously. Although parameters of process would remain same in both the process, equipment (digester) are different for both the process. For batch process, spherical rotary digesters are used while for continuous cooking tube type cylindrical digester with conveying screw is used.

In proposed project, continuous digester is being adopted. In this arrangement there is a long tube with a screw inside it and raw material, steam, chemicals are feed at one end and cooked pulp discharges at other end. Retention time in tube is about 15 – 25 minutes. Other parameters are as follows:

- Chemical charge - 12 – 14% of OD raw material
- Temperature - 160^o –170^o.
- Pressure - 6 – 7 kg/cm².

Continuous cooking process has its own advantages in terms of uniform quality of pulp, efficient use of chemicals and steam etc. This system gives better productivity and more uniform quality of pulp. Necessary provision is also being made to process wood waste & bamboo in the system.

Cooked pulp is blown to a vertical spherical tank known as blow tank. An agitator is provided which helps to break the pulp bundles in small parts. As pressure in digester is about 5-6 kg /cm² and in blow tank there is a atmospheric pressure, at the time of blowing some flash vapors are generated in blow tank which are taken to heat recovery system to recover its heat and re-used in the system.

WASHING, SCREENING AND CLEANING

From the blow tank, pulp slurry is pumped to knoter screen, which are located before the brown stock washer. Knots and fiber bundles in pulp slurry results in poor cake formation and non-uniform washing operation. Removal of these knots and other uncooked material results in a formation of a uniform, dense, easily washable cake in washing operation. It ultimately improve the washing efficiency. Knotter screen are simple vibrating screen with 8 – 10 mm hole sized. Operating consistency in this operation is about 0.8 – 1.0%. Accepted pulp from this screen goes to washer and rejects goes to digester house for re-cooking or thrown out from the system.

3 stage brown stock washing arrangement is being considered for proposed project. It is counter current washing system in which fresh water is applied at last stage. Filtrate of each stage is pumped to previous stage and is used for dilution and washing. Filtrate of 1st stage is known as black liquor and removed from the system and pump to chemical recovery area.

Low / medium consistency Pressure screens are used for screening of pulp. In two stage screening, the 1st stage would be hole type and 2nd stage would be slot type. Slot size / hole size will in range of 2-0.8mm. To avoid the fiber loss in screening operation, reject from one stage may be fed to 2nd stage.

OXYGEN DELIGNIFICATION

This process is applied after the washing, cleaning sequence. At present this equipment is not considered in costing, however space is provided for introduction of this ODL process at later date. This will further reduce the requirement of Chlorine used in bleaching process.

CHEMICAL RECOVERY

The black liquor consisting of water, chemicals and lignin, resulting from washing is fed to evaporation plant where the water is evaporated. The black liquor, after water evaporation, is fed to the chemical recovery boiler where lignin is burnt and chemical (caustic) is recovered back. The recovered caustic, in molten form, is sent to re-causticising plant where lime, salt cake and caustic etc. are added whereby white liquor is formed, which is reused in the digester for cooking.

The loss of alkali in the un-recovered spent liquor is an economic burden because of the cost of chemicals as also for otherwise lost energy content of the spent liquor. It is possible to raise the profitability of a mill by lowering the chemicals and energy inputs to lowest levels by installing a chemical recovery plant.

Chemical recovery plant mainly consist following 3 sections.

1. Storage and evaporation of dilute black liquor.
2. Burning of black liquor solids in recovery furnace.
3. Recovery of caustic by recausticising.

Dilute black liquor would be collected in storage tanks in evaporation sections. Multiple effect falling film evaporator would be used for the evaporation of water from black liquor. A multiple effect evaporator of several units, connected in series by vapour piping, in which the water vapour boiled off the liquor in one effect acts as heating steam in the steam tube of the next effect. The steam is furnished only to the steam chest of the first effect.

Inlet concentration of dilute black liquor is about 8 – 10% while outlet concentration would be about 45 – 50 % black liquor solids.

In falling film type evaporators, black liquor is distributed from the top of the body and it comes down in the form of thin film , steam flows from downwards to upwards of the body and heat transfer takes place in between . In falling film evaporators liquor and steam flows in opposite direction (counter current heat transfer) while in rising film type liquor and steam flows in same direction (co current heat transfer). From the last effect, vapours are condensed in a surface condensor. Vacuum for operation is created by means of an steam jet ejector assembly.

The semi concentrated black liquor from the evaporator plant is first taken to a direct contract evaporator to further concentrate to about 60 – 70 % of black liquor solids. It is then sprayed into the recovery furnace, where the black liquor gets dehydrated and drops to furnace hearth as dry solids. The combustion of organic compound of black liquor is controlled by the temperature of black liquor and air flow at primary and secondary levels. Inorganic compound come out from the bottom of furnace in the form of molten smelt. This smelt is dissolved with weak white liquor to form green liquor.

The heat generated in combustion zone, goes in boiler zone with flue gases. In the boiler zone, steam is generated. After the boiler zone, flue gases pass through direct contact evaporator where balance heat is used to concentrate the black liquor further.

Green liquor is converted in to white liquor after the reaction with lime in causticising section. Major chemical reactions which occurs in causticising section are:

1. $\text{CaO} + \text{H}_2\text{O} \rightarrow \text{Ca}(\text{OH})_2$
2. $\text{Na}_2\text{CO}_3 + \text{Ca}(\text{OH})_2 \rightarrow 2\text{NaOH} + \text{CaCO}_3$

From causticising section white liquor (NaOH) goes to pulp mill and mud (CaCO_3) disposed off after its proper washing. Water comes out from mud washing is known weak white liquor.

If the process is properly controlled, recovery of chemicals can be as high as 98% on the total inputs of chemicals but considering all the margins, it has been considered that 90% recovery will be possible in proposed system.

BLEACHING

Bleaching is a method of pulp purification, it is also called extension of cooking process. In the complex of pulp bleaching and purification there are three main chemical reaction which at certain stages of the process proceed side by side. The first of these reaction leads to the solution or the preparation for solution for the ligneous compounds not eliminated during the cooking of raw material. By it-self, the first reaction do not have primary effect up on the brightness, which is later developed by the second reaction. In the second reaction strong oxidants are required whereas the first reaction is based entirely on the use of elemental chlorine. In the third reaction caustic soda is used for the dissolving of the chlorinated lignent and related products.

Generally for agriculture residue pulp C-E-H or C-E-H-H sequence of bleaching is adopted. Where C stage is chlorination, E is Extraction and H is Hypo chloride stage. Process parameters for each stage is different and success of bleaching depend upon the effectiveness of controlling of these parameters. Main parameters are consistency, temperature, and pH and retention time at each stage. Normal range of these parameters are as follows:

Stage / Parameter	Consistency , %	Temperature °C	PH	Retention time , Min.
Chlorination	3 – 3.5	25 – 30 (ambient)	4 – 5	30 - 45
Extraction	10 – 12	65 – 70	9 – 10	120 - 150
Hypo – 1	10 – 12	38-40	9 – 10	180 – 210
Hypo – 2	10 – 12	38-40	9 – 10	150 – 180

These are the traditional sequence of bleaching. Nowadays trends are changing mainly due to environmental awareness. Chlorine is highly polluting chemical and it increase AOX level in effluent from bleaching section which is not desirable. New substitute of bleaching are being adopted for replacement of chlorine to produce ECF (elemental chlorine free) or TCF (total chlorine free) pulp. Chlorine dioxide, hydrogen peroxide and oxygen are main bleaching chemicals, which are getting popular in paper industry. In order to opt for ECF bleaching which requires a special quality of material of construction necessary provision is being made by incorporating the required material of construction from the very inception. The sequence of bleaching shall be C/D-EOP-D. Provision of oxygen in extraction stage is proposed to be considered along with ODL system for which necessary provision during engineering of the project are being made.

STOCK PREPARATION

Before the sheet formation, the water suspension of pulp is subjected to some mechanical and chemical treatment in stock preparation section. Main mechanical treatments are beating and refining. In agro residue pulp, not much beating and refining are required. Mild refining is sufficient to break the fiber bundles to increase its surface for strong bonding.

In chemical treatment rosin, alum and different types of dyes are added in the pulp suspension to impart different properties in end product. Filler (soap stone or china clay) is also added in pulp stock preparation section.

Mechanical treatment controls inter fiber bounding in sheet formation and it affect the strength properties, drainage properties etc. Chemical treatment controls surface and optical properties of end product. Different type of dyes are added to the pulp suspension to maintain the same colour or shade of end product.

Ratio between different type of pulps in the furnish is also controlled in stock preparation. Required quantity of basic raw material pulps, wood pulp and broke pulp are mixed in desired ratio in stock preparation section.

PAPER MAKING

In the operation of all types of continuous paper making machines it is necessary to supply fibers, fillers and other material in fluid suspension. These are supplied continuously and uniformly to a moving porous and woven wire screen. A head box of inlet is a principal component of the paper machine stock supply system. The main function of head box is proper and uniform discharge of stock across the wire and uniform distribution of fiber in stock.

The pre dominant method used to make the sheet, involves filtration from a dilute fiber suspension in water to an end less wire mesh i.e. fine enough to retain most of the fiber. This section of paper machine is called forming section or wire section. It receives the fiber suspension in continuous jet from the head box at 0.5 – 0.7 % consistency and after drainage by gravity, vacuum, it delivers self-supporting sheet at 18 – 22 % consistency. The position and direction of the fiber in the sheet structure is almost entirely determined by the forming process.

The press section of paper machine increases the consistency of the sheet by removal of portion of free water contained in the sheet. There are various type of press section are available and its selection depend upon machine design, furnish and speed of the machine.

Dryness after press section should be in the range of 42 – 48 %. After press section paper enter in dryer section where remaining water is removed from the sheet by the means of heating.

The method of paper drying is by the use of drying cylinder generally in two tiers, of cast iron and steam heated. Condensate removal and use of flash vapours in drying section are necessary for better performance.

Size press is an optional item which is used between the dryer section particularly if surface sized papers are envisaged to be made. For proposed project it is required. In dryer section when dryness reaches at 85 – 90%, size press is used. This system consist of rubber coated roll and paper sheet passes between these rolls. Starch, china clay solution can be applied on paper surface in size press. This improves surface properties like smoothness.

After the size press paper again enter in dryer section (post dryers) and leaves at 92 – 95% dryness. Calendar stack is necessary to produce the desired finish and caliper. Finish is varied to the desire degree by increasing or decreasing the number of rolls in the calendar, by loading or unloading the weight of the roll system to create higher or lower nip pressure. Heating and cooling can also applied at calendar roll to produce better finish and gloss.

Pope reel is the last part in paper making process. After the calendar paper is passed through a cylinder and rolled on spool. It controls binding condition of paper reel which is required in finishing section.

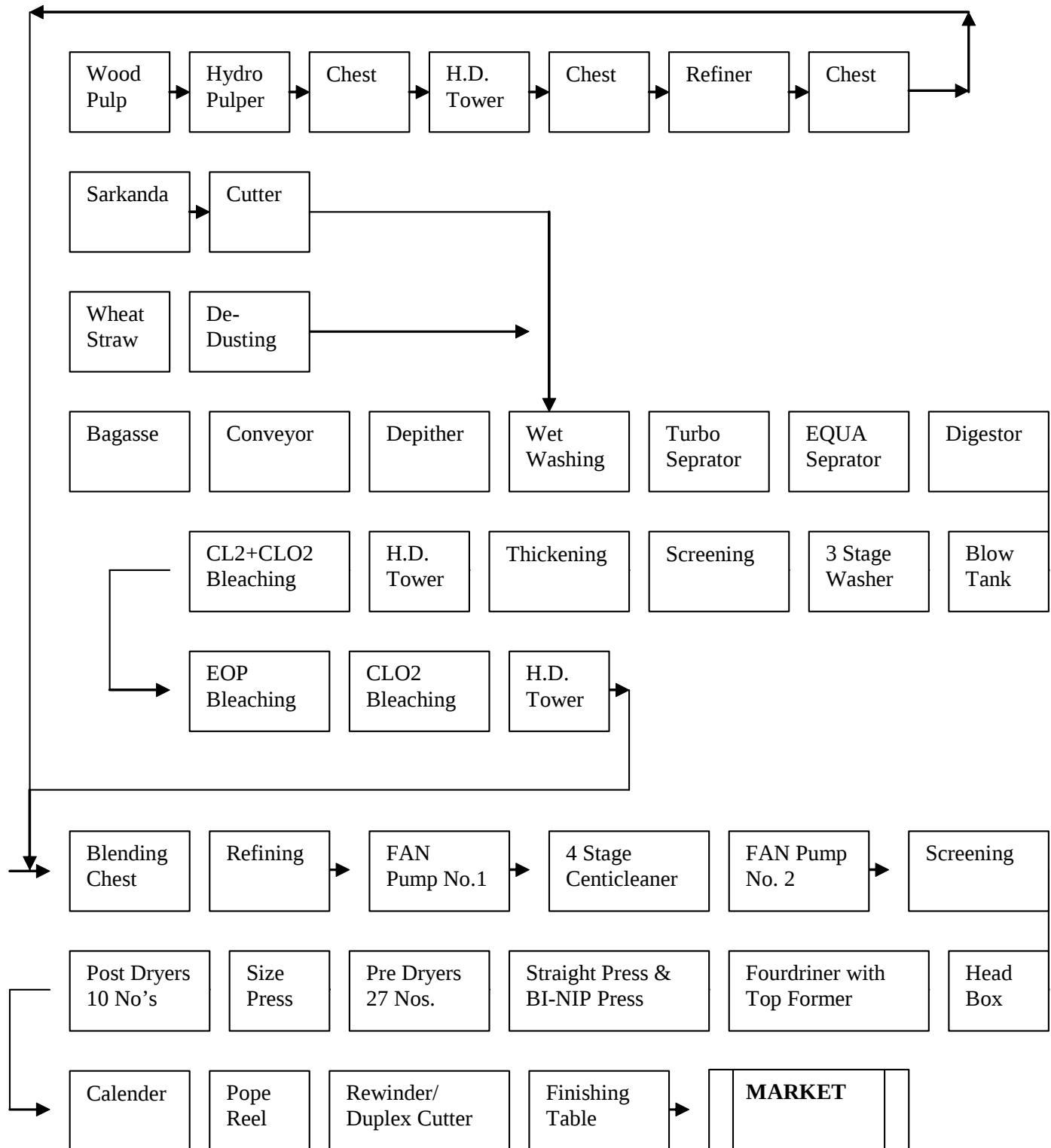
FINISHING SECTION

As used in the paper industry, the word “finishing” refers to those operations perform after the machine in order to make the paper ready for sale. These operations include slitting and rewinding to produce rolls of the size desired by the customer, and cutting of the paper into sheet if required.

Inspection of the paper is an integral part of the finishing operation and is carried out to some degree on the slitter rewinder or on sheeter. Higher quality grades of sheeted paper are subject to further manual inspection.

After finishing, packaging of reels or sheets is done for proper transportation.

FLOW DIAGRAM OF WRINTING & PRINTING



POWER PLANT

We proposed to install 6 MW of Co-Generation Captive Power Plant. This will help in getting cheaper Power than Grid Power resulting in substantial reduction of cost of production.

In any Paper Manufacturing Industry steam is required to heat up the Raw material and Dryers. To generate steam, Boiler is installed in the utility Section. The Steam required for heating up the Dryer and Water for certain process application is generated at low Pressure i.e. at a Pressure ranging between 5 Kgs./Cm² for Paper drying and 10 Kgs./Cm² for Raw-Materials cooking in Digesters.

For generation of Power in Thermal Power Plant, Steam is generated by heating up the Water flowing in tubes situated in the furnace of the Boiler. This super heated Steam when injected at a very high Pressure on the Turbine moves the Turbine at the requisite Speed. The Turbine moves the Alternator coupled to it. The Electricity is generated in the Alternator and supplied to the System. The spent Steam, which has passed through the Turbine, is condensed and reused for paper manufacturing. A Paper Manufacturing unit is a Power intensive unit, which also uses Steam for drying the Paper and Cooking of the Raw-Materials. Therefore, it becomes an ideal situation to have a Co-Generation Captive Power Plant in a Paper Mill. The Power Plant Boiler generates Steam, which runs the Turbine to generate the Power and spent Steam is used in the process of Paper Manufacturing. There are multiple benefits for a Paper Mill to have its own Captive Power Plant.

The Benefits of a Captive Power Plant are as under :-

- Continuous and uninterrupted Power Supply
- Quality of Power as per needs
- Low Cost of Power
- Free Steam for the Process
- Superior quality of Steam for the Process
- Optimization of Energy Bill
- Optimization of Energy Resources

QUALITY CONTROL

We have adopted quality control right from raw material to end product and upto dispatch at every step like: -

1. Raw Material

All testing are made to check the dust, moisture, rotten, inferior quality, impurities contaminant etc. We have fixed up tolerance limit for each and every impurity for individual raw materials. If the tolerance limit is crossed, the material is rejected and sent back to the Supplier.

After the process of the screening and dedusting of raw material, dust tolerance limit is again checked. While making the preparation for the cooking, measured and specific water, chemicals are added with controlled dilution and mixing. During the Cooking, Steam pressure and temperature are recorded and cooking time is also maintained. Before discharging, the Digester samples are drawn to check the desired value of the cooking, if found fit then only the Pulp is blown to Blow Tank. From Blow tank, pulp is checked particularly for freeness, K.No., pH, residual alkali etc. While refining, the freeness is checked. After blending of the pulp, lab sheets are formed by quality control department and it is checked whether Paper is going to be made of desired specification or not?. If any thing found wrong the appropriate alteration/action is suggested to the process people and it is taken. Similar testing for all raw materials is done.

2. Chemicals

- (A) Caustic Soda Lye : It's purity as a NaOH, Ph, temperature as well quantity is checked by quality control department
- (B) Rosin: It's acid value, pH, solid percentage is checked and thin layer of rosin is made to observe any impurity/contaminant
- (C) Alum : pH, Alumina content percentage and any impurity/contaminant is checked prior to addition
- (D) Water is also checked for its pH, hardness, chloride percentage etc. which is essential requirement for paper making.

On Paper Machine consistency of Pulp, freeness of Pulp, pH of Pulp going to the Head Box, Water coming from fourdrinier, 1st pass retention is checked and solid contents is checked at the discharge of the Couch. In Press, solid percentage is checked and physical visual inspection is made for sheet formation. On drying section temperature and pressure of all the Dryers are checked to have gradual drying. At last for final Paper substance, moisture, Bursting Strength, Tensile Strength, Double Fold, Ring Crush and Ash Contents, Ply Bond etc. are checked. If any product found to be beyond tolerance limit or defective it is rejected and sent back for re-processing. Only accepted product is stamped by the quality control department and then it is dispatched.

RESEARCH & DEVELOPMENT (R &D)

We have set up our own Research and Development department which is entirely independent and separate from the routine quality control and laboratory. The Research and Development activities are to develop new raw-materials, to increase yield (recovery from the raw material) to improve physical strength and chemical strength of the Paper, to reduce chemical cost being used for the Paper, to improve the quality and develop new grades of the Paper. For this qualified and highly experienced Scientist is employed alongwith the suitable Assistants giving independent charge of these activities. Ruchira Papers has got Lab Digester, Valley Beater, Sheet Former, Pulp Blender, Pulp Mixer, Chemical Analyzer including titration etc. The R & D is helping our Company by improving yield percentage, Chemical cost reduction and introducing the new product in the market namely DTY and POY grades of Paper which is regularly being used by the textile industries.

COLLABORATION

We have not entered into any collaboration

INFRASTRUCTURE FACILITIES FOR RAW MATERIAL, EFFLUENT TREATMENT ETC.

The major utilities required for manufacturing paper are power, fuel, and water.

POWER:

In the existing Plant, 100% Power supply is from H.P. State Electricity Board (HPSEB). A 132 KV Sub-Station of HPSEB is around 600 Meters away from the Mill, from where dedicated Feeder for Ruchira Papers has been drawn to get better quality of Power in terms of voltage as well as to reduce the interruption. Our Mill has 4000 KW Power connection.

For proposed plant, turbines of 6.0 MW Capacity shall be installed as a captive generation. Since Paper Plant is Power and Steam intensive, the Steam shall be generated at 65 Kgs. Pressure, 490 Degree C temperature which shall be passed through Turbine and alternator to produce power and as a back pressure at 4 Kgs./Cm² and 10 Kgs./Cm² Steam shall be taken out for the process for drying of the Paper at Paper Machine and for cooking of the Raw Materials in the Pulp. The total power requirement after the proposed Writing & printing unit will be 10.8 MW to be sourced as under:

From Turbine	6.0 MW
From HPSEB	4.8 MW

We also lays due emphasis on power conservation. CII (Confederation of Indian Industry) energy audit team conducted a detailed energy audit of Ruchira Papers Limited including all thermal and electrical equipments. Various energy saving proposals were suggested and since then, we have been in the process of implementing the proposals in a phased manner. Implementation of some of the proposals has resulted into reduced power consumption (per ton of paper) which has added to the profitability of our Company. We were also accredited with an appreciation letter from CII for contributing to the power conservation.

FUEL

In existing Plant, Agricultural Residues (Bio Mass) are being used as a fuel such as Rice Husk, Bagasse, Forest wood, Forest waste plants, Cotton stock, Mustard stock etc.

For the proposed Plant, the Boiler is designed for Rice Husk and Pet Coke/Coal considering the higher Pressure and Steam temperature. It will ensure consistent Steam Generation without interruption.

WATER

Water, which is one of the important requirements of Paper industry is abundantly available at site in the form of ground water. The water level at site is very good as the Markanda River flows just 1000 meters away from the site. In existing Plant, water availability is made by digging the Bore and adopting most advanced system for re-circulation of the back Water. The Consumption is reduced to only 42 M3 Per Ton of Paper against normal consumption of 100/150 M3 Per Ton of Paper in similar Industries. We have four Tube Wells running at present, and they are sufficient to supply water both for existing as well as the proposed unit.

DETAILS OF EMPLOYEES AS ON MAY 31, 2006

S. No.	Particulars	No. of Employees
1.	Administartive	68
2.	Non-Administrative	32
3.	Workers(permanent)	220
4.	Workers(casual)	25
5.	Contract Labour	65
	Total	410

MANAGEMENT-LABOUR RELATIONS

The Management-Labour relations are very cordial since inception of the Mill. No unrest of any kind is observed, as the Mill is looked after directly by the Promoters with the assistance of Professionals.

A Committee has been formed comprising 4 Members from the Managerial level and 5 Members from the Workers who sits fortnightly and discuss all the labour-management related subjects/problems besides other related matters. To maintain the good relations, we have taken measures like: -

1. Timely disbursement of Wages and Salary on or before due date.
2. A salary structure which is higher than minimum wages is maintained.
3. As per the legislation, all the amenities like Annual Bonus, Production Bonus, P.F., ESI, Leaves, Conveyance Allowance, House Rent Allowance, Medical etc. are being given to the Employees and Mediclaim Insurance is taken for those Employees who are not covered under ESI Scheme.
4. Annual increment is also given appropriately to all the employees.
5. Vocational awards from time to time are given to the employees who are found extra ordinary and exceptional. Promotions are also given to the deserving candidates.
6. Advances are also given to the needed employees in case of any emergency or to buy vehicles, constructions of the houses, marriages of dependents etc.
7. Each and every labour has got liberty to approach any of the promoters or managers directly.
8. Periodically seminars and speeches from experts are being conducted on different topics to boost the morale of the workers and to develop harmonious relations.
9. A canteen is also opened in the factory premises to serve meals and snacks etc. to the workers.
10. At the work place all the safety provisions, pre-cautions have been taken to perform the individual activities safe and sound.
11. Rest Rooms are made for the workers alongwith wash room facilities.

RAW MATERIAL AND CONSUMABLES

For present operations, we are using about 50% of Raw-Material consisting of Agricultural Residue like Wheat Straw, Bagasse, Sarkanda and remaining raw material used is waste paper which suits appropriately for the grades of Paper being made.

As regards the availability, Agricultural based raw materials particularly Bagasse, Wheat Straw and Sarkanda are available in abundant particularly in our region. The Mill is situated very close to Haryana and Punjab and is within the 80 K.M. of the surrounding having major grower of Sugar Cane and Wheat. Considering the better availability of these raw-materials new product is also proposed with this Agricultural Residues only.

There are 6 Sugar Mills in the vicinity of 100 K.M. where plenty of Bagasse is available which can fulfill our requirement. The other raw material viz. Sarkanda Grasses is mainly grown on the catchment area of all the Nalas, Rivers, which is close to our manufacturing facilities. We have also widened our supply chain partners to ensure regular availability of raw materials, spares and other inputs for uninterrupted production.

The production of various types of non-wood, namely agro based residual raw material in Company's catchment area is shown as under:

S.No.	District Name	District Area (sq km)	Wheat area under cultivation (ha)	Production (mt.)	Available wheat straw X 2.5	Rice Area Under cultivation	Production (mt.)	Available Rice straw X 2.5	Bagasse (mt)
1.	Sirmour (H.P.)	2,825	29,300	50,600	1.26.250	5,400	4,800	12,000	-
2.	Shimla (H.P.)	5131	26,000	34,000	85,000	3,300	4,200	10,500	-
3.	Solan (H.P.)	1,936	2,35,00	43,900	1,09,750	3,900	8,000	20,000	-
4.	Haridwar (U.T)	2,360	45,036	1,10,340	2,75,850	32,052	55,728	1,39,320	2,95,000
5.	Dehradun (U.T)	3,088	24,389	43,251	1,08,127	17,723	238,460	5,97,400	1,12,500
6.	Ambala (Haryana)	1736	69,000	247,000	617,500	61,000	293,100	7,32,750	1,12,500
7.	Yamuna Nagar (Haryana)	N/A	59,000	203,000	507,500	47,000	158,000	395,000	4,50,000
8.	Saharanpur (U.P.)	3689	122,085	330,987	827,461	70,968	184,870	462,175	117,000
9.	Patiala (Punjab)	3627	251,122	113,000	28,25,000	40,000	130,000	3,25,000	1,68,750
10.	Ludhiana (Punjab)	3762	254,050	118,900	29,72,000	54,000	1,93,000	482,500	2,25,000
					84,54,944			31,76,649	14,80,750

Source: Our detailed project report prepared by technical consultant, M/s Chemprojects Consulting Private Limited.

There are plenty of transporters who carry the raw materials to factory & finished goods to customers on regular basis.

TRANSPORT FACILITIES FOR RAW MATERIALS AND FINISHED GOODS FOR EXISTING AND PROPOSED UNIT.

The suppliers supplying raw materials including agricultural residues makes their own arrangement for transporting material to the factory. At Kala Amb there are several local transporters with whom we have made arrangement for transporting our finished goods. Further there is no transport union in Kala Amb therefore there is no problem in arranging trucks. Our factory being located on the borders of Himachal Pradesh and Haryana, provides added advantage for making additional transporting facilities and we have not faced any problem for transportation of goods in the past and we foresee no problem in arranging transporting facilities for the proposed new project in future.

EFFLUENTS

Paper Mill effluent consists of two grades of effluent, One is Black Liquor and the other is back Water. Black Liquor generated from the cooking of Agricultural Residues through Washing/filtration. This liquor has got higher BOD/COD value. Back Water is generated from the Paper Machine after several re-uses and re-circulations. Both liquors are taken in Effluent Treatment Plant separately. Black liquor is treated in first stage by anaerobic lagoon in which around 80% reduction in COD and 90% reduction in BOD is take place. After anoerbic re-action the Black liquor is taken to Aerobic re-action tank and this is treated appropriately. The BOD/COD reduction here is further take place around 5-10%. After this treatment, black liquor is mixed with the remaining effluent from the Machine Back Water which has got very low BOD/COD value and passed through Primary Clarifier to remove all the suspended solids, sludge particles. Clarifier Water is passed through Aerobic

treatment through Aerator where substantial reduction in BOD/COD is obtained. From the Aerobic re-action it is passed through Secondary Clarifier to remove sludge etc. if any prior to discharge. Finally one more Aerobic treatment is given in polishing tank and after that a cascading system is made of around 1.00 K.M. in length for discharge to have better oxidization. The treated effluent is confirming to uses for irrigation purpose in the fields.

For the proposed plant, Chemical Recovery Plant is being installed where all the Black liquor from the existing as well proposed plant shall be burnt and caustic Soda shall be recovered. Since most of the contaminant effluent as a black liquor is burnt, the load at existing ETP shall reduce drastically. The effluent from both the Paper units shall be treated through this existing ETP Plant. Addition to this we have planned to install One More Clarifier and Sludge Thickening Press which shall suffice the requirement.

ENVIRONMENTAL CLEARANCE

We have obtained consent from the H.P. State Pollution Control Board to run our existing Plant and to set up the new Plant.

INDUSTRIAL SAFETY

For Industrial Safety, a Committee has been constituted according to The Factories Act, 1948 comprising of qualified trained people to monitor the safety measures exclusively.

The Safety department is headed by Retired Army Personnel alongwith 4 Assistants. Fire Fighting Hydrant has been laid throughout the Plant and Raw-Materials Yard. Required Fire Extinguishers has been installed at appropriate places, Sand Buckets are also installed in all Sections. An Alarm/ Siren is installed in case of any emergency. All the Pressure Vessels/Parts, Chain Pulley Blocks, Chains Pulleys, Cranes etc. are periodically checked by the Chartered Engineer approved by the Labour Commissioner of Himachal Pradesh. A record is also being maintained mentioning all the incidental happenings, pre-cautionary measures taken and their compliances. Gum Boots, Sun Glasses, Safety Glasses, Masks for dust protection, Hand Gloves and Safety Belts has been provided to the Workers wherever needed.

B. PRODUCT PROFILE OF OUR COMPANY

The Product range of our Company mainly includes Kraft paper from 120 GSM to 300 GSM with installed capacity of 52800 TPA based on 3 shifts and 330 days working days in a year.

The various products manufactured by our Company and its applications in different industries are as under:

S. NO.	GSM RANGE	GRADE	QUALITY	APPLICATION
1.	120 to 180	Kraft Paper	BF 18 to 25	Manufacturing of corrugated boxes, corrugated rolls for industrial packaging applications.
2.	220 to 300	DTY, POY	BF 16 to 18	Manufacturing of textile tubes and also finds its application in wrapping of different types of textile yarn.

APPROACH TO MARKETING AND PROPOSED MARKETING SET-UP

The Company follows a two tier marketing system consisting of

- Dealers network spread over India
- Direct marketing to big industrial consumers & Govt. agencies.

The Company is ideally located at Kala-Amb (Himachal Pradesh) which is located close to our consumers. Since our major customers are based in nearby areas, we enjoy major advantage in terms of transport costs resulting in cost benefit to our customers.

We have distributors network in 12 major cities in India covering Jalandhar, Ludhiana, Chandigarh, Delhi, Ahmedabad, Pune, Mumbai, Kolkata, Coimbatore, Cochin, Chennai and Hyderabad. We have our own brand name in the market for last 20 years. This has been possible because of consistent quality and supplies. Keeping in view the consistent demand from it's customers we are encouraged to increase our production from time to time. We are manufacturing special grade of Kraft paper called "DTY Grade" & "POY Grade" beside normal kraft paper. At present only few mills are manufacturing such grades of paper. These grades of paper are chiefly used for manufacturing of textile tubes and paper core-pipes. The textile tubes are consumed in yarn manufacturing industries. This special grade paper got recognition from Reliance Industries Limited and is supplied to Converters for making textile tubes which are supplied to Reliance. Presently we are selling about 1100 – 1200 M.T. per month. This constitutes about 30% of our total production.

We have a well established name and brand in the Kraft paper Industry. We lay maximum emphasis on quality control and after sales service as a result of which we have created a niche for ourselves in Kraft Paper Industry.

DEALER NETWORK

Our Company, with a view to obtain competitive edge, has established a network of dealers/ distributors. Most of them have been associated with us for more than a decade. We regularly interact with them and endeavor to utilize their strength effectively so as to give better service to our customers/end-users. The network of existing dealers along with others will be used for marketing of our new product viz. Writing & Printing Paper. We are confident that it will have no problem in selling our new product keeping in view the increasing demand in the domestic and international market

EXPORT OBLIGATION

We shall import Paper Machine from China under Export Promotion Capital Goods Scheme (EPCG). To fulfill the EPCG obligation, we have to Export goods worth approximately Rs. 4233.60 Lacs, within 8 years from the date of commencement of production, which is equal to 8 times of the duty saved. We have planned to export our product to developing countries and also through export house & do not foresee any difficulty in fulfilling our obligation over a period of eight years.

BUSINESS STRATEGY

We are operating in a competitive market and the strategy is to enhance revenues through taking advantage of our inherent strengths and business dynamics. We plans to increase the revenue in future through better realizations, quality control, cost reduction and improvement in yields. Considering the existing competition in the industry and future entrants, we have focussed on the following strategies:

• SETTING UP OF PROPOSED NEW WRITING AND PRINTING PLANT

Our decision to set up Agro based Writing and Printing Plant is based on the availability of agricultural residues in abundance in the surrounding area that ensures sufficient supply of raw material.

• SETTING UP OF POWER CO GENERATION PLANT

A paper-manufacturing unit is a power intensive unit, which also uses steam for drying the paper. Therefore it becomes an ideal situation to have a Co-Generation Captive Power Plant in a paper mill where the spent steam from the turbine is used in the process of making pulp and drying the paper. We are setting up a 6 MW Captive Power Plant to achieve major cost reduction on account of power and fuel expenses.

• SETTING UP OF CHEMICAL RECOVERY PLANT

At present we are spending substantial amount in complying with the norms of the pollution Control board. The New Project shall include setting up of a Chemical Recovery Plant which will recover caustic soda and will also help in minimizing environmental pollution. It will reduce the manufacturing cost of the finished product on one hand and increase the profit margin on the other because the caustic soda recovered would be re-used again as a raw material.

- Writing and Printing paper provides us with a product that has adequate demand and a ready market in view of our existing dealer network. The location of our Company provides an added advantage of availability of the correct raw

material for the manufacture of the product. Agricultural residues have adequate properties in order to ensure their usage for manufacture of high quality writing and printing paper.

• COMPREHENSIVE QUALITY APPROACH

We are following a comprehensive quality approach for production of goods with uniform consistency conforming to accepted national and international standards through investment in cutting edge production assets, investing in superior testing techniques etc.

Demand for writing and printing paper is correlated to population growth, literacy levels, private and public spending on education. The spending on advertisements by corporates, age structure and income distribution has changed. This has increased the demand of writing and printing paper. Increase its brand visibility and recall through advertisements and educating the consumers of its value added propositions. We will take appropriate steps to get our Brand and Trademark registered in due course of time. We plan to position ourselves as a major player in the Writing and Printing paper segment by offering better quality to our customers.

FUTURE PROSPECTS

We look at the future of the paper industry with optimism. Indian paper industry which was at the crossroad is now recovering at a very fast pace. Use of paper is considered as an index of cultural growth. Key social objectives of the government like eradicating illiteracy, making primary education compulsory etc. are very much positively co-related to the paper industry. Indian Paper Industry growth rate is 6-7% per annum, which is among the highest in the world. The domestic demand of paper, paperboard and newsprint etc. has been forecasted to be 8.29 million tonnes by 2010 and 11.04 Million tonnes by the year 2015. Based on these factors, we believe a significant scope of appreciation in demand. Moreover, with the government's thrust on Universal Elementary Education, demand for paper is set to increase manifold. Under the scheme, the government has proposed to supply free textbooks to girls from families below the poverty line in Classes IX and X in educationally backward blocks in Tenth Five Year Plan period.

INSTALLED CAPACITY & ITS UTILIZATION

(In MT)					
Particulars	2004-05 (Actual)	2005-2006 (Actual)	2006-2007 (Projected)	2007-2008 (Projected)	2008-2009 (Projected)
Existing :-					
<i>Kraft Paper</i>					
Installed capacity	37500	52800	52800	52800	52800
Capacity utilization	86.42%	80.23%	85%	90%	90%
Production	32410.78	38218.27	44880	47520	47520
Proposed Expansion					
<i>Writing & printing Paper</i>					
Installed capacity	-	-	-	33000	33000
Capacity utilization	-	-	-	70%	85%
Production	-	-	-	23100	28050

\$ Note : 80.23 % is for the period July, 2005 to March, 2006. We have increased our capacity from 37500 TPA TO 52800 TPA during the months of April, 2005 and May, 2005 and consequently there was shut down of Machine No. II during these months and trial was taken in June, 2005.

PROPERTY

The manufacturing facilities of our Company is located at the border of Himachal Pradesh and Haryana. We owns properties in Himachal Pradesh and also in Haryana.

PROPERTIES OWNED BY OUR COMPANY IN HIMACHAL PRADESH

- (a) We own 93 Bighas 5 Biswas free-hold land in Himachal Pradesh in Village Rampur Jattan Trilokpur Road, Kala Amb that is used for our existing factory. These are 9 pieces of lands acquired from different private vendors.
- (b) We also purchased through auction from Official Liquidator, HP High Court, 18 Bighas and 4 Biswas freehold land belonging to erstwhile Kanwar Papers Private Limited. Possession was taken on 1-4-2005 from the official liquidator. The land is however, yet to be registered in our name. We have already taken effective steps for registration of the said land in our favour. The purpose of acquiring this land is to set up new plant for Writing & Printing paper.
- (c) We also got free-hold land measuring 31 Bighas and 15 Biswas vide Scheme of Amalgamation of Himachal Tissues Ltd. with our company vide order of High Court dated January 27, 2006. The land will be used by us to set up new plant of Writing & Printing paper.

PROPERTIES UNDER AGREEMENT TO PURCHASE BY OUR COMPANY IN HIMACHAL PRADESH

- (a) We vide an agreement dated 11.07.2005 with Mr. Ram Swaroop, Mr. Ram Singh and Mr. Amar Singh purchased free hold land, admeasuring 3 Bighas and 9 Biswas. The Land is yet to be registered in our name. We have already moved application for registration of land in our name.
- (b) We vide an agreement dated January 03, 2006 with Mr. Viswajeet Singh, Mr. Rahul, Mrs. Karuina, Mr. Suman and Mr. Prem Kanwar purchased free hold land, admeasuring 1 Bigha and 3 Biswas. The Land is yet to be registered in our name. We have already moved application for registration of land in our name.

PROPERTIES OWNED BY OUR COMPANY OUTSIDE HIMACHAL PRADESH

- (a) We owe 219 Kanal and 14 Marla free-hold land in Haryana in Mouza Dera, Tehsil Naraingarh Distt Ambala, which is used for plantation and road. These are 13 pieces of lands acquired from different private vendors and all are registered in our name.
- (b) We owe Plot No. 21 and 22, New Professors Colony, Yamuna Nagar-135001, Haryana where our Administrative office is situated.
- (c) We owe a commercial property measuring 57.47 square meters, located at unit No. 409, 4th Floor, District Centre, Laxmi Nagar, New Delhi.

DETAIL OF PROPERTIES TAKEN ON LEASE BY RUCHIRA PAPERS LIMITED

Sr. No.	Date	Tenure	Location & Area Of property Leased	Parties	Lease Rent
1.	11.05.2006	01.04.2006 to 31.03.2008	H.No.35, (right Portion) Ring Road Lajpat Nagar IV New Delhi -110048	M/S Ankur Consultants (Pvt) Ltd	Rs. 12,000/- per month

INSURANCE

We have taken various insurance policies. The insurance policies cover Standard Fire and Special Perlis Policy, Burglary Policy, Marine Insurance, Vehicle Insurance etc. The sum total of the insurance cover is Rs. 81.23 Crores. We regularly seek expert opinion on various insurance policies taken by us and requirement of any additional insurance coverage. We have been advised about availability of additional coverages under Public Liability Insurance, Machinery Breakdown Insurance, Loss of Profit Policy etc. We are examining proposals and will take appropriate steps, if required. We believe that our Insurance coverage is adequate as per present requirements of the Company. Details of various Insurance Policies taken at present are as under:

Brief description	Total Amount of Insurance
Building, Plant & Machinery etc.	34.25 Crores
Stocks	5.70 Crores
Vehicles	1.28 Crores
Cash	10.00 Crores
Marine Insurance	30.00 Crores

HUMAN RESOURCES

Our employees are our biggest assets. We take full care in selecting our human resource. Our success in the business is largely due to our talented and skilled people. Since inception, we have grown along with our people. Our focus has been to employ the human resource with combination of technical expertise and innovative thinking for all areas and services of our organization. We think that our focus on employee training, development and retention should help us in achieving our planned growth.

EMPLOYEE DEVELOPMENT POLICY AND TRAINING

We have a professional set-up and the key personnel have been with the organization for many years. We take care of our key personnel by providing various facilities and amenities within and outside our company's premises. We also provides Mediclaim Policy and Accident Policy to those employees who are not eligible to be under the Employee State Insurance Scheme. We have developed and maintain a policy of regular increments in salaries in addition to promotions based on the performance of the employees. No problem is envisaged in attracting fresh talents and retaining the existing employees. We provide appropriate training to our supervisors, shift in charges and workers.

CORPORATE VALUES

- We are committed to actions to restore and preserve the environment.
- We are committed to developing safe and clean technologies using the best environmental practices.
- We are committed to minimizing waste and pollutants, conserving resources, and recycling materials at every stage of the product life cycle.
- We will continue to work with customers and public authorities, vigorously pursuing the development, and implementation of improved technologies and products by minimizing their impact on the environment.
- We will develop effective methods and procedures, and will promote a culture in which all employees share commitment.

We aim to have an environmental friendly approach we can be proud of, to earn the confidence and respect of customers, shareholders and society at large and to contribute to sustain development.

HEALTH, SAFETY AND ENVIRONMENT

We comply with applicable health, safety and environmental legislation and other requirements in our operations. To ensure effective implementation of our practices, we seek to identify and evaluate potential hazards and to develop and put in place adequate controls. We also emphasize training in occupational health and safety procedures as an integral part of our operations. We comply with all local, state and central laws and regulations concerning environmental protection and related matters. Environmental legislation in India includes the Environmental Protection Act 1986, the Water (Prevention and Control

of Pollution) Act 1974 and the Air (Prevention and Control of Pollution) Act 1981. Detailed rules and regulations have been prescribed under these acts, including rules governing the management of hazardous waste and the manufacture, storage and import of hazardous chemicals and management of noise pollution. We are in compliance with all applicable health, safety and environment regulations. We have obtained necessary environmental consents from the State Pollution Control Board. We are subject to regular inspections for the discharge of water effluents and the emission of gases. We believe that we are in material compliance with all applicable environmental laws and regulations. We have also demonstrated our commitment to protecting the environment by seeking to minimize pollution and waste and by attempting to decrease our fuel and electricity consumption.

CORPORATE GOVERNANCE

We firmly believe in and continue to practice good Corporate Governance. Accordingly, we follow the business practices which result in enhanced shareholder value and enable us to fulfill our obligations to customers, the government, employees, lenders, stakeholders and to society in general. The various committees have been formed for the purpose of Corporate Governance. For details of various Committees, please refer to page 122 of this Draft Red Herring Prospectus.

COMPENSATION POLICY

Our compensation policy is based on employees' qualification, age, experience and level. The policy also compares industry practices in this regard. Compensation among others is used to attract and retain talent in our company.

CORPORATE SOCIAL RESPONSIBILITY

A good team creates a good corporation. We fully realize this fact and therefore provide the team with the best working and social environment. From a highly creative office atmosphere to an eco-friendly production infrastructure, our business philosophy is finely guided by protecting the environment and the interest of our people, customers, business associates and stakeholders. From healthcare to international standards of social compliance, we treat every issue as a means to higher efficiency of our social responsibility.

IN THE COMMUNITY

We take our responsibility seriously to contribute to the community in which we operate. We make every effort to support our staff in improving conditions in local community. We have always taken an active role in local communities in which we operate by supporting many worthy causes.

These activities include promoting and sponsorship of individual and social activities, fund raising for hospitals and schools and coordinating with aid agencies and local authorities for projects around the nation. We have always considered our duty to help and support socio-economic causes that are beneficial to people and the society at large.

KEY INDUSTRIAL REGULATIONS IN RELATION TO INDUSTRIES SET UP IN HIMACHAL PRADESH

- There is no licensing requirement for new project or expansion subject to the condition that the project should not be located within 25 kms from the periphery of city having population more than 1 million as per Central Government Guidelines, except clearance by State Level Single Window Clearance & Monitoring Authority.
- A special Industrial Policy has been declared for Himachal Pradesh and Uttaranchal which provides for
 - (1) 100% Excise Duty exemption for 10 Years
 - (2) 100% Income tax exemption for first 5 years and 30% Income tax exemption for next 5 years from the date of start of commercial production.
 - (3) Capital Investment subsidy @ 15 % of investment in Plant and Machinery, subject to a ceiling of Rs. 30 Lacs
- Paper Industry being one of the most polluted industry the permission of Directorate of industries, Shimla is required for carrying out expansion or setting up of new Paper Manufacturing facility.

OUR FINANCIAL INDEBTNESS

A breakup of salient terms of our loans as on May 31, 2006 is as below:

Lender	Loan Documentation	Loan Amount	Amount Outstanding As on 31.05.2006	Interest Rate	Repayment Schedule	Security Created
The IFCI Ltd, 1-C sector 27-A, Chandigarh	Term loan agreement dated March 17, 1997. Deed of hypothecation dated March 17, 1997. Deed of guarantee dated March 17, 1997.	Rs. 650.00 Lacs	Rs. 36.52 Lacs	12.50 % on the amount outstanding from time to time.	Quarterly Installments of Rs. 36.52 each. The last installment being due on 15.07.2006. #	First pari passu charge on the block assets of our Company. 2 nd Charge on the current assets of our Company which are also charged to working capital lenders on first pari passu charge basis. Personal Guarantees of: Sh S.C.Garg Sh U.C.Garg Sh Jatinder Singh
Central Bank of India, The Mall, Nahan	Loan- Cum-Hypothecation agreement (Machinery) dated July 31, 2004. Deed of guarantee dated July 31, 2004.	Rs. 450.00 Lacs	Rs. 382.48 Lacs	BPLR +0.50% on the amount outstanding from time to time.	20 quarterly installments of Rs. 22.50 Lacs starting from Sep., 2005.	First pari passu charge on the block assets of our Company. 2 nd Charge on the current assets of our Company which are also charged to working capital lenders on first pari passu charge basis. Personal Guarantees of: Sh S.C.Garg Sh U.C.Garg Sh Jatinder Singh Smt. Parveen Garg Smt Shashi Garg Smt Charanjit Kaur
Himachal Pradesh State Industrial Development Corporation Ltd., New Himrus Building, Hotel Himland, Shimla	Term loan agreement dated April 7, 2005. Agreement of hypothecation dated April 7, 2005. Deed of guarantee dated April 7, 2005.	Rs. 185.00 Lacs	Rs. 185.00 Lacs	9.75% i.e. (10.25 - 0.50% special incentive for payment on time) on the amount outstanding from time to time.	4 quarterly installments of Rs. 7.50 Lacs each and thereafter 20 quarterly installments of Rs. 7.75 Lacs each starting from March, 2007	First pari passu charge on the block assets of our Company. 2 nd Charge on the current assets of our Company which are also charged to working capital lenders on first pari passu charge basis. Personal Guarantees of: Sh S.C.Garg Sh U.C.Garg Sh Jatinder Singh

Central Bank of India, The Mall, Nahan	Working Capital Consortium Agreement dated March 10, 2006. Joint deed of hypothecation dated March 10, 2006. Hypothecation of current assets dated March 10, 2006. Deed of guarantees dated March 10, 2006.	Fund based Working Capital Limit (Rs 520.00 Lacs) 1. C/C Rs. 190.00 Lacs 2. Book Debts Rs. 200.00 Lacs 3. L/C Disc. Rs. 100.00 Lacs 4. Cheques/ bill Disc. Rs. 30.00 Lacs Non-Fund Based Working Capital Limit Bank (Rs 75.00 Lacs) 1. BG Rs. 50.00 Lacs 2. Foreign LC Rs. 25.00 Lacs	Rs. 372.74 Lacs	A. BPLR for C/C Limit B. BPLR +0.5% for Book Debts	-	First pari passu charge the current assets of our Company. 2nd Charge on the block Assets of our Company which are also charged to Term Loan Lenders on first pari passu charge basis. Personal Guarantees of: Sh S.C.Garg Sh U.C.Garg Sh Jatinder Singh Smt. Parveen Garg Smt Shashi Garg Smt Charanjit Kaur
Punjab National Bank, Sector-17 B, Chandigarh	Working Capital Consortium Agreement dated March 10, 2006. Joint deed of hypothecation dated March 10, 2006. Hypothecation of current assets dated March 10, 2006.	Fund Based Working Capital Limit (Rs 390.00 Lacs) 1. C/C Rs. 190.00 Lacs 2. Book Debts	Rs. 443.18 Lacs	BPLR+0.25%	-	First pari passu charge on the current assets of our Company alongwith other members of consortium. 2nd pari passu charge on block of assets of our Company alongwith other members of consortium. Personal Guarantees of: Sh S.C.Garg

	Deed of guarantees dated March 10, 2006.	Rs. 200.00 Lacs				Sh U.C.Garg Sh Jatinder Singh Smt. Parveen Garg Smt Shashi Garg Smt Charanjit Kaur
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Initial repayment schedule included quarterly installment of Rs. 29.30 Lacs which was revised to Rs. 39.00 Lacs with effect from April 15, 2002 as per letter of refixation dated September 26, 2000. The installment was again revised to Rs. 36.52 Lacs with effect from October 15, 2002 as per restructuring letter dated March 26, 2002.

MATERIAL COVENANTS

The material restrictive covenants in respect of the loans are as follows:

(A) The IFCI Limited

- ☐ Without the prior permission of IFCI Limited, the Company shall not:
 - Undertake any new project, diversification, modernization or substantial expansion of the project.
 - Issue any debentures, raise any loans, accept deposits, from public, issue equity or preference capital, change its capital structure or create any charge on its assets or give any guarantees.
 - Prepay any loan availed of by it from any other party.
 - Pay any commission to its promoters, directors, managers, or other persons for furnishing guarantees, counter guarantees or indemnities or for undertaking any other liability in connection with any financial assistance obtained for or by the Borrower or in connection with any other obligation undertaken for or by the Borrower for the purpose of the project.
 - Declare or pay any dividend to its shareholders during any financial year unless it has paid all the dues to the lenders upto the date on which the dividend is proposed to be declared or paid or had made satisfactory provisions therefore. Further, the Borrower shall not declare dividend to the equity shareholders in excess of 15% or the average of the dividend paid in the proceeding years, whichever is higher, without prior approval of the Lead Institution, which may be given conditionally,
 - Undertake or permit any merger, consolidation reorganization, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction.
 - Make any investments by way of deposits, loans, share capital etc in any concern.
- ☐ IFCI Limited shall be entitled to appoint and withdraw a director on the board of directors from time to time during the currency of the loan.
- ☐ The Company must submit an undertaking from the promoters, their friends or associates as may be specified regarding non-disposal of their shareholding during the currency of the loan.

(B) Central Bank of India

- ☐ Company should maintain the current ratio at the projected Level.

(C) The Himachal Pradesh State Industrial Development Corporation Limited

- ☐ Except with the prior written consent of HPSIDC the company shall not...
- Acquire shares in any Company or other body corporate of interest in any partnership firm or set up or purchase any property concern.

- Create any mortgage, change or lien on or other interest, in its undertaking properties and assets in any manner and for any purpose save and except as provided in schedule III hereto:
- Change the existing incumbents of the office of, or appoint or reappoint any person as its whole-time Chairman, Managing Director Whole Time Director or Manager (as defined in the Companies Act, 1956) which appointment or reappointment shall be on such terms and conditions as may be approved by HPSIDC.
- Pay commission to the promoters directors, managers, or other persons for furnishing guarantees, counter guarantees or indemnities or for undertaking any other liability in connection with any financial assistance obtained and/or to be obtained for or by the company in connection with other obligations undertaken by the Company for the purpose of project.
- Prepay the loans or deferred credit or any part thereof referred to in schedule V hereto or any other loan or deferred credit obtained by the Company.
- Declare and/or pay any dividends to any of its shareholders, whether equity or preference shareholders, during any financial year unless the Company has paid to HPSIDC the installment of principal, interest, commitment charges costs, charges, and other moneys payable under these presents upto that year, or has made provisions satisfactory to HPSIDC for making such payment.
- Alter its Memorandum and/or Articles Association:
- Undertake expansion or substantial change in technical managerial, financial or commercial aspects, or undertake any new project:
- Raise, borrow, take, accept, make, issue, give, redeem, change, avail or make as the case may be, any-
 - (i) Loan deposits, debentures, bonds, credits or investments.
 - (ii) Guarantees, counter-guarantees indemnities or to other obligation.
 - (iii) Deferred credits/payment facilities from machinery suppliers or from equity shares, including rights or bonus, shares preference shares or change its capital structure in any manner.
- ❑ HPSIDC shall be entitled to appoint and withdraw a director on the board of directors from time to time during the currency of the loan.

(D) Punjab National Bank

- ❑ The borrower shall not undertake expansion/diversification/modernisation without obtaining prior permission of the bank and without proper tie-up of funds. Similarly, no investment shall be made in associate/allied/ group concerns without prior bank permission.
- ❑ Friends/relatives from whom the unsecured long term loans have been raised shall provide an undertaking that they shall not withdraw these loans during the currency of the bank loan and the borrower shall undertake not to allow their withdrawal without prior permission of the bank.
- ❑ Monies brought in by principal shareholders/directors will not be allowed to be withdrawn without the Bank's permission.
- ❑ During the currency of the Bank's credit facilities, the borrower shall not, without the prior approval of the Bank in writing,
 - effect any change in their capital structure;
 - formulate any scheme of amalgamation of reconstruction;

- undertake any new project or expansion or modernisation schemes or make any capital expenditure other than those estimated/ projected in the CMA data, without obtaining the Bank's prior consent;
- enter into borrowing arrangements either on secured or unsecured basis with any other Bank, financial institution, borrower or otherwise save and except the working capital facilities granted/to be granted by other member banks, under consortium arrangement with the Bank and the term loans to be obtained from financial Institutions;
- undertake guarantee obligations on behalf of any other borrower/organisation;
- declare dividends for any year, if the account(s) of the borrower with the Bank is/are running irregular or if any of the terms and conditions of the sanction remain un-complied with by the borrower;
- create any charge, lien or encumbrance over its undertaking or any part thereof in favour of any financial institution, bank, borrower, firm or persons;
- sell, assign, mortgage, alienate or otherwise dispose of any of the assets of the borrower charged to the Bank;
- permit any transfer of the controlling interest or make any drastic change in the management set up;

HISTORY AND CERTAIN CORPORATE MATTERS

HISTORY AND PROGRESS

Ruchira Papers Limited was incorporated as a Limited Company under the Companies Act, 1956 with the Registrar of Companies, Punjab. H.P and Chandigarh at Jalandhar (Punjab) on December 8, 1980. We received the certificate of commencement of business on July 23, 1981.

The registered office of our Company is situated at Trilokpur Road, Kala-Amb, District Sirmour – 173030, Himachal Pradesh. The Administrative Office of our Company is situated at 21-22, New Professors Colony, Yamuna Nagar – 135001, Haryana.

Our Company was promoted by Mr. Umesh Chander Garg, Mr. Jatinder Singh and Mr. Subhash Chander Garg. Our Company was initially set up as a manufacturing unit approved by Directorate General of Technical Development (DGTD) with a small Agro Waste Paper Mill of capacity of 2310 TPA, for manufacturing of Kraft Paper, at Village Kala-Amb, District Sirmour in Himachal Pradesh. The place is 68 KM from Chandigarh on Dehradun Highway and 50 KM from Ambala/ Yamuna Nagar. In the year 1983, the Unit was set up with a initial capital outlay of Rs.87.86 Lacs and was financed by Himachal Pradesh State Industrial Development Corporation Limited ("HPSIDC"), Himachal Pradesh Financial Corporation ("HPFC") and Central Bank of India. The project was implemented and commissioned on time. The commercial production commenced on 14.08.1983. Over the years, our production capacity has increased from 2310 TPA to 52800 TPA

REVALUATION OF ASSETS AND ISSUE OF BONUS SHARES

In the year 1994 a review of Fixed Assets was carried out. It was revealed that the Fixed Assets which were being shown at depreciated values have much higher realizable values. It was felt that a revaluation of Fixed assets be carried out to reflect their true values. Accordingly the Fixed Assets were revalued on April 01, 1994 by creating a revaluation reserve of Rs. 8,36,91,926. Further to broad base the Capital we issued 83,20,000 Bonus shares in ratio of 4 : 1 by capitalizing the Revaluation Reserve to the extent of Rs 8,32,00,000 on August 31, 1994 and our capital was increased to Rs 10,93,00,000. Subsequent induction of capital by Promoters and a fresh issue of 5,30,000 Bonus shares in ration of 1 : 20 out of General Reserve resulted in paid up share capital going up to Rs 11,13,00,000 on December 19, 1995.

OFFER FOR SALE

Our Company vide letter dated February 02, 1996 submitted a draft "Offer for Sale" document to SEBI incorporating an offer for sale of 27,82,500 Equity Shares by our Promoters. The other purpose of 'offer' was to get the shares of the Company listed on the Stock Exchange(s). SEBI however, did not accept the request and disapproved the Offer for Sale vide its letter no 5/1060/96/NRO/689 dated February 15, 1996 with comments that a perusal of the Capital Structure shows that these shares were allotted as bonus shares out of revaluation reserves on 31.8.94 and that the shares issued out of revaluation reserves cannot be off-loaded as these are to remain locked-in for three years. We made a representation vide our letter dated February 26, 1996 but the same was also rejected by SEBI vide its letter dated February 27, 1996 without adding any further Comments to its earlier Observations.

CAPITAL REDUCTION

Over Capitalisation (on account of issue of Bonus shares out of revaluation reserve and general reserve) has resulted in unnecessary increase in paid-up capital and this was without corresponding liquid funds which were required for the purpose of overall development of our company. Also, the proportion in which the capital has been increased was not appropriately represented by the available assets of our Company. The future requirement of funds for expansion/ diversification of existing activities could only be met, if the promoters brought in further funds as promoters contribution. The then paid up capital of our Company hardly provided any room for further allotment of shares and in case, the then present paid up capital was further increased, it would have become unserviceable and disproportionate to the available assets of our Company. It was therefore felt to reduce the Share Capital of our Company and a petition was moved to the High Court of Shimla u/s 100 (1)(b) and 101 of the Companies Act, on 9.4.1997 for the purpose of reducing capital by 50 per cent from Rs.11,13,00,000 to Rs.5,56,50,000. The High Court of Himachal Pradesh vide its order dated July 14, 1997 ordered the reduction of capital of our Company from Rs. 11,13,00,000/- divided into 1,13,00,000 Equity Shares of Rs. 10/- each to Rs. 5,56,50,000/- divided into 55,65,000 Equity Shares of Rs. 10/- each. This was made effective March 31, 1997.

AMALGAMATION OF HIMACHAL TISSUES LTD. (HTL) WITH RUCHIRA PAPERS LTD.

Ruchira Papers Ltd. and Himachal Tissues Ltd. (HTL) were unlisted closely held companies promoted by the same promoters and the general public held no share capital in either of the companies. The objects of HTL like our Objects were to manufacture and deal in all variant of Paper. It started working towards setting of paper unit and investments in infrastructural facilities were made, the project could not be further undertaken due to lack of financial resources and other reasons. Among other assets it was holding a piece of land adjacent to our existing factory premises which could have been used for the purpose of setting up of our Proposed Writing and Printing Unit. It was therefore felt that in order to achieve the synergy of operations and better utilization of available resources HTL be merged with our Company. Accordingly, a petition under section 391(2) and 394 of the Companies Act, 1956 for obtaining sanction of the Hon'ble High Court of Himachal Pradesh at Shimla to a scheme of Amalgamation of HTL with Ruchira Papers Ltd was presented on 14.11.2005. The shares of HTL and RPL were valued based on 'Net Asset Value' (NAV) of both the companies prepared by I. Chander Goel & Co., Chartered Accountants, Jagadhari vide their report dated 22-6-05. The assets of HTL were revalued on March 02, 2005 creating a revaluation reserve amounting to Rs. 3,49, 91,233/- that became part of the NAV of the HTL. The shareholders of Himachal Tissues Ltd. were allotted 31,44,800 no. of equity shares of Rs. 10 each as Bonus Shares out of the aforesaid revaluation reserve on March 28, 2005.

The High Court of Himachal Pradesh vide their order dated January 27, 2006 approved the Scheme of Amalgamation of Himachal Tissues Limited into Ruchira Papers Limited from the appointed date i. e 1st April 2005, In terms of the said scheme of amalgamation, as approved, all the assets, liabilities including income tax and all other statutory liabilities etc. of Himachal Tissues Limited became the assets, liabilities including income tax and all other statutory liabilities etc. of our Company, and our Company issued one Equity Share to the shareholders of Himachal Tissues Limited for every two equity share of Rs. 10/- each held by them in Himachal Tissues Limited. The paid up share capital of Himachal Tissues Limited was Rs. 3,93,10,000 divided into 39,31,000 equity shares of Rs. 10/- each, and therefore 19,65,500 Equity Shares were issued by our Company to the shareholders of Himachal Tissues Limited.

FIXED DEPOSIT SCHEME

Our Company invited fixed deposits upto a maximum amount of Rs 537.05 Lacs from Public under section 58A of the Companies Act 1956 by issuing advertisement on December 22, 2001. However no deposits were received from Public and the Scheme was withdrawn on July 20, 2002.

MILESTONES ACHIEVED

Year	Description
1980	Incorporation of our Company
1981	Paper Mill setup for manufacturing of kraft paper having capacity of 2310 TPA.
1983	Commencement of Commercial Production
1988	Capacity increased from 2310 TPA to 5400 TPA
1992	Capacity increased from 5400 TPA to 16200 TPA
1994	Capacity increased from 16200 TPA to 21000 TPA
2000	Capacity increased from 21000 TPA to 26400 TPA
2003	Capacity increased from 26400 TPA to 33000 TPA
2004	Capacity increased from 33000 TPA to 37500 TPA
2005	Capacity increased from 37500 TPA to 52800 TPA
2005	Awarded "Udyog Ratna" by PHD Chamber of Commerce and Industry, New Delhi
2006	Merger of Himachal Tissues Limited with our Company

REGISTERED OFFICE OF OUR COMPANY

The Registered office of our Company is situated at Trilokpur Road, Kala-Amb, District Sirmour – 173030, Himachal Pradesh.

DETAILS OF CHANGES IN THE REGISTERED OFFICE

Old place of Registered Office	Shifted to	Date of change
Bara Chowk, Nahan, Distt. Sirmour (H.P.)	Trilokpur Road, Kala-Amb, District Sirmour – 173030, Himachal Pradesh	18.11.1982

MAIN OBJECTS OF OUR COMPANY AS SET FORTH IN THE MEMORANDUM

- (1) To purchase, manufacture, produce, refine, import, export, sell and generally to deal in the various kinds of papers and all products or by products thereof and in connection therewith to acquire, construct buildings, mills, factories and other works.
- (2) To manufacture corrugated sheets, Boxes and other by-products.

CHANGES IN MEMORANDUM OF ASSOCIATION OF OUR COMPANY

Since Incorporation of our Company, the following changes have been incorporated in the Memorandum, after approval of the Members:

Date of Shareholder Approval	Changes
	Changes in Authorized Share Capital
14.05.1983	Increase in Authorized Share Capital from Rs 20 Lacs to Rs 30 Lacs.
16.06.1986	Increase in Authorized Share Capital from Rs 30 Lacs to Rs 50 Lacs.
30.12.1989	Increase in Authorized Share Capital from Rs 50 Lacs to Rs 250 Lacs.
30.12.1989	Sub-division of Face Value of Equity Share from Rs 100/- per share to Rs 10/- per share
31.08.1994	Increase in Authorized Share Capital from Rs 250 Lacs to Rs 1050 Lacs.
25.03.1995	Increase in Authorized Share Capital from Rs 1050 Lacs to Rs 1600 Lacs.
Pursuant to merger of HTL with our Company vide High Court Order dated 27.01.2006	Increase in Authorized Share Capital from Rs 1600 Lacs to Rs 3100 Lacs.

SUBSIDIARY OF OUR COMPANY

We do not have any subsidiary.

SHAREHOLDERS' AGREEMENT

There are no Shareholders Agreements between our Company and any other person at present.

OTHER AGREEMENTS

We have entered into an agreement dated July 07, 2005 with M/s Chemprojects Consulting Private Limited, Delhi for providing detailed engineering for the proposed Writing & Printing paper project including implementation and supervision relating thereto. The fees payable for this assignment is Rs. 62.00 Lacs. The scope of work under the agreement includes:

1. Basic Engineering Services
 - a) Description of the plant including basic engineering and process design data.
 - b) Preliminary utility summary. The final utility summary based on selected vendor's supplied utility information will be prepared by Chemprojects.
 - c) Definition/specifications of raw materials, auxiliary chemicals, effluent streams and finished products.
 - d) List of major equipment with basic specifications.
 - e) Summary of desired instrumentation process and control systems.
 - f) Process/Mechanical flow sheets showing all valves, instrumentation, line sizes and specification, piping specialties and any comments pertaining to special flow arrangements or design considerations.
 - g) Preliminary Plot Plan.
 - h) Integration of existing plant utilities.

2. Detailed Engineering Services

a) Civil, Architectural & Construction Engineering

The services will include:

- Architectural Engineering
- Civil/Structural Engineering
- Design & Detailed Engineering of Off-Sites Mechanical & Piping
- Electrical Engineering
- Instrumentation
- Insulation & Painting
- Effluent & Waste Treatment & Disposals
- Utilities
- Fire Fighting & Safet
- Co-ordination & Project Management Services
- Procurement & Inspection Services

b) Construction Supervision Including Project Management Services & Erection Supervision

The services will include:

- Project Management Services
- Construction Management Services including
 - General Services
 - Civil Works Supervision

STRATEGIC PARTNERS

We have no strategic partners as on date.

FINANCIAL PARTNERS

We have no financial partners as on date.

OUR MANAGEMENT

As per the Articles of Association, our Company must have a minimum of three (3) and a maximum of twelve (12) Directors. Our Company has 9 Directors as on date out of which four are full time directors including Managing Director.

The following table sets forth information regarding the Board of Directors, as on date of this Draft Red Herring Prospectus:

DETAILS OF BOARD OF DIRECTORS

Name, Father's Name, Address, Occupation	Designation	Age (Years)	Date of Appointment	Directorship in Other Companies
Mr. Umesh Chander Garg S/o Mr. Kanti Chander Garg R/o 542-R, Model Town, Yamuna Nagar, Haryana. Business	Managing Director		08-12-1980	Nil
Mr. Subhash Chander Garg S/o Mr. Kanti Chander Garg R/o 512-D, Model Town, Yamuna Nagar, Haryana. Business	Whole-time Director	64	08-12-1980	Nil
Mr. Jatinder Singh S/o Mr. Jasmer Singh R/o 110, Sector-8-A, Chandigarh – 160018. Business	Whole-time Director	51	08-12-1980	1. Jasmer Packers Private Limited 2. Sirmaur Hotels Private Limited
Mr. Jaleshwar Narain Singh S/o Mr. Thakur Singh R/o Mall Road, Nahan, Himachal Pradesh. Business	Executive Director	53	12-02-1997	Nil
Mr. Dalbir Singh S/o Mr. Lachhman Singh R/o 450L, Sarni Chowk, Model Town, Yamuna Nagar, Haryana. Retired Executive	Independent & Non-Executive Director	70	24-09-2004	Nil
Mr. Avtar Singh Bajwa S/o Mr. Saudagar Singh R/o 2265, Sector 47-C, Chandigarh. Retired Army Personnel	Independent & Non-Executive Director	61	24-09-2004	Nil
Mr. Surinder Gupta S/o Mr. Harcharan Dass Gupta R/o 23, Professors Colony, Gali No. 6, Yamuna Nagar, Haryana. Professional	Independent & Non-Executive Director	52	30-12-2004	Nil
Mr. S. K. Dewan S/o Mr. Dewan Chand Wadwa	Independent & Non-Executive	59	13-08-2005	1. YGC Projects Limited

R/o 109, Sector-8A, Chandigarh - 160018. Retired Executive	Director			
Mr. M.C. Dhyani S/o Mr. Mangat Ram Dhyani R/o H. No. 52/D/B, 12A, Dhawal Giri, Sector 34, Noida, Uttar Pradesh. Service	Independent & Non-Executive Director (Nominee – IFCI)	49	24-09-2004	Nil

BRIEF PROFILE OF THE DIRECTORS OTHER THAN PROMOTERS

Mr. Umesh Chander Garg, Mr. Subhash Chander Garg and Mr. Jatinder Singh, being the Promoter Directors of our Company, their profiles are mentioned under the head “Our Promoters and Group Companies”. Please refer to page 129 of this Draft Red Herring Prospectus for further details.

MR. JALESHWAR NARAIN SINGH, EXECUTIVE DIRECTOR

Mr. Jaleshwar Narain Singh, aged 53 years is an Executive Director on the Board. He is a Science Graduate and has been associated with our Company since 15.09.1992. He is responsible for planning and overall control of production and expansion plans.

MR. DALBIR SINGH, INDEPENDENT & NON-EXECUTIVE DIRECTOR

Mr. Dalbir Singh, aged 70 years is an independent Director on the Board. He is M. A. and LLB. He retired from the post of Executive Director of the Yamuna Syndicate Limited.

MR. SURINDER GUPTA, INDEPENDENT & NON-EXECUTIVE DIRECTOR

Mr. Surinder Gupta, aged 52 years is an independent Director on the Board. He is a Chartered Accountant and practicing as a Chartered Accountant since 1983. He has earlier worked in Karamchand Thapper & Brothers (CS) Ltd.

MR. AVTAR SINGH BAJWA, INDEPENDENT & NON-EXECUTIVE DIRECTOR

Mr. Avtar Singh Bajwa, aged 61 years is an independent Director on the Board. He is Arts Graduate by Qualification. He is a retired Army Officer with 30 years experience in Material Management and Civil Personnel Management.

MR. S. K. DEWAN, INDEPENDENT & NON-EXECUTIVE DIRECTOR

Mr. S. K. Dewan, aged 59 years is an independent Director on the Board. He has done B.Sc. (Engg.) Hons. (Mechanical) and is a Fellow Member of (i) The Institute of Engineers, (ii) The Institution of Valuers, and (iii) The Indian Council for Arbitration. He retired from Uttar Haryana Bijli Vitran Nigam Limited as Director (Operations) where he served from 1968 to 2004.

MR. M. C. DHYANI, INDEPENDENT & NON-EXECUTIVE DIRECTOR (NOMINEE – IFCI)

Mr. M. C. Dhyani, aged 49 years is an independent director on the Board nominated by IFCI Limited. He is Post Graduate in Commerce and has obtained a diploma in management.

TERMS OF APPOINTMENT & COMPENSATION TO THE MANAGING DIRECTOR/ WHOLETIME DIRECTORS/ EXECUTIVE DIRECTORS

A. MANAGING DIRECTOR

Mr. Umesh Chander Garg was appointed as Managing Director of our Company w.e.f. January 1, 1983. He is re-appointed as Managing Director as per the provisions of Companies Act, and his latest re-appointment as Managing Director for a period of 5 years is from September 1, 2005 at a remuneration of Rs. One Lac per month plus 20% House Rent Allowance and other perquisites in accordance with Part-II of Schedule XIII of the Act. Further, in the Annual General Meeting held on April 22, 2006, his remuneration has been revised for a period not exceeding 3 years as under:

SALARY

Rupees 2, 00,000/- per month (including dearness and other allowances) plus the perquisites set out below:

PERQUISITES

1. House Rent Allowance @ 20% of Basic Salary per month.
2. Telephone: Mobile and Telephone facility at residence.
3. Company's Car with Driver for office use.
4. Reimbursement of expenses incurred for the business of the Company as per rules of the Company.

Where in any financial year, the Company has no profits or its profits are inadequate during the term of office, the aforesaid annual remuneration shall be within the ceiling prescribed under Schedule XIII of the Companies Act, 1956.

B. WHOLETIME DIRECTORS

I. MR. SUBHASH CHANDER GARG

Mr. Subhash Chander Garg was appointed as the Whole Time Director of our Company w.e.f. January 1, 1983. He is re-appointed as Whole Time Director as per the provisions of Companies Act, and his latest re-appointment as Whole Time Director for a period of 5 years is from September 1, 2005 at a remuneration of Rs. One Lac per month plus 20% House Rent Allowance and other perquisites in accordance with Part-II of Schedule XIII of the Act. Further, in the Annual General Meeting held on April 22, 2006, his remuneration has been revised for a period not exceeding 3 years as under:

SALARY

Rupees 2, 00,000/- per month (including dearness and other allowances) plus the perquisites set out below:

PERQUISITES

1. House Rent Allowance @ 20% of Basic Salary per month.
2. Telephone: Mobile and Telephone facility at residence.
3. Company's Car with Driver for office use.
4. Reimbursement of expenses incurred for the business of the Company as per rules of the Company.

Where in any financial year, the Company has no profits or its profits are inadequate during the term of office, the aforesaid annual remuneration shall be within the ceiling prescribed under Schedule XIII of the Companies Act, 1956.

II. MR. JATINDER SINGH

Mr. Jatinder Singh was appointed as the Whole Time Director of our Company w.e.f. January 1, 1983. He is re-appointed as Whole Time Director as per the provisions of Companies Act, and his latest re-appointment as Whole Time Director for a period of 5 years is from September 1, 2005 at a remuneration of Rs. One Lac per month plus 20% House Rent Allowance and other perquisites in accordance with Part-II of Schedule XIII of the Act. Further, in the Annual General Meeting held on April 22, 2006, his remuneration has been revised for a period not exceeding 3 years as under:

SALARY

Rupees 2, 00,000/- per month (including dearness and other allowances) plus the perquisites set out below:

PERQUISITES

1. House Rent Allowance @ 20% of Basic Salary per month.
2. Telephone: Mobile and Telephone facility at residence.
3. Company's Car with Driver for office use.
4. Reimbursement of expenses incurred for the business of the Company as per rules of the Company.

Where in any financial year, the Company has no profits or its profits are inadequate during the term of office, the aforesaid annual remuneration shall be within the ceiling prescribed under Schedule XIII of the Companies Act, 1956.

C. EXECUTIVE DIRECTOR

Mr. Jaleshwar Narain Singh was appointed as the Executive Director of our Company w.e.f. February 12, 1997 for a period of 5 years and re-appointed with effect from February 12, 2002. for five years. In the Annual General Meeting held on April 22, 2006, his remuneration was revised w.e.f. April 01, 2006 upto and inclusive February 11, 2007 as per following terms and conditions:

SALARY

Rupees 53,700/- per month (including dearness and other allowances) plus the perquisites set out below:

PERQUISITES

1. Conveyance Allowance @ Rs. 800 per month.
2. Telephone: Mobile and Telephone facility at residence.
3. Leave encashment as per the rules of the company.
4. Company's Car with Driver for office use.
5. Reimbursement of expenses incurred for the business of the Company as per rules of the Company.
6. Provident Fund: Company's Contribution towards Provident Fund shall be as per the rules of the Company.
7. Gratuity : Payable at a rate not exceeding half a months salary for each completed year of service as per rules of the Company

Where in any financial year, the Company has no profits or its profits are inadequate during the term of office, the aforesaid annual remuneration shall be within the ceiling prescribed under Schedule XIII of the Companies Act, 1956.

CORPORATE GOVERNANCE

We stands committed to good Corporate Governance practices. We have set up internal policies to ensure best practices in corporate governance. The corporate governance philosophy is dedicated to the attainment of the highest levels of accountability and transparency in dealings with our stakeholders. The corporate governance policies lay emphasis on communication (both internal and external) and reporting. These vital initiatives extend beyond mandatory corporate governance requirements and are in accordance with ours aim of establishing voluntary best practices for good corporate governance practices

The Guidelines Issued by SEBI in respect of Corporate Governance will be applicable to our Company immediately upon listing of our Equity Shares on the Stock Exchanges. Accordingly, we have undertaken steps to comply with the SEBI Guidelines on Corporate Governance.

The Board has nine Directors, of which five are independent directors in accordance with the requirements of Clause 49 of the Listing agreement of the Stock Exchanges.

Committees of the Board have been constituted in order to look into the matters in respect of audit, compensation of executive directors, shareholders/Investors Grievance Redressal, details of which are as follows:

AUDIT COMMITTEE

The Audit Committee was originally constituted on January 15, 1997 and recent reconstitution took place on April 17, 2006. The Committee currently consists of following members:

S. No.	Name of Director	Chairman/ Member	Designation
1.	Mr. Dalbir Singh	Chairman	Independent & Non-executive Director
2.	Mr. Surinder Gupta	Member	Independent & Non-executive Director
3.	Mr. Avtar Singh Bajwa	Member	Independent & Non-executive Director
4.	Mr. M.C. Dhyani	Member	Independent & Non-executive Director (Nominee – IFCI)
5.	Mr. Jatinder Singh	Member	Whole Time Director

Mr. Dalbir Singh is the Chairman of the Committee having finance and accounting background. The Company Secretary of our Company has been acted as Secretary of the Committee.

The terms of the Audit Committee is to comply with the requirements of section 292A of the Companies Act and Clause 49 of the listing agreement to be entered into with the Stock Exchange(s). The scope of Audit Committee shall include but shall not be restricted to the following:

- i. To review financial reporting process & all financial statements.
- ii. To recommend appointment/ re-appointment/ replacement/ removal/ Audit fees/ any other fees of Statutory Auditor.
- iii. Reviewing along with management, the listing compliances, related party disclosures, qualifications in draft audit report, matters required to be included in Directors Responsibility Statement, quarterly financial statements before its submission to the Board, changes in accounting policies, major accounting entries based on estimate of management.
- iv. To look into all matters relating to internal control system, internal audit system and the reasons for substantial defaults in the payment to the depositors.
- v. To review functioning of Whistle Blower Mechanism, if any.
- vi. To review Management Discussion and Analysis of financial condition and results of operation, statement of significant Related Party Transactions as submitted by management, internal audit report, term of chief internal auditor (including his remuneration).

REMUNERATION COMMITTEE

The Remuneration Committee was originally constituted on January 21, 2002 and recent reconstitution took place on September 24, 2004. The Committee currently consists of following members:

S. No.	Name of Director	Chairman/ Member	Designation
1.	Mr. Dalbir Singh	Chairman	Independent & Non-executive Director
2.	Mr. Avtar Singh Bajwa	Member	Independent & Non-executive Director
3.	Mr. M.C. Dhyani	Member	Independent & Non-executive Director (Nominee – IFCI)

Mr. Dalbir Singh is the Chairman of the Committee. The Company Secretary of our Company will be the Secretary of the Committee.

The Remuneration Committee shall have the power to determine our Company's policy on specific remuneration packages including pension rights and other compensation for whole time directors and for this purpose the Remuneration Committee shall have full access to information contained in the records of our Company and external professional advice, if necessary.

SHAREHOLDERS / INVESTOR GRIEVANCE AND SHARE TRANSFER COMMITTEE

The Shareholders / Investor Grievance and Share Transfer Committee has been constituted on April 17, 2006. The Committee currently consists of following members:

S. No.	Name of Director	Chairman/ Member	Designation
1.	Mr. Subhash Chander Garg	Chairman	Whole Time Director
2.	Mr. Jatinder Singh	Member	Whole Time Director
3.	Mr. S. K. Dewan	Member	Independent & Non-executive Director

The Company Secretary of our Company will be the Secretary of the Committee.

Shareholders/ Investor Grievance and Share Transfer` Committee shall look into the redressal of shareholders and investors complaints like transfer of Shares, non-receipt of balance sheet, non-receipt of declared dividends, demat of shares, split-up, consolidation of shares etc.

IPO Committee

The IPO Committee has been constituted on April 17, 2006. The Committee comprises of the following members

S. No.	Name	Designation
1.	Mr. Subhash Chander Garg	Executive Director
2.	Mr. Jatinder Singh	Executive Director
3.	Mr. Vipin Gupta	DGM- Finance
4.	Mr. Satinder Pal Singh	Company Secretary

The terms of reference of Committee includes, taking necessary steps to work out the modalities to meet the project cost etc by way of fund raising exercise including Term Loans from the banks and Equity issue, to take all necessary decisions on behalf of the Board of Directors and to meet from time to time, and to monitor other related issues such as appointment, deciding the terms and conditions, remuneration and scope of services and follow up with Merchant Bankers, Lead Managers, Registrar to the Issue and other intermediaries. The Committee shall further comply with all the pre-issue and post-issue formalities related to the SEBI, Stock Exchanges, Registrar of Companies and any other Government and Non- Government authority and intermediaries. The Committee shall review and monitor the utilization & deployment of funds on the project and other requirements out of the term loan from banks, proceeds from proposed issue of further equity shares to the public /Existing Shareholder/Mutual Funds/Financial Institutions/High Net Worth Individuals etc.

DETAILS OF BORROWING POWERS

Vide a resolution passed at the Annual General Meeting of our Company held on April 22, 2006, consent of the members of our Company was accorded to the Board of Directors of our Company pursuant to section 293(1)(d) of the Companies Act, 1956 to borrow any sum or sums of money from one or more banks, financial institutions, Central or State Government, body corporate, firms, persons whether by way of term loan, working capital facility, cash credit facility, inter corporate loan, bill discounting, Issue of debenture or bonds or any other fund based or non-fund based facility, whether secured or unsecured, notwithstanding that the money to be borrowed together with the money already borrowed by our Company (apart from the temporary loans obtained from our Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid up share capital and free reserves (the reserves not set apart for any specific purpose) of our Company but so however that the total amount up to which the money may be borrowed by the Board of Directors and outstanding at anytime shall not exceed the sum of Rs. 150.00 Crores (Rupees One Hundred Fifty Crores) exclusive of interest and other charges.

SHAREHOLDING OF DIRECTORS IN OUR COMPANY

Sr. No.	Name of Directors	No. of Equity Shares	% of existing share capital
1.	Mr. Umesh Chander Garg	685787	6.84
2.	Mr. Subhash Chander Garg	595568	5.94
3.	Mr. Jatinder Singh	1489802	14.85
4.	Mr. Jaleshwar Narain Singh	150	0.001

5.	Mr. Dalbir Singh	100	0.001
6.	Mr. Avtar Singh Bajwa	100	0.001
7.	Mr. Surinder Gupta	100	0.001
8.	Mr. S. K. Dewan	100	0.001
9.	Mr. M. C. Dhyani	Nil	Nil

In terms of the provisions of the new set of Articles of Association adopted by our Company on April 22, 2006, the Directors of our Company are not required to hold any qualification shares. Prior to this, directors were required to hold 50 Equity Shares as qualification shares.

INTEREST OF THE DIRECTORS

All the non-executive directors of Ruchira Papers Limited may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or Committee thereof as well as to the extent of other remuneration and/or reimbursement of expenses payable to them as per the applicable laws.

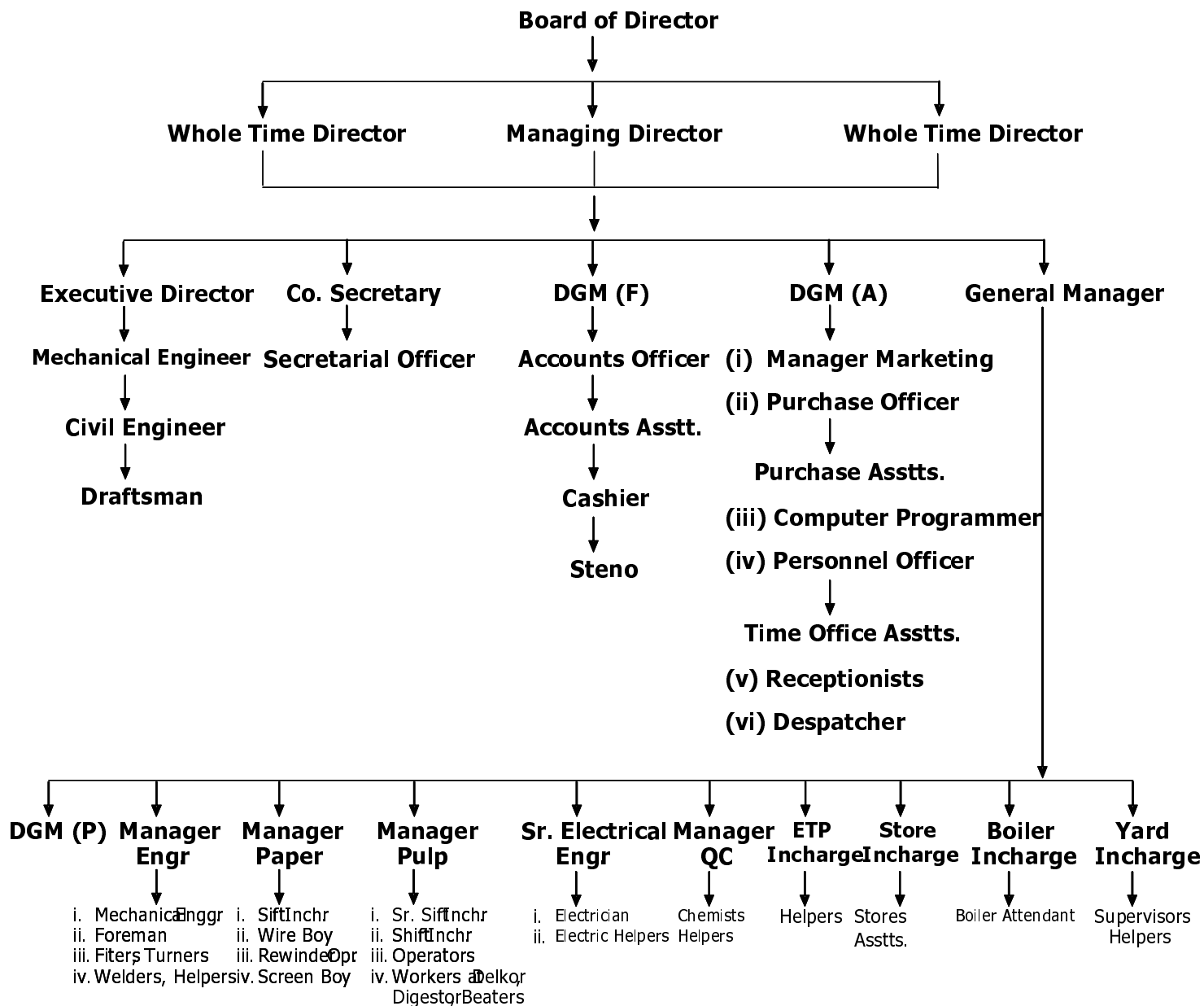
The Directors may also be regarded as interested in the Shares & dividend payable thereon, if any, held by or that may be subscribed by and allotted/transferred to them or the companies, firms and trust, in which they are interested as Directors, Members, Partners and or Trustees. All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by Ruchira Papers Limited with any Company in which they hold Directorships, or any partnership firm in which they are partners as declared in their respective declarations. The Managing Director, Whole Time Directors and Executive Directors of our Company are interested to the extent of remuneration paid to them for services rendered to our Company (For more details, please refer "Related Party Disclosures" under the section titled "Financial Statements" on page no. 141 of this Draft Red Herring Prospectus).

Except as stated otherwise in this Draft Red Herring Prospectus, our Company has not entered into any Contract, Agreements or Arrangements during the preceding two years from the date of the Draft Red Herring Prospectus in which the directors are interested, directly or indirectly and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be entered into with them.

CHANGES IN DIRECTORSHIPS IN LAST THREE YEARS

Name of the Director	Date of Appointment	Date of Cessation	Reason
Mr. Dalbir Singh	24.09.2004	-	Appointment
Mr. Avtar Singh Bajwa	24.09.2004	-	Appointment
Mr. Surinder Gupta	30.12.2004	-	Appointment
Mr. S. K. Dewan	13.08.2005	-	Appointment
Mr. M. C. Dhyani	24.09.2004	-	Appointment
Mr. Gulzar Singh, Nominee Director (IFCI)	-	08.06.2004	Resignation
Mr. N. K. Gupta, Nominee Director (IFCI)	-	01.12.2002	Resignation
Mr. H.K.L. Sehgal	-	14.09.2004	Resignation
Mr. Krishan Lal Sehgal	-	10.09.2004	Resignation

ORGANISATION CHART



DETAILS REGARDING THE KEY MANAGERIAL PERSONNEL

Our Company is managed by Board of Directors, assisted by qualified professionals, with vast experience in the field of production/finance/distribution/marketing and corporate laws. The following key personnel assist the management.

S. No.	Name of Employee	Designation	Age	Qualification	Experi-ence (in Years)	Date of Joining	Previous Employment
1	Mr. Mukesh Kumar Gupta	General Manager	46	B.Sc., P.G. Diploma in Pulp and Paper Technology	25	16-09-05	Wires and Fabriks (SA) Ltd.
2	Mr. Nagendra Nath Dutta	DGM(Product ion)	56	B.Sc. (Hons), Diploma in Pulp and Paper Technology	33	28-05-96	Century Pulp and Papers Ltd,
3	Mr. Rajinder Kumar Aggarwal	DGM(A)	46	Pre University	28	01-10-97	Delta Engg. Co. Yamuna Nagar
4	Mr. Vipin Gupta	DGM(F)	36	B.Com., M.com	16	08-01-90	----
5	Mr. Satinder Pal Singh	Company Secretary	34	B.Com., M.com, CA(Inter), ACS	10	01-02-05	Dynamic Petro Products Ltd.
6	Mr. Ganpat Rai Aggarwal	DGM (Engineering)	56	B.E.(Hons) Mechanical	34	01-10-98	Setia Papers Ltd.
7	Mr. Kehar Singh	Manager Purchase	46	Graduate	18	01-03-88	Godrej Ltd.
8	Mr. Sudesh Kumar Aggarwal	Manager (Pulp)	45	Certificate in Pulp & Paper Technology	23	03-02-03	Varinder Agro Chemicals Ltd.
9	Mr. Rajiv Langar	Manager (Marketing)	43	PG Diploma Course in Business Administration	22	01-11-00	Bajaj Electricals Limited
10	Mr. Raghubir Singh Saini	Manager (Paper)	47	Certificate Course in Pulp and Paper Technology	26	01-12-90	Ogli Paper (P) Ltd.
11	Mr. Anil Kumar Tiwari	Manager Control)	42	B.Sc.	15	28-04-06	J. B. Daruka Papers Limited

All the above key managerial personnel are on the rolls of our Company as permanent employees. It is confirmed that except as otherwise stated in this Draft Red Herring Prospectus, all the above-mentioned key managerial personnel has no other material / pecuniary interest in our Company. Further, none of the key managerial personnel has been selected as director / member of senior management by virtue of any arrangement or understanding with major shareholders, customers, suppliers or others.

SHAREHOLDING OF KEY MANAGERIAL PERSONNEL

There is no shareholding of any of the Key Managerial Personnel in our Company.

FAMILY RELATION WITH THE KEY MANAGERIAL PERSONNEL (KMP)

No family relation exists between the Promoters and KMP

DISCLOSURE REGARDING EMPLOYEES STOCK OPTION SCHEME/EMPLOYEES STOCK PURCHASE SCHEME

Till date, our Company has not introduced any Employees Stock Option Scheme/ Employees Stock Purchase Scheme, in terms of guidelines or regulations of SEBI relating to Employees Stock Option Scheme and Employee Stock Purchase Scheme.

PAYMENT OR BENEFIT TO OFFICERS OF OUR COMPANY

We have not paid any amount or benefit or given within the two preceding years or is intended to be paid or given to any of the officers except the normal remuneration for services rendered as Directors, officers or employees.

CHANGES IN KEY MANAGERIAL PERSONNEL IN THE LAST ONE YEAR

Name of KMP	Designation	Date of Appointment	Date of Cessation	Reason
Mr. Gagrini Bakshi	Manager (Quality Control)	15.03.04	28.02.06	Resigned
Mr. Mukesh Kumar Gupta	General Manager	16.09.05	-	Appointment
Mr. Anil Kumar Tiwari	Manager (Quality Control)	28.04.06	-	Appointment

OUR PROMOTERS AND GROUP COMPANIES

OUR PROMOTERS

Following are the Promoters of our Company:

1. Mr. Umesh Chander Garg
2. Mr. Subhash Chander Garg
3. Mr. Jatinder Singh
4. Mrs. Shashi Garg
5. Mrs. Parveen Garg
6. Mrs. Charanjeet Kaur

MR. UMESH CHANDER GARG



Mr. Umesh Chander Garg, aged 57 years is younger brother of Mr. Subhash Chander Garg and is the Managing Director of our Company. After completing his education he got associated with our Company right from the conceptual stage. He is responsible for the day-to-day affairs of our Company. He has been instrumental in the technological upgradation of plant and capacity expansion. All expansion projects were executed under his supervision. He has been looking after the production and technical aspects of our Company.

Mr. Umesh Chander Garg	
Father's Name	Mr. Kanti Chander Garg
Residential Address	542-R, Model Town, Yamuna Nagar, Haryana
Educational Qualification	Pre University
Voter I. Card Number	HR/02/05/318184
PAN	AAZPG2169B
Driving License Number	1036/98
Passport Number	A3343177
Bank Account Number	3701000100015420, Punjab National Bank, Yamunanagar

MR. SUBHASH CHANDER GARG



Mr. Subhash Chander Garg, aged 64 years, is elder brother of Mr. Umesh Chander Garg and is the Whole-time Director of our Company. He is law graduate and has expertise in taxation field. He is the member of Bar Council of State of Punjab & Haryana since 1966. He has been associated with our Company since inception. He is looking after the Marketing, Sales,

Taxation and Company Law Matters. He is also closely associated with the Rotary Club and has also served as District Governor of Rotary Club, R.I. Distt. 3080.

Mr. Subhash Chander Garg	
Father's Name	Mr. Kanti Chander Garg
Residential Address	512-D, Model Town, Yamuna Nagar, Haryana
Educational Qualification	B.A., LL.B
Voter I. Card Number	HR/02/05/333528
PAN	AAPPG0374C
Driving License Number	5274-N/87
Passport Number	A1694571
Bank Account Number	10258520318, State Bank of India, Yamunanagar

MR. JATINDER SINGH



Mr. Jatinder Singh, aged 51 years, is the Whole-time Director of our Company. He is an Engineering Graduate from Punjab University. Over the years, he has acquired deep insight into the working of Paper Industry. He has been looking after the Finance and Administrative functions of our Company. He also holds directorships in Sirmaur Hotels Private Limited and Jasmer Packers Private Limited.

Mr. Jatinder Singh	
Father's Name	Late Mr. Jasmer Singh
Residential Address	110, Sector-8-A, Chandigarh - 160018
Educational Qualification	B.Sc. (Engineering)
Voter I. Card Number	HR/02/21/438373
PAN	APNPS6960H
Driving License Number	4593/96
Passport Number	A2496598
Bank Account Number	2101000063253, HDFC Bank, Yamuna Nagar

MRS. SHASHI GARG

Mrs. Shashi Garg, aged 47, W/o Mr. Umesh Chander Garg, is under graduate. She is a Director in Sirmaur Hotels Private Limited & partner in Ruchira Exports. She has served as the director of Ruchira Papers Limited during the period from December 06, 1982 to April 27, 1991.

Mrs. Shashi Garg	
Husband's Name	Mr. Umesh Chander Garg
Residential Address	542-R, Model Town, Yamuna Nagar, Haryana
Educational Qualification	B. A. - II yr.
Voter I. Card Number	HR/02/05/318185
PAN	AHLPG7746F
Driving License Number	Not Available
Passport Number	E1140216
Bank Account Number	011900001232, State Bank of Patiala

MRS. PARVEEN GARG

Mrs. Parveen Garg aged 58, W/o Mr. Subhash Chander Garg, is Science Graduate. She has served as the Director of Ruchira Papers Limited during the period December 06, 1982 to April 27, 1991. She is partner in Ruchira Exports

Mrs. Parveen Garg	
Husband's Name	Mr. Subhash Chander Garg
Residential Address	512-D, Model Town, Yamuna Nagar, Haryana
Educational Qualification	B. Sc
Voter I. Card Number	Not Available
PAN	ADMPG9694H
Driving License Number	Not Available
Passport Number	A1703251
Bank Account Number	10258520679, State Bank of India, Yamuna Nagar

MRS. CHARANJEET KAUR

Mrs. Charanjeet Kaur, aged 47, W/o Mr. Jatinder Singh, is a Post Graduate. She is Promoter as well as the sole proprietor of M/s Jasmer Pack, which is involved in the manufacturing of Corrugated Boxes since 2000. She is also a partner in Ruchira Exports. Earlier she has served as Managing Director of Jasmer Packers Private Limited, Ladwa from 1980-1998. She has served as director of Ruchira Papers Limited during the period from December 06, 1982 to April 27, 1991.

Mrs. Charanjeet Kaur	
Husband's Name	Mr. Jatinder Singh
Residential Address	110, Sector-8-A, Chandigarh – 160018
Educational Qualification	M. A. (Punjabi)
Voter I. Card Number	HR/02/21/438374
PAN	ABVPK1747L
Driving License Number	Not Available
Passport Number	F3519036
Bank Account Number	000705003610, ICICI Bank, Delhi

DECLARATION

It is confirmed that the PAN, bank account number and passport number of the promoters are being submitted to NSE and BSE at the time of filing the Draft Red Herring Prospectus with them.

PROMOTERS GROUP COMPANIES/ VENTURES/ INTEREST OF PROMOTERS

The Promoters may be deemed to be interested to the extent of Shares held by them, their friends or relatives and benefits arriving from their holding directorship in our Company.

The following Companies/ ventures/ firms promoted/ controlled by the promoter(s) of our Company and the promoters may be deemed to be interested in these companies:

S. No.	Name of the Concern	Type of Concern	Interested Party
1.	M/s Jasmer Packers Private Limited	Private Limited Company	Mr. Jatinder Singh and Mrs Charanjeet Kaur
2.	M/s Sirmaur Hotels Private Limited	Private Limited Company	Mr. Umesh Chander Garg, Mr. Subhash Chander Garg, Mr. Jatinder Singh, Mrs. Shashi Garg, Mrs. Parveen Garg and Mrs. Charanjeet Kaur
3.	M/s Ruchira Packaging Products Private Limited	Private Limited Company	Mr. Umesh Chander Garg, Mr. Subhash Chander Garg, Mrs. Shashi Garg and Mrs. Parveen Garg.
4.	M/s Jasmer Pack	Sole Proprietorship	Mr. Jatinder Singh and Mrs Charanjeet Kaur
5.	M/s Ruchira Printing & Packaging	Partnership Firm	Mr. Umesh Chander Garg, Mr. Subhash

			Chander Garg, Mrs. Shashi Garg and Mrs. Parveen Garg.
6.	M/s Ruchira Exports	Partnership Firm	Mr. Umesh Chander Garg, Mr. Subhash Chander Garg, Mr. Jatinder Singh, Mrs. Shashi Garg, Mrs. Parveen Garg and Mrs. Charanjeet Kaur
7.	M/s Jasmer Cold Storage	Partnership Firm	Mr. Jatinder Singh and Mrs Charanjeet Kaur

1. M/S JASMER PACKERS PRIVATE LIMITED

Jasmer Packers Private Limited was incorporated on March 29, 1989 vide Registration No. 05-30523 with the Registrar of Companies, Delhi & Haryana. The Company was engaged in the business of corrugated boxes and has recently diversified its line of business and installed a Rice Sortex Unit. The factory and the registered office of the Company are situated at Village Kheri Dabh Dalan, Radour Road, Ladwa, Kurukshetra, Haryana.

BOARD OF DIRECTORS

The composition of Board of Directors of the Company as on the May 31, 2006 is as under:

S.No.	Name	Designation
1.	Mr. Jatinder Singh	Director
2.	Mr. Ravinder Singh	Director
3.	Mr. Harminder Singh	Director

SHAREHOLDING PATTERN

The shareholding pattern of the Company as on May 31, 2006 is as follows:

S.No.	Name of the Shareholder	No. of Shares Held	% Shareholding
1.	Mr. Jatinder Singh	4620	12.83
2.	Mr. Jatinder Singh (HUF)	9825	27.28
3.	Mr. Harminder Singh	3100	8.61
4.	Mr. Ravinder Singh	2248	6.24
5.	Mrs. Charanjeet Kaur	8802	24.44
6.	Mr. Jai Bhagwan	995	2.76
7.	Mr. Jagdeep Singh	2165	6.01
8.	Mr. Saran Singh	10	0.03
9.	Mrs. Parveen Garg	100	0.28
10.	Mr. Daljeet Singh	3335	9.26
11.	Mr. Surinder Singh	100	0.28
12.	Mr. Dalbir Singh	10	0.03
13.	Mr. Puran Chand	5	0.01
14.	Ms. Mandeep Kaur	700	1.94
	Total	36015	100

FINANCIAL PERFORMANCE

Financial performance of the Company for the last three years is as under:

Particulars	(Rs. in Lacs)		
	March 31, 2006	March 31, 2005	March 31, 2004
Total Turnover	130.91	255.17	194.71
Profit After Tax	0.06	0.66	(12.34)
Equity Share Capital*	36.01	9.64	9.64
Reserves & Surplus (Excluding Revaluation Reserves)	82.21	5.27	1.83

Earning Per Share (Rs.)	0.16	6.82	(127.99)
Book Value Per Share (Rs.)	327.46	154.63	119.04

* Face Value of Equity Shares of Rs. 100/- each.

Jasmer Packers Private Limited is not listed on any stock exchange and has not made any public or rights issue in the preceding three years. Jasmer Packers Private Limited has not become a sick Company under the meaning of SICA and is not under winding up.

2. M/S SIRMAUR HOTELS PRIVATE LIMITED

The Company was originally incorporated on June 22, 1984 vide Registration No. 06-5870 with the Registrar of Companies , Punjab, H.P. & Chandigarh as Sirmur Hotels Private Limited. Thereafter the name of the Company was changed to Sirmaur Hotels Private Limited vide fresh certificate of Incorporation dated December 30, 1996. The Company is engaged in the business of Hotel since inception. The Hotel is under the business name "Black Mango Resort" and the registered office of the Company is situated at Nahan Road, Kala-Amb, District Sirmour, Himachal Pradesh.

BOARD OF DIRECTORS

The composition of Board of Directors of the Company as on the May 31, 2006 is as under:

S.No.	Name	Designation
1.	Mr. Jatinder Singh	Director
2.	Mr. Ravinder Singh	Director
3.	Mr. Deepan Garg	Director
4.	Mrs. Shashi Garg	Director

SHAREHOLDING PATTERN

The shareholding pattern of the Company as on May 31, 2006 is as follows:

S. No.	Name of the Shareholder	No. of Shares Held	% Shareholding
1.	Mr. Jatinder Singh	16650	21.76
2.	Mrs. Charanjeet Kaur	16990	22.21
3.	Mr. Daljeet Singh	500	0.65
4.	Mr. Jagdeep Singh	1500	1.96
5.	Mr. Surinder Singh	800	1.05
6.	Mr. Harminder Singh	900	1.18
7.	Mr. Ravinder Singh	100	0.13
8.	Mr. Umesh Chander Garg	23450	30.65
9.	Mrs. Shashi Garg	9260	12.11
10.	Mr. Deepan Garg	3000	3.92
11.	Mr. Lucky Garg	1000	1.31
12.	Mr. Atul Garg	1900	2.48
13.	Mr. Padam Singh	50	0.07
14.	Mr. Mehar Singh	100	0.13
15.	Mr. Mahender Singh	100	0.13
16.	Mr. Ram Chander	100	0.13
17.	Mr. Mam Chand	100	0.13
	Total	76500	100

FINANCIAL PEFORMANCE

Financial performance of the Company for the last three years is as under:

Particulars	(Rs. in Lacs)		
	March 31, 2006	March 31, 2005	March 31, 2004
Total Turnover	98.51	81.64	58.73
Profit After Tax	13.57	15.26	5.45
Equity Share Capital*	76.50	76.50	48.00
Reserves & Surplus (Excluding Revaluation Reserves)	24.82	11.24	4.39
Earning Per Share (Rs.)	17.74	19.95	11.35
Book Value Per Share (Rs.)	130.02	112.18	88.99

* Face Value of Equity Shares of Rs. 100/- each.

Sirmaur Hotels Private Limited is not listed on any stock exchange and has not made any public or rights issue in the preceding three years. Sirmaur Hotels Private Limited has not become a sick Company under the meaning of SICA and is not under winding up.

3. M/S RUCHIRA PACKAGING PRODUCTS PRIVATE LIMITED

Ruchira Packaging Products Private Limited was incorporated on June 22, 1999 vide Registration No. 06-21023 with the Registrar of Companies, Punjab, H. P. & Chandigarh under the name of Nusint Products Private Limited. Thereafter the name of the Company was changed to Ruchira Packaging Products Private Limited vide fresh certificate of Incorporation dated January 21, 2002 issued by the Registrar of Companies, Punjab, H.P. & Chandigarh. The Company is engaged in the business of manufacturing of paper core pipes & textile tubes. The works and the registered office of the Company are situated at Plot No. 11, Industrial Area, Kala-Amb, District Sirmour, Himachal Pradesh.

BOARD OF DIRECTORS

The composition of Board of Directors of the Company as on the May 31, 2006 is as under:

S.No.	Name	Designation
1.	Mr. Deepan Garg	Director
2.	Mr. Atul Garg	Director
3.	Mr. Lucky Garg	Director

SHAREHOLDING PATTERN

The shareholding pattern of the Company as on May 31, 2006 is as follows:

S.No.	Name of the Shareholder	No. of Shares Held	% Shareholding
1.	Mr. Deepan Garg	29700	17.04
2.	Mr. Atul Garg	30500	17.50
3.	Mr. Lucky Garg	10000	5.74
4.	Mrs. Shashi Garg	34600	19.85
5.	Mr. Umesh Chander Garg	10000	5.74
6.	Umesh Garg (HUF)	59500	34.13
	Total	174300	100

FINANCIAL PEFORMANCE

Financial performance of the Company for the last three years is as under:

Particulars	(Rs. in Lacs)		
	March 31, 2006	March 31, 2005	March 31, 2004
Total Turnover	557.86	596.18	434.03
Profit After Tax	40.24	51.12	39.64

Equity Share Capital*	17.43	17.43	17.43
Reserves & Surplus (Excluding Revaluation Reserves)	89.37	48.78	23.85
Earning Per Share (Rs.)	23.09	29.33	22.74
Book Value Per Share (Rs.)	61.11	37.73	23.32

* Face Value of Equity Shares of Rs. 10/- each.

Ruchira Packaging Products Private Limited is not listed on any stock exchange and has not made any public or rights issue in the preceding three years. Ruchira Packaging Products Private Limited has not become a sick Company under the meaning of SICA and is not under winding up.

4. M/S JASMER PACK (SOLE PROPRIETORSHIP)

Mrs. Charanjeet Kaur, w/o Mr. Jatinder Singh is the sole proprietor of the M/s Jasmer Pack. The firm was established on March 30, 1999. The firm is located at Plot No. 10, Industrial Area, Trilokpur Road, Kala-Amb, Himachal Pradesh. The firm is engaged in manufacturing of corrugated boxes.

FINANCIAL PERFORMANCE

Financial performance of the firm for the last three years is as under:

(Rs. in Lacs)			
Particulars	March 31, 2006	March 31, 2005	March 31, 2004
Total Turnover	759.46	470.16	342.27
Profit After Tax	72.51	48.63	24.80
Proprietor's Capital	307.50	132.32	104.44
Reserves & Surplus (Excluding Revaluation Reserves)	-	-	-
Earning Per Share (Rs.)	-	-	-
Book Value Per Share (Rs.)	-	-	-

Jasmer Pack is an unlisted entity and has not made any public or rights issue in the preceding three years. Jasmer Pack has not become a sick Company under the meaning of SICA and is not under winding up.

5. M/S RUCHIRA PRINTING & PACKAGING (PARTNERSHIP)

Ruchira Printing & Packaging is a partnership firm and was promoted by Mr. Deepan Garg, Mr. Atul Garg and Mr. Lucky Garg. It came into existence w.e.f. August 5, 2003. The firm is located at Industrial Area, Kala-Amb, Distt. Sirmour, Himachal Pradesh. The firm is engaged in manufacturing of printed mono cartoons, printed sheets etc.

PARTNERS AND THEIR SHAREHOLDING

Partners of the firm and their shareholding ratio as on May 31, 2006 are as under:

Name of Partner	Shareholding Ratio (%)
Mr. Deepan Garg	33
Mr. Atul Garg	33
Mr. Lucky Garg	34

FINANCIAL PERFORMANCE

Financial performance of the firm for the last three years is as under:

(Rs. in Lacs)			
Particulars	March 31, 2006	March 31, 2005	March 31, 2004
Total Turnover	373.95	69.21	#
Profit After Tax	19.17	0.64	#
Partners Capital	95.48	76.31	25.67

Reserves & Surplus (Excluding Revaluation Reserves)	-	-	-
Earning Per Share (Rs.)	-	-	-
Book Value Per Share (Rs.)	-	-	-

The firm was not operative till March 31, 2004.

Ruchira Printing & Packaging is an unlisted entity and has not made any public or rights issue in the preceding three years. Ruchira Printing & Packaging has not become a sick Company under the meaning of SICA and is not under winding up.

6. M/S RUCHIRA EXPORTS (PARTNERSHIP)

Ruchira Exports is a partnership firm and was promoted by Mr. Subhash Chander Garg, Mr. Umesh Chander Garg, Mr. Jatinder Singh, Mr. Deepan Garg, Mr. Atul Garg, Mrs. Parveen Garg, Mrs. Charanjeet Kaur, Mrs. Shashi Garg and Mrs. Ruchika G. Kumar. It came into existence w.e.f. April 08, 1995. The firm is located at 21-22, New Professors Colony, Yamuna Nagar, Haryana. The firm is engaged in the business of exporting kitchen appliances, utensils, crockeries etc.

PARTNERS AND THEIR SHAREHOLDING

Partners of the firm and their shareholding ratio as on May 31, 2006 are as under:

Name of Partner	Shareholding Ratio (%)
Mr. Subhash Chander Garg	14
Mr. Umesh Chander Garg	10
Mr. Jatinder Singh	18
Mr. Deepan Garg	8
Mr. Atul Garg	8
Mrs. Parveen Garg	10
Mrs. Charanjeet Kaur	15
Mrs. Shashi Garg	7
Mrs. Ruchika G. Kumar	10

FINANCIAL PERFORMANCE

Financial performance of the firm for the last three years is as under:

Particulars	(Rs. in Lacs)		
	March 31, 2006	March 31, 2005	March 31, 2004
Total Turnover	#	#	23.94
Profit After Tax	#	(0.03)#	3.01
Partners Capital	6.15	7.06	11.87
Reserves & Surplus (Excluding Revaluation Reserves)	-	-	-
Earning Per Share (Rs.)	-	-	-
Book Value Per Share (Rs.)	-	-	-

The firm did not carry any business during the period.

Ruchira Exports is an unlisted entity and has not made any public or rights issue in the preceding three years. Ruchira Exports has not become a sick Company under the meaning of SICA and is not under winding up.

7. M/S JASMER COLD STORAGE (PARTNERSHIP)

Jasmer Cold Storage is a partnership firm and was initially formed by Mrs. Harkirat Kaur, Mr. Jatinder Singh, Mrs. Davinderjit Kaur and Mr. Surinder Singh vide partnership deed dated June 8, 1991. The firm was dissolved on account of demise of Mrs. Harkirat Kaur on January 28, 1992. However, w.e.f. January 29, 1992, Mrs. Mandeep Kaur has joined hands with the remaining partners of the erstwhile firm. The firm was re-constituted and came into force w.e.f. April 4, 1992. The firm is located at Village Ban, District Kurukshetra, Haryana. The firm is engaged in the business of cold storage.

PARTNERS AND THEIR SHAREHOLDING

Partners of the firm and their shareholding ratio as on May 31, 2006 are as under:

Name of Partner	Shareholding Ratio (%)
Mr. Jatinder Singh	25
Mrs. Devinder Jeet Kaur	25
Mrs. Mandeep Kaur	25
Mr. Surinder Singh	25

FINANCIAL PERFORMANCE

Financial performance of the firm for the last three years is as under:

(Rs. in Lacs)			
Particulars	March 31, 2006	March 31, 2005	March 31, 2004
Total Turnover	7.00	7.49	7.35
Profit After Tax	0.05	0.05	0.05
Partners Capital	6.52	6.12	5.74
Reserves & Surplus (Excluding Revaluation Reserves)	-	-	-
Earning Per Share (Rs.)	-	-	-
Book Value Per Share (Rs.)	-	-	-

Jasmer Cold Storage is an unlisted entity and has not made any public or rights issue in the preceding three years. Jasmer Cold Storage has not become a sick Company under the meaning of SICA and is not under winding up.

COMPANIES WITH WHICH THE PROMOTER HAS DISASSOCIATED ITSELF IN THE LAST THREE YEARS

There is no Company with which the promoter(s) has disassociated themselves in the last three years.

COMMON PURSUITS

There are no common pursuits in the business of the Issuer Company and any other venture in which the Promoters are having interest.

RELATIONSHIP BETWEEN THE PROMOTERS, OTHER DIRECTORS AND KEY MANAGEMENT PERSONNEL

There exists no relation between the Promoters, Other Directors and Key Management Personnel, except the following:

S. No.	Name of Promoter	Relationship
1	Mr. Umesh Chander Garg	Younger Brother of Mr. Subhash Chander Garg Husband of Mrs. Shashi Garg Father of Mr. Atul Garg, Mr. Deepan Garg and Mr. Lucky Garg
2	Mr. Subhash Chander Garg	Elder Brother of Mr. Umesh Chander Garg Husband of Mrs. Parveen Garg Father of Ms. Radhika Garg, Ms. Shaloo Garg and Ms. Ruchika G. Kumar
3	Mr. Jatinder Singh	Husband of Mrs. Charanjeet Kaur Father of Mr. Jagdeep Singh and Mr. Daljeet Singh
4	Mrs. Shashi Garg	Wife of Mr. Umesh Chander Garg Mother of Mr. Atul Garg, Mr. Deepan Garg and Mr. Lucky Garg
5	Mrs. Parveen Garg	Wife of Mr. Subhash Chander Garg Mother of Ms. Radhika Garg, Ms. Shaloo Garg and Ms. Ruchika G. Kumar
6	Mrs. Charanjeet Kaur	Wife of Mr. Jatinder Singh Mother of Mr. Jagdeep Singh and Mr. Daljeet Singh

PAYMENT OR BENEFIT TO PROMOTERS OF OUR COMPANY

Except as stated in the Draft Red Herring Prospectus, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our promoters other than the normal remuneration for services rendered as Directors.

RELATED PARTY TRANSACTIONS

For details on related party transactions, please refer to the section titled “Financial Statements” beginning on page 141 of this Draft Red Herring Prospectus.

DIVIDEND POLICY

The declaration and payment of dividend will be recommended by our Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition.

FINANCIAL STATEMENTS

AUDITOR'S REPORT

To,
The Board of Directors
Ruchira Papers Limited
Trilokpur Road
Kala-Amb (H.P.)

We have examined and found correct the Audited Accounts of M/s Ruchira Papers Limited for the past five financial years ended on March 31st 2002, 2003, 2004, 2005 and 2006 being the last date up to which the accounts of the Company have been made up and audited by us. At the date of signing this report, we are not aware of any material adjustment, which would affect the result shown by these accounts drawn up in accordance with the requirements of Part II of Schedule II to the Companies Act, 1956.

In accordance with 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 (Disclosure and Investor Protection) Guidelines, 2000 (SEBI Guidelines) for the purpose of the Offering Memorandum as aforesaid, we report that:

- a. The restated profits of the Company for the financial years ended March 31st 2002, 2003, 2004, 2005 and 2006 are as set out in Annexure I to this report. These profits have been arrived at after charging all expenses including depreciation and after making such adjustment and regroupings as in our opinion are appropriate and more fully described in the Significant Accounting Policies and Notes on Account appearing in Annexure III and IV respectively to this report.
- b. The restated assets and liabilities of the Company as at March 31st 2002, 2003, 2004, 2005 and 2006 are as set out in Annexure II to this report after making such adjustments and regroupings as in our opinion are appropriate and more fully described in the Notes on Accounts appearing in Annexure IV to this report.
- c. We have examined the cash flow statement relating to the Company for the year ended March 31st 2002, 2003, 2004, 2005 and 2006 appearing in Annexure V to this report.
- d. The rates of dividends paid by the Company in respect of the financial years ended March 31st 2002, 2003, 2004, 2005 and 2006 are as shown in Annexure VI to this report.
- e. We have examined the following financial information relating to the Company and as approved by the Board of Directors for the purpose of inclusion in the Offer document:
 1. Performance Ratios as appearing in Annexure VII to this report
 2. Capitalization Statement as at March 31, 2006 as appearing in Annexure VIII to this report
 3. Statement of tax shelters as appearing in Annexure IX to this report
 4. Details of other income as appearing in Annexure X to this report
 5. Details of sundry debtors as appearing in Annexure XI to this report
 6. Details of loans and advances made to persons or Companies in whom/in which Directors are interested as appearing in Annexure XII to this report
 7. Details of unsecured loans as appearing in Annexure XIII to this report
 8. Details of secured loans as appearing in Annexure XIV to this report
 9. Details of transactions with related parties as appearing in Annexure XV to this report
 10. Details of aggregate value and market value of quoted investments as appearing in Annexure XVI to this report
 11. Details of expenditure incurred on the project as appearing in Annexure XVII to this report
 12. Details of qualifications appearing in the audit Report as given in Annexure XVIII to this report
 13. Details of changes in Significant Accounting Policies as given in Annexure XIX to this report

In our opinion the above financial information of the Company read with Significant Accounting Policies and Notes on Account attached in Annexure III & IV respectively to this report, after making adjustments and regroupings as considered appropriate has been prepared in accordance with paragraph B (1) Part II of Schedule II of the Act and the SEBI Guidelines.

This report is intended solely for your information and for inclusion in the Offer document in connection with the specific Public Offer of equity shares of the Company and is not to be used, referred to or distributed for any other purpose without our written consent.

For I. Chander Goel & Co.
Chartered Accountants

(I.C.Goel)
Partner
Membership No. 004631

Date: June 15, 2006
Place: Jagadhari

ANNEXURE – I

STATEMENT OF PROFIT & LOSS ACCOUNT, AS RESTATED

Rs. in Lacs

Particulars	For the year ended				
	31-Mar-06	31-Mar-05	31-Mar-04	31-Mar-03	31-Mar-02
INCOME					
SALES					
Of Products Manufactured by the Company	6261.23	4870.92	4450.03	3783.53	3393.74
Increase/ (Decrease) in stocks	3.21	(11.07)	(2.49)	16.72	9.77
Other Income	51.53	24.40	6.69	0.51	0.60
Total	6315.97	4884.25	4454.23	3800.76	3404.11
EXPENDITURE					
Material Consumed	3786.63	2892.97	2278.89	1899.93	1741.44
Manufacturing Expenses	1116.54	957.96	806.83	718.15	740.70
Personnel Expenses	456.82	361.13	320.94	282.53	273.14
Excise Duty	8.15	6.19	489.65	518.42	451.50
Misc. and Deferred Revenue Exp. W/Off	1.17	-	0.41	0.41	0.41
Total	5369.31	4218.25	3896.72	3419.44	3207.19
Profit before Interest, Depreciation and Tax	946.66	666.00	557.52	381.33	196.92
Depreciation	169.98	133.46	124.34	117.77	114.59
Profit before Interest and Tax	776.68	532.54	433.18	263.56	82.33
Interest & Finance Charges	154.56	118.43	176.56	181.39	187.31
Loss on sale of Fixed Assets	0.38	(0.46)	0.40	-	-
Net Profit Before Tax	621.74	414.57	256.22	82.17	(104.98)
Provision For Taxation:					
Current Tax	160.00	32.54	19.70	6.50	0.87
Deferred Tax	(3.96)	2.59	12.79	-	-
Net Profit After Tax	465.70	379.44	223.73	75.67	(105.85)
Income Tax Refund	-	6.54	0.04	-	-
Net profit after tax after adjusting prior period item before restatement	465.70	385.98	223.77	75.67	(105.85)
Adjustments					
Current Tax impact of Adjustments	-	6.54	0.04	(0.03)	-
Deferred Tax impact of Adjustments	-	110.98	79.21	328.98	-
Provision for leave Encashment	1.44	1.83	1.81	1.00	1.41
Net Profit after Tax as Restated	464.26	266.63	142.71	(254.29)	(107.26)
Profit and Loss Balance at the beginning of the year	626.51	359.88*	184.57	438.85	546.11
Balance Carried to Balance Sheet	1,090.77	626.51	327.28	184.57	438.85

* Investment Allowance Reserve amounting to Rs 32.59 Lacs has been added to Profit and Loss Account balance instead of being shown separately under the heading Reserves & Surplus. There is no impact on over all figures.

Notes:

- The Above statement should be read with the Notes on Adjustments to Restated Financial Statements, Significant accounting Policies and Notes to account as appearing in Annexure II A, III and IV.
- The Reconciliation between the audited and restated accumulated profit and Loss balance as at April 01, 2001 is given in Note No.4 of Annexure II A.

ANNEXURE II

STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

Rs. in Lacs

Particulars	As at				
	31-Mar-06	31-Mar-05	31-Mar-04	31-Mar-03	31-Mar-02
FIXED ASSETS					
Gross Block	4588.20	3815.65	3669.27	3517.83	3482.95
Less: Depreciation	1849.94	1645.65	1480.10	1326.21	1170.82
Net Block	2738.25	2170.00	2189.17	2191.62	2312.13
Less : Revaluation Reserve	133.72	134.63	171.82	209.80	247.89
Net Block after adjustment for Revaluation Reserve	2604.54	2035.37	2017.35	1981.82	2064.24
Capital Work in Progress	756.52	403.48	19.78	1.23	-
Total Fixed Assets (A)	3361.05	2438.85	2037.13	1983.05	2064.24
INVESTMENTS (B)	-	8.00	8.00	8.00	8.00
CURRENT ASSETS, LOANS AND ADVANCES					
Inventories	592.07	461.22	518.85	444.35	388.11
Sundry Debtors	811.44	682.60	907.45	746.28	740.32
Cash and bank Balance	12.57	64.27	9.98	4.82	10.24
Loans and Advance	163.82	241.65	78.80	83.67	72.95
Total (C)	1579.90	1449.74	1515.08	1279.12	1211.62
LIABILITIES AND PROVISIONS					
Secured Loans	1442.25	1164.83	1044.97	1040.61	1088.25
Unsecured Loans	-	-	8.00	-	-
Current Liabilities & Provisions	431.19	524.21	719.89	677.33	718.48
Deferred Tax liability	530.59	534.55	420.98	328.98	-
Total (D)	2404.03	2223.59	2193.84	2046.92	1806.73
Share Application Money	50.00	40.00	-	-	-
NET WORTH (A+B+C-D)	2486.92	1633.00	1366.37	1223.25	1477.13
REPRESENTED BY:					
Share Capital (E)	1003.05	806.50	806.50	806.50	806.50
Total Reserves and Surplus	1622.25	961.13	731.69	626.96	919.33
Less Revaluation Reserves	133.72	134.63	171.82	209.80	247.89
Net Reserve and Surplus (F)	1488.53	826.50	559.87	417.16	671.44
Miscellaneous Expenditure (G)	4.66	-	-	0.41	0.81
NET WORTH (E+F-G)	2486.92	1633.00	1366.37	1223.25	1477.13

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

ANNEXURE II A

NOTES ON ADJUSTMENTS FOR RESTATED FINANCIAL STATEMENTS

1. The Company adopted Accounting Standard 22 (AS-22) accounting for Taxes on Income, issued by the Institute of Chartered Accountants of India in preparing the financial statements for the year ended 31st March 2003 when it became mandatory. For the purpose of this statement, AS-22 has not been applied for the year ended March 31, 2002 as the same was not applicable in that year. Consequently, the deferred tax impact on account of timing difference has not been recognised in this statement for the year ended March 31, 2002.
2. Below mentioned is the summary of results of restatement made in the audited accounts for the respective years and its impact on the Profits /Losses of the company.

Particulars	For the year ended				
	31-Mar-06	31-Mar-05	31-Mar-04	31-Mar-03	31-Mar-02
Adjustments for					
Provision for Leave Encashment	1.44	1.83	1.81	1.00	1.41
Sub Total	1.44	1.83	1.81	1.00	1.41
Current Tax Impact	-	6.54	0.04	(0.03)	-
Deferred Tax	-	110.98	79.21	328.98	-
Sub Total	-	117.52	79.25	328.95	-
Total	1.44	119.35	81.06	329.95	1.41

3. Changes in Accounting Policies

- **Provision for leave encashment:**

During the year ended March 31, 2006 Liability in respect of leave encashment payable to employees has been provided for leave credit at the year end in compliance with AS-15 issued by the Institute of Chartered Accountants of India, which was earlier accounted for on cash basis. Accordingly, provision for leave encashment has been recomputed for the years ended March 31, 2002 to 2005 and consequently adjustments have been made in the expenses for leave encashment for all the years and the brought forward balance in Profit and Loss Account as on April 1, 2001.

4. Other Adjustments

- **Income tax refunds /provisions:**

The profit and loss account of some years include amounts paid/provided for or refunded/ written back, in respect of shortfall/excess income tax arising out of assessments, appeals etc, which has now been adjusted in the respective years. Also income tax (current tax and deferred tax) has been computed on adjustments made as detailed above and has been adjusted in the restated profits and losses for the year ended March 31, 2002,2003, 2004, 2005 and 2006.and the balance brought forward in Profit and Loss account as on April 1, 2001.

5. Profit and Loss Account as at April 1, 2001 (Restated)

	Rs. in Lacs
Profit and Loss Account As on April 1, 2001 (Audited)	545.99
Provision for Leave Encashment (See Note No. 3 above)	6.42
Current Tax Impact on Adjustments (See Note No. 4 above)	(6.54)
Profit and Loss Account As on April 1, 2001 (Restated)	546.11

ANNEXURE - III

Significant accounting policies and notes to accounts forming part of accounts as on 31st March 2006.

1. Scheme of Amalgamation in the nature of Merger.

The Scheme of Amalgamation in the nature of Merger under Section 391 and 394 of the Companies Act, 1956 between Ruchira Papers Limited (hereinafter referred to as "the Company") and Himachal Tissues Limited (HTL) for the merger of HTL with the Company with effect from the Appointed date i.e. 1st April, 2005 has been approved by the Hon'ble High Court of Himachal Pradesh at Shimla vide its order dated 27th January, 2006 and on filing the Orders of the Hon'ble Court with the Registrar of Companies on 21st March, 2006, the Scheme has become effective from 21st March, 2006. In terms of the said Scheme:-

- a. The Authorized Capital of HTL has been added to and from part of the authorized capital of the Company. Accordingly the Authorized Capital of the Company stand increased without payment of any fees or charges to the Registrar of Companies and /or to any other Government Authority.
- b. In consideration of transfer of assets and liabilities of HTL to the Company in terms of the Scheme, the Company, without any further application or deed issue or allotted 1 (one) equity share of the face value of Rs. 10 each in the Company, credited as fully paid up, to the members of HTL whose names appear in the Register of Members as on 22nd March, 2006 (record date), for every 2 (two) equity shares of Rs. 10 each held in HTL.
- c. Pursuant to the Scheme of Amalgamation in the nature of Merger, all the assets, liabilities, rights, licenses, benefits, obligations etc of HTL as mentioned in the scheme as on 1st April, 2005 stand transferred and vested to the Company.
- d. All the employees of the Transferor Company in service on the Effective Date has become the employees of the Transferee Company on and from such date without any break or interruption in service and upon terms and conditions not less favorable than those subsisting in the Transferor Company on the said date.
- e. The Scheme of Amalgamation has been accounted for under the Pooling of Interests Method as prescribed under the Accounting Standard-14 (AS-14) issued by the Institute of Chartered Accountants of India. Accordingly, assets, liabilities and reserves of each of the Transferor Company have been recorded in the Company's books at their existing carrying amounts and in the same form. The difference between the issued capital of the Transferor Company and the Transferee Company on amalgamation has been added to the General Reserve. The following accounting treatment has been given to post merger issued share capital of the Transferee:

Sl. No.	Particulars	Amount (Rs.)
i.	80,65,000 Equity Shares held by the members of the Transferee Company	8,06,50,000
ii.	19,65,500 Equity Shares allotted to the members of the Transferor Company, Himachal Tissues Ltd	1,96,55,000
	Total 1,00,30,500 Equity Shares of Rs. 10 each	10,03,05,000

- f. During the period between the appointed date and the effective date, HTL sold its investment consisting of 117900 shares of Ruchira Papers Limited to one of the directors of HTL at the rate of Rs. 20.40 per share being the value of RPL shares as given in the scheme of amalgamation.

2. Significant Accounting Policies

A. Basis for preparation of accounts

- i) The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention except for revaluation of fixed assets using accrual method of accounting in accordance with the generally accepted accounting principals.

- ii) Accounting policies not specifically referred to otherwise are consistent with generally accepted accounting principles followed by the Company.

B. Fixed Assets and depreciation

- i) Fixed Assets are stated at cost of acquisition or revalued amount less accumulated depreciation. Net increase in the fixed assets on account of revaluation is credited to the revaluation reserve account. All costs including financing cost till commencement of commercial production attributable to fixed assets are capitalized.
- ii) Depreciation on fixed assets other than vehicles and furniture is provided on straight line method at the rates and in the manner prescribed in schedule XIV of the Companies Act, 1956 . Depreciation on vehicles and furniture has been provided on written down value method.
- iii) The depreciation on plant and machinery and effluent treatment plant has been provided on the rates applicable to continuous process plant.
- iv) In case of revalued assets the difference between the depreciation based on revaluation and the depreciation charged on historical cost is recouped out of revaluation reserve for the year.
- v) No depreciation has been charged on Fixed Assets transferred from Himachal Tissue Limited on amalgamation as the same were not put to use during the year.

C. Misc. expenditure (to the extent not written off or adjusted)

Amalgamation expenses are written off over a period of five years in equal installments as per section 35 DD of Income Tax act, 1961.

D. Inventories

Inventories are valued as follows :

- i) Raw Materials, Stores & Spares and packing material are valued at cost.
- ii) Semi finished goods and goods in process are valued at cost including related overhead.
- iii) Finished goods are valued on cost valued at cost or market price whichever is lower.

E. Investments

Investments are stated at cost. Dividend income is accounted in the year in which it is received.

F. Revenue recognition

- i) Revenue is recognized to the extent that is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.
- ii) Sales are recognized when goods are supplied and the significant risks and rewards or ownership of the goods have passed to the buyer.

G. Employees Retirement Benefits

- i) Company's contribution to Provident Fund, Employee's Deposit Linked Insurance Scheme and Employees State Insurance Fund During the Year are charged to Profit & Loss Account.
- ii) Gratuity is charged to Profit & Loss Account on the basis of actuarial valuation
- iii) Leave Encashment is accounted for on Accrual Basis.

H. Research & Development

The revenue expenditure on research & development is expensed out under the relevant head of accounts in the year in which it is incurred. However, expenditure which results in creation of capital tangible assets, is treated in the same way as expenditure on other fixed assets.

I. Lease

In respect of operating lease, rentals and all other expenses are treated as revenue expenditure with reference to the term(s) of the lease(s)

J. Expenditure on Substantial Expansion

All capital expenditure on expansion is capitalized. In addition interest during construction period and other expenses directly relating to expansion are also capitalized.

K. Contingent Liabilities

Liabilities of a contingent nature are accounted for only on actual occurrence/final settlement of the liabilities.

L. Income Taxes

Tax expense comprises both current and deferred taxes. Deferred Income Taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of early years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are recognized on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realized against future taxable profits. Unrecognized deferred tax assets of earlier years are reassessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

M. Segment Report Policies

The company produces only Liner Kraft Paper and accordingly the entire business has been considered as one single segment. Total sales of the Company is in the Domestic Market which is exposed to same Risks & Returns, hence no different geographical segments has been identified.

ANNEXURE IV

NOTES ON ACCOUNTS

- A. The term loans from Financial Institutions, Finance Companies and Banks are secured by way of hypothecation/mortgage of block of assets of the Company and further secured by the personal guarantee of the Managing Director and the Whole Time Directors and term loan from Bank is further secured by the personal guarantee of the relatives of the Directors.
- B. The working capital limits against stocks from banks are secured against hypothecation of raw materials, semi finished goods, in process and finished goods, stores and spares of the Company and further secured by personal guarantees of the Managing Director and Whole Time Directors and their relatives.
- C. The working capital limits against book debts are secured against Debtors. The limits against Bills and Cheques are secured against hundies, cheques and bills raised. Both the limits are further secured by personal guarantees of the Managing Director and Whole Time Directors and their relatives.
- D. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances) Rs13.00 lakhs (rupees Thirteen Lacs only) previous year Rs 8.00 (rupees Eight Lacs only)

- E. Contingent liabilities not provided for in respect of letter of credit and guarantees outstanding Rs 23.00 lakhs (rupees Twenty three Lacs only)previous year Rs. 7.00 lakhs (rupees seven Lacs only).
- F. The balances appearing under the head sundry debtors/creditors, loans and advances are subject to reconciliation and confirmation.
- G. Remuneration paid to Directors during the year is Rs. 43,94,400/- (Previous year Rs. 34,40,400/-)
- H. The name of small scale industrial undertaking to whom the company owes a sum of exceeding Rs 100000/- which is outstanding more than 30 days is as under:
- Hira Foundry and Engineering Works Morinda Punjab.

I. Segment Information

a) Business Segment

The company produces only Liner Kraft Paper and accordingly the entire business has been considered as one single segment.

b) Geographical Segment

Total sales of the Company is in the Domestic Market which is exposed to same Risks & Returns, hence no different geographical segments has been identified.

J. Related Party Disclosures

i) **Names of Related Parties:**

Name of the Related Party	Relationship
Promoters/Key Managerial Personnel	
Sh. Umesh Chander Garg	Promoter & Managing Director
Sh. Subash Chansder Garg	Promoter & Whole Time Director
Sh . Jatinder Singh	Promoter & Whole Time Director
Sh J.N.Singh	Executive Director
Smt Shashi Garg	Promoter
Smt Parveen Garg	Promoter
Smt Charanjeet Kaur	Promoter
Subsidiary Company	
None	
Companies in which Directors are substantially interested	
Sirmaur Hotels (P) Ltd.	Sh Jatinder Singh is Director in the Company
Jasmer Packers (P) Ltd.	Sh Jatinder Singh is Director in the Company
Relative/ Enterprises of Relatives of Key Managerial Personnel	
Ruchira Packaging product (P) Ltd.	Promoted by Sh Deepan Garg, Sh Atul Garg & Sh Lucky Garg Son's of Sh Umesh Chander Garg
Jasmer Pack.	Smt Charanjit Kaur Proprietor of firm is wife of Sh Jatinder Singh.
Ruchira Printing & Packaging	Promoted by Sh Deepan Garg, Sh Atul Garg & Sh Lucky Garg Son's of Sh Umesh Chander Garg
Ruchira Exports	Sh Umesh Chander Garg,Sh Subash Chander Garg,Sh Jatinder Singh , Smt Shashi Garg,Smt Parveen Garg & Smt Charanjeet Kaur are partners in the Firm.

ii) Transactions with Related Parties

(Rs. in Lacs)

Particulars	Enterprises owned or significantly influenced by Key Management Personnel or their relatives	
	March 31, 2006	March 31, 2005
Transactions with Jasmer Pack		
Sale of Goods	497.13	308.69
Purchase of Raw Material	0.95	0.05
Transactions with Jasmer Packers Pvt. Limited		
Sale of Goods	-	12.07
Purchase of Raw Material	0.29	0.14
Transactions with Ruchira Packaging products Pvt. Limited		
Sale of Goods	164.58	195.53
Purchase of Packing Material	2.33	12.22
Transactions with Ruchira Printing & Packaging		
Sale of Goods	36.23	0.56
Purchase of Packing Material	21.41	-
Transactions with Sh Subhash Chander Garg		
Sale of Investment	40.08	-
Salary and Allowances	12.90	9.90
Transactions with Sh Umesh Chander Garg		
Salary and Allowances	12.90	9.90
Transactions with Sh Jatinder Singh		
Salary and Allowances	12.90	9.90
Transactions with Sh J.N.Singh		
Salary and Allowances	5.24	4.70
Balance outstanding as at the year end included in Sundry Debtors		
Jasmer Pack	55.50	39.96
Ruchira Packaging products Pvt. Limited	29.91	22.23
Ruchira Printing & Packaging	10.64	-

ii) During the year the Company has sold 4,00,000 shares of Himachal Tissue Limited held as investment to one of the directors of the Company @ Rs. 10.02 per Share being value of HTL shares as given in the scheme of amalgamation.

K. Particulars of Payments to Auditors

	Current Year	Previous Year
Audit Fees	Rs. 55,100/-	Rs. 46,284/-
Expenses	Rs. 12,460/-	Rs. 11,645/-

Information pursuant to the provision of paragraph 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956 is given hereunder for the year ended 31.03.2006.

A. Quantitative details of capacities, production, sales etc.

Class of Goods Manufactured : Liner Kraft Paper

Particulars	2005-2006		2004-2005	
	Qty. (M.T.)	Value (Rs.)	Qty.(M.T.)	Value (Rs.)
Licensed Capacity	N.A.	N.A.	N.A.	N.A.
Installed Capacity (TPA)	52800	-	37500	-

Opening Stock				
Finished Goods	533.85	7473914	617.24	8178456
Semi Finished Goods	505.00	6060000	550.00	6462500
Production	38218.27	-	32410.78	-
Sales	38270.75	626123409	32494.17	487092329
Closing Stock				
Finished Goods	480.38	6979952	533.85	7473914
Semi Finished Goods	550.00	6875000	505.00	6060000

B. Value of Imported and Indigenous raw material, consumable stores and spares consumed

S. No.	Particulars	2005-2006		2004-2005	
		Value	Percentage	Value	Percentage
(i)	Raw Materials				
	Indigenous	216907441	99.29%	135964559	97.51%
	Imported	1545825	0.71%	3461668	2.49%
	Total	218453266	100.00%	139426227	100.00%
(ii)	Chemicals				
	Indigenous	94234474	100.00%	97179357	100.00%
(iii)	Consumable Stores				
	Indigenous	13116461	100.00%	9943887	88.86%
	Imported	-	-	1246267	11.14%
	Total	13116461	100.00%	11190154	100.00%
(iv)	Spare Parts (Machinery Repairs and Replacements)				
	Indigenous	10284381	100.00%	8604654	100.00%

C. Value of Imports on C.I.F. Basis in respect of:

Raw Materials	2029003	2215892
Consumable Stores	-	793975

D. Expenditure incurred in Foreign Exchange on

S. No.	Particulars	2005-2006 (Rs.)	2004-2005 (Rs.)
(i)	Royalty, know-how, professional and consultation fee	Nil	Nil
(ii)	Interest and other matters	Nil	Nil
(iii)	Foreign Traveling	2,13,542	Nil
(iv)	Dividend	Nil	Nil

There are no non-resident shareholders, so the question of dividend in foreign exchange does not arise.

E. Earnings in Foreign Exchange on account of

S. No.	Particulars	2005-2006	2004-2005
(i)	Export of goods on FOB basis	Nil	Nil
(ii)	Royalty, known how, professional and consultation fee	Nil	Nil
(iii)	Interest and dividend etc.	Nil	Nil
(iv)	Other income including the nature thereof	Nil	Nil

ANNEXURE V

CASH FLOW STATEMENT

Rs in Lacs

	Year ended 31.3.2006	Year ended 31.3.2005	Year ended 31.3.2004	Year ended 31.3.2003	Year ended 31.3.2002
A) Cash Flow from Operating Activities					
Net Profit Before Tax	620.30	412.74	254.41	81.17	(106.39)
Adjustment for:					
Depreciation	169.98	133.46	124.34	117.77	114.59
Misc. Expenditure	1.17	-	0.41	0.41	0.41
Loss/(Profit) on sale of Fixed Assets	0.38	(0.46)	0.40	(0.02)	(0.49)
Profit on sale of Investment	(32.08)	-	-	-	-
Interest Income	(19.30)	(23.77)	-	-	-
Interest Expense	154.56	118.44	170.03	181.39	187.31
Operating Profit before working capital charges	895.01	640.41	549.58	380.70	195.43
Decrease/(increase) in Sundry Debtors	(128.83)	224.85	(161.17)	(5.96)	37.31
Decrease/(increase) in Inventories	(130.84)	57.62	(74.50)	(56.24)	3.18
Decrease/(increase) in Loans & advances	(33.18)	(138.51)	18.82	(3.19)	3.23
(Decrease)/increase in Sundry Creditors	(204.81)	(240.38)	30.31	(26.44)	47.17
(Decrease)/increase in Other Current Liabilities	(9.03)	46.44	3.75	(20.84)	16.40
Cash generated from Operations	388.32	590.43	366.80	268.03	302.72
Income Tax Paid(Net)	(46.93)	(44.00)	(20.47)	(7.50)	(1.10)
Net Cash from Operating Activities	341.39	546.42	346.34	260.53	301.62
B) Cash Flow from Investing Activities					
Purchase of Fixed Assets	(605.34)	(535.99)	(180.84)	(36.77)	(64.69)
Merger Expenses	(5.84)	-	-	-	-
Proceeds from sale of Fixed assets	4.00	1.27	2.04	0.22	5.40
Proceeds from sale of Investments	40.08	-	-	-	-
Interest Received	19.30	23.77	-	-	-
Net Cash from Investing Activities	(547.80)	(510.96)	(178.81)	(36.55)	(59.29)
C) Cash Flow from Financing Activities					
Proceeds from Share Application Money(Net)	10.00	40.00	-	-	-
Proceeds from Long Term Borrowings	230.76	451.74	14.42	15.85	19.01
Proceeds from Unsecured Loans	-	-	8.00	-	-
Repayment of Unsecured Loans	-	(8.00)	-	-	-
Repayments of Long Term Borrowing	(229.47)	(314.93)	(103.42)	(128.18)	(24.67)
Proceeds from Short Term Borrowings(Net)	276.13	(16.96)	93.36	64.68	(75.68)
Interest Paid	(156.88)	(133.03)	(174.73)	(181.76)	(188.68)
Net Cash used in Financing activities	130.54	18.83	(162.36)	(229.41)	(270.03)
Net Increase in Cash & Cash equivalents (A+B+C)	(75.87)	54.29	5.16	(5.43)	(27.69)
Cash & Cash equivalents at beginning of the period	64.27	9.98	4.82	10.24	37.94
Cash & Cash equivalents transferred under the scheme of Amalgamation	24.17	-	-	-	-
Cash & Cash equivalents at end of the period	12.57	64.27	9.98	4.81	10.25

ANNEXURE VI**STATEMENT OF DIVIDEND PAID****Rs in Lacs**

Particulars	For the year ended				
	31-Mar-06	31-Mar-05	31-Mar-04	31-Mar-03	31-Mar-02
On Equity share capital					
Paid up share capital	1003.05	806.50	806.50	806.50	806.50
Face value (Rs.)	10	10	10	10	10
Rate of Dividend %	Nil	Nil	Nil	Nil	Nil
Amount of Dividend	N.A	N.A	N.A	N.A	N.A
Corporate Dividend tax	N.A	N.A	N.A	N.A	N.A

ANNEXURE VII**PERFORMANCE RATIOS**

Particulars	For the year ended				
	31-Mar-06	31-Mar-05	31-Mar-04	31-Mar-03	31-Mar-02
Earnings per share (Rs.)	4.63	3.31	1.77	Nil	Nil
Return On Net Worth* (%)	18.67	16.33	10.44	Nil	Nil
Net Asset Value/Book value Per share (Rs.)	24.79	20.25	16.94	15.17	18.32

- Earnings per share (Rs.) = Profit available to equity shareholders/No. of equity shares
- Return on Net worth (%) = Profit after taxation/Net worth * 100
- Net asset value/Book value per share (Rs.) = Net worth /No. of equity shares

ANNEXURE VIII**CAPITALIZATION STATEMENT****Rs in Lacs**

Particulars	Pre Issue			Post Issue
	31-Mar-06	31-Mar-05	31-Mar-04	
Total Debt:	1442.25	1164.83	1044.97	10799.80
Short Term Debt	765.72	489.59	506.55	980.50
Long Term Debt	676.53	675.24	538.42	9819.30
Shareholders Funds:				
Share Capital	1003.05	806.50	806.50	[.]
Reserves & surplus(Net of revaluation Reserve)	1488.53	826.50	559.87	[.]
Less: Misc. expenditure	4.66	-	-	
Total Shareholders Funds	2486.92	1633.00	1366.37	[.]
Long Term Debt/ Shareholders funds	0.27	0.41	0.39	[.]

Note: Post Issue figures are estimated and given by the Management.

ANNEXURE IX

STATEMENT OF TAX SHELTER

Rs in Lacs

Particulars	For the year ended				
	31-Mar-06	31-Mar-05	31-Mar-04	31-Mar-03	31-Mar-02
Profit before current and deferred taxes (A)	621.74	414.57	256.22	82.17	(104.98)
Tax rate, % (E)	33.66	36.5925	35.875	36.75	35.70
Tax impact	209.28	151.70	91.92	30.20	Nil
Adjustments					
Permanent differences	-	-	-	-	-
Other adjustments	-	-	-	-	-
Total (B)					
Temporary differences					
Difference between book depreciation and tax depreciation	153.07	16.15	35.42	51.07	
Other adjustments	(0.37)	309.5	220.8	31.1	
Total (C)	152.70	325.65	256.22	82.17	
Net Adjustment (B+C)	152.70	325.65	256.22	82.17	
Tax saving thereon	51.40	119.16	91.92	30.20	
Net tax payable as per income tax returns (D=A-B-C)	157.88	32.54	19.70	6.47	Nil
			MAT	MAT	

ANNEXURE X

DETAILS OF OTHER INCOME

Rs in Lacs

Particulars	For the year ended				
	31-Mar-06	31-Mar-05	31-Mar-04	31-Mar-03	31-Mar-02
Income from Interest	19.30	23.76	6.53	0.00	0.00
Miscellaneous income	32.22	0.64	0.16	0.51	0.60
Total	51.52	24.40	6.69	0.51	0.60

ANNEXURE XI**SUNDRY DEBTORS**

Particulars	As at					Rs in Lacs
	31-Mar-06	31-Mar-05	31-Mar-04	31-Mar-03	31-Mar-02	
Debtors outstanding for a period exceeding six months	155.65	144.77	283.82	175.96	204.33	
Others	655.79	537.83	623.63	570.32	535.99	
Total	811.44	682.60	907.45	746.28	740.32	

ANNEXURE XII**LOANS & ADVANCES**

There are no loans to Companies in which Directors are interested as on date.

ANNEXURE XIII**UNSECURED LOANS**

Particulars	As at					Rs in Lacs
	31-Mar-06	31-Mar-05	31-Mar-04	31-Mar-03	31-Mar-02	
From bodies corporate	-	-	-	-	-	
From Directors	-	-	8.00	-	-	
Total	-	-	8.00	-	-	

ANNEXURE XIV**SECURED LOANS**

Particulars	As at					Rs in Lacs
	31-Mar-06	31-Mar-05	31-Mar-04	31-Mar-03	31-Mar-02	
Term loan	676.53	675.24	538.42	627.42	739.75	
Working Capital Loan	765.72	489.59	506.55	413.19	348.51	
Total	1442.25	1164.83	1044.97	1040.61	1088.26	

PRINCIPAL TERMS OF SANCTIONED LOANS AND ASSETS CHARGED AS SECURITY

A breakup of salient terms of loans as on May 31, 2006 is as below:

Lender	Loan Documentation	Loan Amount	Amount Outstanding As on 31.05.2006	Interest Rate	Repayment Schedule	Security Created
The IFCI Ltd, 1-C sector 27-A, Chandigarh	Term loan agreement dated March 17, 1997. Deed of hypothecation dated March 17, 1997. Deed of guarantee dated March 17, 1997.	Rs. 650.00 Lacs	Rs. 36.52 Lacs	12.50 % on the amount outstanding from time to time.	Quarterly Installments of Rs. 36.52 lakhs each. The last installment being due on 15.07.2006#	First pari passu charge on the block assets of the Company. 2 nd Charge on the current assets of the Company which are also charged to working capital lenders on first pari passu charge basis. Personal Guarantees of: Sh S.C.Garg Sh U.C.Garg Sh Jatinder Singh
Central Bank of India, The Mall, Nahan	Loan- Cum-Hypothecation agreement (Machinery) dated July 31, 2004. Deed of guarantee dated July 31, 2004.	Rs. 450.00 Lacs	Rs. 382.48 Lacs	BPLR +0.50% on the amount outstanding from time to time.	20 quarterly installments of Rs. 22.50 Lacs starting from Sep., 2005.	First pari passu charge on the block assets of the Company. 2 nd Charge on the current assets of the Company which are also charged to working capital lenders on first pari passu charge basis. Personal Guarantees of: Sh S.C.Garg Sh U.C.Garg Sh Jatinder Singh Smt. Parveen Garg Smt Shashi Garg Smt Charanjit Kaur
Himachal Pradesh State Industrial Development Corporation Ltd., New Himrus Building, Hotel Himland,	Term loan agreement dated April 7, 2005. Agreement of hypothecation dated April 7, 2005. Deed of guarantee dated April 7,	Rs. 185.00 Lacs	Rs. 185.00 Lacs	9.75% i.e. (10.25 - 0.50% special incentive for payment on time) on the amount outstanding from time to time.	4 quarterly installments of Rs. 7.50 Lacs each and thereafter 20 quarterly installments of Rs. 7.75 Lacs each starting from March, 2007	First pari passu charge on the block assets of the Company. 2 nd Charge on the current assets of the Company which are also charged to working capital lenders on first pari passu charge basis.

Shimla	2005.					Personal Guarantees of: Sh S.C.Garg Sh U.C.Garg Sh Jatinder Singh
Central Bank of India, The Mall, Nahan	Working Capital Consortium Agreement dated March 10, 2006. Joint deed of hypothecation dated March 10, 2006. Hypothecation of current assets dated March 10, 2006. Deed of guarantees dated March 10, 2006.	Fund based Working Capital Limit (Rs 520.00 Lacs) 2. C/C Rs. 190.00 Lacs 2. Book Debts Rs. 200.00 Lacs 3. L/C Disc. Rs. 100.00 Lacs 4. Cheques/ bill Disc. Rs. 30.00 Lacs Non-Fund Based Working Capital Limit Bank (Rs 75.00 Lacs) 1. BG Rs. 50.00 Lacs 2. Foreign LC Rs. 25.00 Lacs	Rs. 372.74 Lacs	A. BPLR for C/C Limit B. BPLR +0.5% for Book Debts	-	First pari passu charge the current assets of the Company. 2 nd Charge on the block Assets of the Company which are also charged to Term Loan Lenders on first pari passu charge basis. Personal Guarantees of: Sh S.C.Garg Sh U.C.Garg Sh Jatinder Singh Smt. Parveen Garg Smt Shashi Garg Smt Charanjit Kaur
Punjab National Bank, Sector-17 B, Chandigarh	Working Capital Consortium Agreement dated March 10, 2006. Joint deed of hypothecation dated March 10, 2006. Hypothecation of	Fund Based Working Capital Limit (Rs 390.00 Lacs) 2. C/C Rs. 190.00 Lacs 2. Book	Rs. 443.18 Lacs	BPLR+0.25%	-	First pari passu charge on the current assets of the Company alongwith other members of consortium. 2 nd pari passu charge on block of assets of the Company alongwith other members of

	current assets dated March 10, 2006. Deed of guarantees dated March 10, 2006.	Debts Rs. 200.00 Lacs				consortium. Personal Guarantees of: Sh S.C.Garg Sh U.C.Garg Sh Jatinder Singh Smt. Parveen Garg Smt Shashi Garg Smt Charanjit Kaur
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Initial repayment schedule included quarterly installment of Rs. 29.30 Lacs which was revised to Rs. 39.00 Lacs with effect from April 15, 2002 as per letter of refixation dated September 26, 2000. The installment was again revised to Rs. 36.52 Lacs with effect from October 15, 2002 as per restructuring letter dated March 26, 2002.

ANNEXURE XV

Related Party Transactions:

I) List of Related Parties

Name of the Related Party	Relationship
Promoters/Key Managerial Personnel	
Sh. Umesh Chander Garg	Promoter & Managing Director
Sh. Subash Chander Garg	Promoter & Whole Time Director
Sh . Jatinder Singh	Promoter & Whole Time Director
Sh J.N.Singh	Executive Director
Smt Shashi Garg	Promoter
Smt Parveen Garg	Promoter
Smt Charanjeet Kaur	Promoter
Subsidiary Company	
None	
Companies /Firms in which Directors are substantially interested	
Sirmaur Hotels (P) Ltd.	Sh Jatinder Singh is Director in the Company
Jasmer Packers (P) Ltd.	Sh Jatinder Singh is Director in the Company
Jasmer Cold Storage	Mr. Jatinder Singh is one of the partner in the firm.
Enterprises of Promoters/ Key managerial Personnel/ Relatives of Key Managerial Personnel	
Ruchira Packaging product (P) Ltd.	Promoted by Sh Deepan Garg, Sh Atul Garg & Sh Lucky Garg Son's of Sh Umesh Chander Garg
Jasmer Pack.	Smt Charanjit Kaur Proprietor of firm is wife of Sh Jatinder Singh.
Ruchira Printing & Packaging	Promoted by Sh Deepan Garg, Sh Atul Garg & Sh Lucky Garg Son's of Sh Umesh Chander Garg
Ruchira Exports	Sh Umesh Chander Garg, Sh Subash Chander Garg, Sh Jatinder Singh , Smt Shashi Garg, Smt Parveen Garg & Smt Charanjeet Kaur are partners in the Firm.

II) Transaction with Related Parties

Rs in Lacs

Name of related party	Nature of Transaction	For the year ended				
		31-Mar-06	31-Mar-05	31-Mar-04	31-Mar-03	31-Mar-02
Jasmer Packers (P) Ltd.	Sale of Kraft Paper	-	12.07	58.46	156.50	121.51
Jasmer Packers (P) Ltd.	Purchase of waste PAPER	0.29	0.14	0.60	-	-
Jasmer Pack	Sale of Kraft Paper	497.13	308.69	236.54	115.29	26.80
Jasmer Pack	Purchase of waste PAPER	0.95	0.05	0.05	0.24	-
Ruchira Packaging Products (P) Ltd.	Sale of Kraft Paper	164.58	195.53	116.71	37.14	-
Ruchira Packaging Products (P) Ltd.	Purchase of Packing Mat.	2.33	12.22	12.80	10.10	-
Ruchira Printing &Packaging	Sale of Kraft Paper	36.23	0.56	-	-	-
Ruchira Printing &Packaging	Purchase of Packing Mat.	21.41	-	-	-	-
Ruchira Exports	Rent Recd & T. A. Bill	-	-	0.12	0.92	-
Sh. Subhash Chander Garg	Sale of Investments	40.08	-	-	-	-
	Salary & Allowances	12.90	9.90	7.20	7.20	7.20
Sh Umesh Chander Garg	Salary & Allowances	12.90	9.90	7.20	7.20	7.20
Sh Jatinder Singh	Salary & Allowances	12.90	9.90	7.20	7.20	7.20
Sh J.N.Singh	Salary & Allowances	5.24	4.70	3.74	3.54	3.30

ANNEXURE XVI**INVESTMENTS****LONG TERM INVESTMENTS**

For the year ended	Rs. in Lacs				
	31-Mar-06	31-Mar-05	31-Mar-04	31-Mar-03	31-Mar-02
Trade (Quoted)	0.00	0.00	0.00	0.00	0.00
Trade (Unquoted)	0.00	8.00	8.00	8.00	8.00
In subsidiary company (unquoted)	0.00	0.00	0.00	0.00	0.00
Total	0.00	8.00	8.00	8.00	8.00

ANNEXURE – XVII

The Company had incurred expenditure on the Proposed Project up to 31.05.2006 as depicted below. The same has been certified by M/S I. Chander Goel & Co, Chartered accountants vide their certificate dated 15.06.2006.

Deployment of Funds	Rs in Lacs
Land & Site Development (Including advance for land)	617.78
Building (including advances)	166.81
Plant, equipment and machinery(Including advances)	311.69
Miscellaneous Fixed assets	42.55
Pre-operative expenses	52.72
Total	1191.55
Sources of Funds	
Equity, Cash & Cash Equivalents pursuant to merger of HTL with the Company	400.00
Internal Accruals	672.45
Share Application Money	119.10
Total	1191.55

ANNEXURE – XVII

There have been no qualifications in the Audit report for the preceding five years except for the year ended 31st March 2006 regarding change in method of accounting for leave encashment from cash basis to accrual basis due to which the profit for the year lower by Rs 1392266/-.

ANNEXURE – XIX

CHANGES IN THE SIGNIFICANT ACCOUNTING POLICIES

There have been no changes in accounting policies during the preceding five years except during the year ended March 31, 2006 Liability in respect of leave encashment payable to employees has been provided for leave credit at the year end in compliance with AS-15 issued by the Institute of Chartered Accountants of India, which was earlier accounted for on cash basis.

**For I. Chander Goel & Co.
Chartered Accountants**

**(I. C. Goel)
Partner
Membership No.004631**

**Date: 15 .06.2006
Place: Jagadhari**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our audited restated financial statements for the fiscal years ended March 31, 2002, 2003 and 2004, 2005 and 2006 including the significant accounting policies and notes thereto and reports thereon which appear elsewhere in this Red Herring Prospectus. These financial statements have been prepared in accordance with Indian GAAP, the Companies Act and as required under the SEBI Guidelines.

Unless indicated otherwise, the financial data in this section is derived from our Restated unconsolidated financial statements prepared in accordance with Indian GAAP and included in this Draft Red Herring Prospectus. Our fiscal year ends on March 31 of each year. All references to a particular fiscal year are therefore to the 12-month ending March 31 of that year. You should also read the section titled "Risk Factors" beginning on page 10 of this Draft Red Herring Prospectus which discusses numerous factors and contingencies that could impact our company's financial condition and results of operations.

OVERVIEW OF THE BUSINESS OF THE COMPANY

Ruchira Papers Limited was incorporated as a Public Limited Company with the Registrar of Companies, Punjab, H.P. and Chandigarh at Jalandhar vide Certificate of Incorporation No. 4336 dated December 8, 1980. The Company obtained Certificate of Commencement of Business on July 23, 1981 from ROC Jalandhar. The Company has its registered office at Trilokpur Road, Kala-Amb, District Sirmaur (H.P.) 173 030 and Administrative office at 21-22, New Professor Colony, Yamuna Nagar (Haryana) 135 001.

The Company was initially promoted by Shri Subhash Chander Garg, Shri Jatinder Singh and Shri Umesh Chander Garg. The present promoters of the Company include Mrs Shashi Garg, Mrs Parveen Garg and Mrs Charanjeet Garg besides the initial promoters. The promoters have been in the business of paper manufacturing for over two decades.

The factory is located at Village Kala-Amb of District Sirmaur in Himachal Pradesh. The Company commenced its operations with 2,310 TPA Capacity as Agro Waste Paper Mill for manufacturing of Kraft Paper. The Unit was set up with a Capital outlay of Rs. 87.86 Lacs and was financed by Himachal Pradesh State Industrial Development Corporation Limited (HPSIDC), Himachal Pradesh Financial Corporation (HPFC) and Central Bank of India (CBI). The Project was implemented and commissioned on time and the commercial Production commenced on August 14th 1983. Over the Years, the Company has undertaken several phases of expansion and the Production Capacity since then has increased from 2,310 TPA to 52,800 TPA. We derive our main income from sale of Products manufactured by the Company.

SIGNIFICANT ACCOUNTING POLICIES

A. Basis for preparation of accounts

- i) The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention except for revaluation of fixed assets using accrual method of accounting in accordance with the generally accepted accounting principals.
- ii) Accounting policies not specifically referred to otherwise are consistent with generally accepted accounting principles followed by the Company.

B. Fixed Assets and depreciation

- i) Fixed Assets are stated at cost of acquisition or revalued amount less accumulated depreciation. Net increase in the fixed assets on account of revaluation is credited to the revaluation reserve account. All costs including financing cost till commencement of commercial production attributable to fixed assets are capitalized.
- ii) Depreciation on fixed assets other than vehicles and furniture is provided on straight line method at the rates and in the manner prescribed in schedule XIV of the Companies Act, 1956. Depreciation on vehicles and furniture has been provided on written down value method.

- iii) The depreciation on plant and machinery and effluent treatment plant has been provided on the rates applicable to continuous process plant.
- iv) In case of revalued assets the difference between the deprecation based on revaluation and the deprecation charged on historical cost is recouped out of revaluation reserve for the year.
- v) No depreciation has been charged on Fixed Assets transferred from Himachal Tissue Limited on amalgamation as the same were not put to use during the year.

C. Misc. expenditure (to the extent not written off or adjusted)

Amalgamation expenses are written off over a period of five years in equal installments as per section 35 DD of Income Tax act, 1961.

D. Inventories

Inventories are valued as follows:

- i) Raw Materials, Stores & Spares and packing material are valued at cost.
- ii) Semi finished goods and goods in process are valued at cost including related overhead.
- iii) Finished goods are valued on cost valued at cost or market price whichever is lower.

E. Investments

Investments are stated at cost. Dividend income is accounted in the year in which it is received.

F. Revenue recognition

- i) Revenue is recognized to the extent that is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.
- ii) Sales are recognized when goods are supplied and the significant risks and rewards or ownership of the goods have passed to the buyer.

G. Employees Retirement Benefits

- i) Company's contribution to Provident Fund, Employee's Deposit Linked Insurance Scheme and Employees State Insurance Fund During the Year are charged to Profit & Loss Account.
- ii) Gratuity is charged to Profit & Loss Account on the basis of actuarial valuation
- iii) Leave Encashment is accounted for on Accrual Basis.

H. Research & Development

The revenue expenditure on research & development is expensed out under the relevant head of accounts in the year in which it is incurred. However, expenditure which results in creation of capital tangible assets, is treated in the same way as expenditure on other fixed assets.

I. Lease

In respect of operating lease, rentals and all other expenses are treated as revenue expenditure with reference to the term(s) of the lease(s)

J. Expenditure on Substantial Expansion

All capital expenditure on expansion is capitalized. In addition interest during construction period and other expenses directly relating to expansion are also capitalized.

K. Contingent Liabilities

Liabilities of a contingent nature are accounted for only on actual occurrence/final settlement of the liabilities.

L. Income Taxes

Tax expense comprises both current and deferred taxes. Deferred Income Taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of early years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are recognized on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realized against future taxable profits. Unrecognized deferred tax assets of earlier years are reassessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

M. Segment Report Policies

The company produces only Liner Kraft Paper and accordingly the entire business has been considered as one single segment. Total sales of the Company is in the Domestic Market which is exposed to same Risks & Returns, hence no different geographical segments has been identified.

SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO THE LAST FINANCIAL YEAR:-

The Directors of the company confirm that in their opinion, no circumstances have arisen since the date of the last financial statements as disclosed in the draft prospectus and which materially and adversely affect the profitability of the company, or the value of its assets or its ability to pay its liabilities within the next twelve months.

FACTORS THAT MAY AFFECT RESULTS OF OPERATIONS:-

Except as otherwise stated in this draft prospectus and the following important factors could cause actual results to differ materially from the expectations,

Input cost of the raw materials
Availability of raw materials
Change in domestic duties and taxes.
Increases in labour costs and allied costs
Change in Government Policies
Change in fiscal, economic or political conditions in India
Change in Import duties.
Rupee depreciation vis-a-vis major international currencies.

RESULT OF OPERATIONS

CASH FLOW:-

The table below summaries the cash flow for the year ended 31st March 2006, 2005 & 2004

	31.03.2006	31.03.2005	31.03.2004
A) Cash Flow from Operating Activities	341.39	546.42	346.33
B) Cash Flow from Investing Activities	(547.80)	(510.96)	(178.81)
C) Cash Flow from Financing Activities	130.54	18.83	(162.36)
Net Increase in Cash & Cash equivalents (A+B+C)	(75.87)	54.29	5.16

For Complete Cash Flow Statement please refer to page 152 of this Draft Red Herring Prospectus

EXPENSES

Our expenses consist of the cost of raw material consumed, manufacturing expenses, depreciation, administrative, selling and distribution expenses, interest and financial charges. The following table shows our various expenses for fiscal years 2006, 2005, 2004 & 2003 and shows those expenses as a percentage of total expenses:

Rs. in Lacs								
Particulars	For the Year Ended							
	31-Mar-06		31-Mar-05		31-Mar-04		31-Mar-03	
	Amount	%	Amount	%	Amount	%	Amount	%
Material Consumed	3786.63	66.60	2892.97	64.81	2278.89	61.46	1899.93	59.37
Manufacturing Expenses	1116.54	19.64	957.96	21.46	806.83	21.76	718.15	22.44
Administrative, Selling & Distribution Expenses	456.82	8.03	361.13	8.09	320.94	8.66	282.53	8.83
Depreciation	169.98	2.99	133.46	2.99	124.34	3.35	117.77	3.68
Interest & Finance Charges	154.56	2.72	118.43	2.65	176.56	4.76	181.39	5.67
Miscl and Deferred Revenue Exp. W/Off	1.17	0.02	-	-	0.41	0.01	0.41	0.01
Total	5685.71	100.00	4463.95	100.00	3707.97	100.00	3200.18	100.00

The following table shows our various expenses for fiscal years 2003 through 2006 shows those expenses as a percentage of Net sales:

Rs. in Lacs								
Particulars	For the Year Ended							
	31-Mar-06		31-Mar-05		31-Mar-04		31-Mar-03	
	Amount	%	Amount	%	Amount	%	Amount	%
Raw Material Consumed	3786.63	60.56	2892.97	59.47	2278.89	57.54	1899.93	58.19
Manufacturing Expenses	1116.54	17.86	957.96	19.69	806.83	20.37	718.15	21.99
Administrative & Selling Expenses	456.82	7.31	361.13	7.42	320.94	8.10	282.53	8.65
Depreciation	169.98	2.72	133.46	2.74	124.34	3.14	117.77	3.61
Interest & Finance Charges	154.56	2.47	118.43	2.43	176.56	4.46	181.39	5.56
Miscl and Deferred Revenue Exp. W/Off	1.17	0.02	-	-	0.41	0.01	0.41	0.01
Increase / Decrease in Stock	(3.21)	(0.05)	11.07	0.23	2.49	0.06	(16.72)	(0.51)
Net profit / Loss on Sale of Investment or Fixed Assets	0.38	0.01	(0.46)	(0.01)	0.40	0.01	-	-
Other Income	(51.53)	(0.82)	(24.40)	(0.50)	(6.69)	(0.17)	(0.51)	(0.02)
Total Expenses(Net of Stock and Other income)	5631.35	90.06	4450.16	91.48	3704.17	93.53	3182.95	97.48
Margin	621.74	9.94	414.57	8.52	256.22	6.47	82.17	2.52
Gross Sales	6261.23	-	4870.92	-	4450.03	-	3783.53	-
Excise Duty	8.15	-	6.19	-	489.65	-	518.42	-
Net Sales	6253.08	100.00	4864.73	100.00	3960.38	100.00	3265.11	100.00

SALES

The Company has increased its installed capacity from 26400 TPA to 52800 TPA in Phases in last Three years which resulted in increase in sales. During fiscal year 2003 the company has recorded net sales of Rs 3265.11 Lacs which increased to 6253.08 Lacs during fiscal year 2006 registering an increase of 91.51% from fiscal year 2003 to fiscal year 2006.

MARGINS

Although increased Raw material cost, Interest and finance cost put downward pressure on our margins, the cumulative effect of decreases in manufacturing costs, administrative, selling & distribution expenses and Depreciation more than offset the effects of the increased Raw material cost and Interest and finance cost and resulted in an increase in our profit margins. Our margins have increased from 2.52% in fiscal 2003 to approximately 9.94% in fiscal year 2006.

RAW MATERIAL CONSUMED

Raw materials as a percentage of total expenses is increased in fiscal year 2006 in comparison of fiscal year 2003 by 2.37 %. Our main raw material are agriculture residue i.e. Wheat straw, Sarkanda & Bagasse and in addition we use jute waste & waste paper as raw material. Rice Husk/ paddy husk is used as fuel for boiler. These raw materials except bagasse are mostly purchased directly from farmers and agriculture residue suppliers and prices are always negotiable as per the Demand and supply of the raw materials. Bagasse is purchased directly from the sugar mills in the vicinity of 100 KM. Our increased production, resulting from increased capacity, has strengthened our negotiating position with our suppliers and has enabled us to get better raw materials on most competitive rates and other favorable terms. Wastage in production has also decreased due to increased automation such as installation of auto guide rope carrier system.

MANUFACTURING EXPENSES

The manufacturing expenses consists of Power, Machinery Repairs & consumable stores & spares and direct wages. Manufacturing expenses form the second largest component of total expenses (19.64% for the year ended March 31, 2006). These expense items account for 61.58%, 20.96% and 16.83% respectively of manufacturing expenses in fiscal 2006. Manufacturing expenses also include Sheet cutting charges and ash clearing charges. Manufacturing expenses as a percentage of total expenses have declined due to the economies of scale that we have achieved through increased capacities. This is due to the fact that, once production reaches a certain minimum level, the power and labour requirement necessary to produce additional output do not increase proportionately with increases in output. Therefore, the cost per unit of output declines as capacity increases. With further increases in our capacities and higher capacity utilization, we expect manufacturing expenses as a proportion of total expenses to decrease further.

DEPRECIATION

Our depreciation expense when expressed as a percentage of expenses for fiscal 2005 and Fiscal 2006 remains constant on 2.99% however in terms of amount, the depreciation has increased to 169.98 Lacs during fiscal year 2006 in compare to 133.46 Lacs for the fiscal year 2005. This increase in depreciation was on account of additions made by the company in fixed assets during fiscal year 2006 to increase the installed capacity from 37500 TPA to 52800 TPA.

ADMINISTRATIVE ,SELLING AND DISTRIBUTION EXPENSES

Administrative Selling and distribution expenses consists of salaries and allowances, managerial remunerations, staff welfare and contribution to employee Gratuity Trust schemes, Sales promotion expenses and commissions & Quantity discounts paid to our sales agents and representatives, transportation costs. Packaging material costs are also part of these expenses. Salaries and allowances accounted for 20.40%, commissions& Quantity discounts accounted for 26.33%, Packaging material costs accounted for 22.93% of administrative, selling and distribution expenses in fiscal 2006. Administrative, selling & distribution expenses have decreased from 8.09% to 8.03% as percentage of total expense from fiscal year 2005 to fiscal year 2006. Administrative, Selling and distribution expenses account for 7.31% of total net sales during fiscal year 2006 and have shown a decrease in comparison with the fiscal Year 2005 due to effective cost management and economies of scale.

INTEREST AND FINANCE CHARGES

Interest and finance charges represent expenses incurred in respect of our short-term and long-term bank loans, customer securities and other charges incurred by us in respect of letters of credit and other financing arrangements and facilities. The cost of Interest & finance Charges has increased from 2.65% in fiscal Year 2005 to 2.72% in fiscal Year 2006. The increase in interest and finance charges is mainly due to various loans facilities availed in the fiscal Year 2006.

REVIEW OF RESULTS OF OPERATIONS

FISCAL YEAR 2006 COMPARED WITH FISCAL YEAR 2005

NET SALES

Our net sales increased by approximately 28.53%, from Rs. 4864.73 Lacs for the fiscal year 2005 to Rs. 6253.08 Lacs for the fiscal year 2006. The increase was primarily due to increased in installed capacity from 37500 TPA to 52800 TPA.

OTHER INCOME

Other income increased by 111.19 % from Rs. 24.40 Lacs for the fiscal year 2005, to Rs. 51.53 Lacs for the fiscal year 2006.

RAW MATERIAL CONSUMED

Raw material consumed amounted to Rs 3786.63 Lacs during fiscal 2006. As a percentage of net sales it marginally increased from 59.47 % in fiscal year 2005 to 60.56 % for the fiscal year 2006. This Increase was due to increase in the prices of raw materials and Chemicals.

MANUFACTURING EXPENSES

Manufacturing expenses amounted to 1116.54 Lacs during fiscal 2006. As a percentage of net sales these have reduced from 19.69% in fiscal year 2005 to 17.86 % in the fiscal year 2006. Manufacturing expenses as a percentage of net sales have declined due to the economies of scale that we have achieved through increased capacities. This is due to the fact that, once production reaches a certain minimum level, the power and labour requirements necessary to produce additional output do not increase proportionately with increases in output.

ADMINISTRATIVE, SELLING AND OTHER EXPENSES

Administrative, Selling and Other expenses amounted to 456.82 Lacs during fiscal 2006. As a percentage of net sales thses have decreased from 7.42 % in fiscal year 2005 to 7.31 % for the fiscal year ended on 31st March, 2006. This is mainly due to effective cost management and economies of scale

INTEREST AND FINANCE CHARGES

The Interest & finance Charges amounted to 154.56 Lacs. As a percentage of net sales thses have increased from 2.43 % in fiscal year 2005 to 2.47% for the fiscal year ended on 31st March, 2006. The increase in interest and finance charges is mainly due to various loans facilities availed in the fiscal Year 2006.

DEPRECIATION

Depreciation expense when expressed as a percentage of expenses for fiscal 2005 and Fiscal 2006 remains constant on 2.99% however in terms of value, depreciation during fiscal year 2006 has increased to 169.98 Lacss as compared to 133.46 Lacs for the fiscal year 2005. This increase in depreciation was only due to addition made by the company in fixed assets during fiscal year 2006 to increase the installed capacity from 37500 TPA to 52800 TPA.

NET PROFIT BEFORE TAXES

Net profit before taxes increased from Rs. 414.57 Lacs for the fiscal year 2005 by approximately 49.97% to Rs. 621.74 Lacs for the fiscal year 2006. The increase was primarily due to increase in sales and reduction in expenses and other factors discussed above.

TAXES

Our taxes increased from 35.13 Lacs for the fiscal year 2005 by approximately 344% to Rs. 156.04 Lacs for the fiscal year 2005. The increase was on primarily on account of increase in profits.

NET PROFIT

Our net profit increased by 74.12% from Rs. 266.63 Lacs for the fiscal year 2005, to Rs. 464.26 Lacs for the fiscal year 2006. The increase was primarily on account of increase in sales and improved cost management.

REVIEW OF RESULTS OF OPERATIONS

FISCAL YEAR 2005 COMPARED WITH FISCAL YEAR 2004

NET SALES

Our net sales increased from Rs. 3960.38 Lacs for the fiscal year 2004 by approximately 22.83%, to Rs. 4864.73 Lacs for the fiscal year 2005. The increase was primarily due to increase in installed capacity from 33000 TPA to 37500 TPA.

OTHER INCOME

Other income increased from Rs. 6.69 Lacs for the fiscal year 2004 to Rs. 24.40 Lacs for the fiscal year 2005 registering a rise of over 264.72 % .

RAW MATERIAL CONSUMED

Raw material consumed amounted to Rs 2892.97 Lacs during the Fiscal 2005. As a percentage of net sales it marginally increased from 57.54 % in fiscal year 2004 to 59.47 % for the fiscal year 2005. This Increase was due to increase in the prices of raw materials and due to non- availability of cenvat on inputs which was available up to Jan 2004.

MANUFACTURING EXPENSES

Manufacturing expenses amounted to Rs 957.96 Lacs for the fiscal 2005. As a percentage of net sales thses reduced from 20.37% in fiscal year 2004 to 19.69 % in the fiscal year 2005. Manufacturing expenses as a percentage of net sales have declined due to the economies of scale that we have achieved through increased capacities.

ADMINISTRATIVE, SELLING AND OTHER EXPENSES

Administrative, Selling and Other expenses amounting to Rs 361.73 Lacs for the fiscal 2005, as a percentage of net sales has decreased from 8.10 % in fiscal year 2004 to 7.42 % for the fiscal year, 2005. This is mainly due to effective cost management and economies of scale

INTEREST AND FINANCE CHARGES

The cost of Interest & finance Charges amounting to Rs 118.43 Lacs in fiscal 2005 has decreased from 4.46% of total expenses in fiscal Year 2004 to 2.65% in fiscal Year 2005. The decrease in interest and finance charges is mainly due to repayment of Loans in the fiscal Year 2005.

DEPRECIATION

Depreciation expense when expressed as a percentage of expenses for fiscal 2004 and Fiscal 2005 are 3.35% and 2.99% respectively, however in terms of value depreciation during fiscal year 2005 has increased to 133.46 Lacs in compare to 124.34 Lacs for the fiscal year 2004 .This increase in depreciation was only due to addition made by the company in fixed assets during fiscal year 2005 to increase the installed capacity from 33000 TPA to 37500 TPA.

NET PROFIT BEFORE TAXES

Net profit before taxes increased from Rs. 256.22 Lacs for the fiscal year 2004 by approximately 61.80% to Rs. 414.57 Lacs for the fiscal year 2005. The increase was due to increase in installed capacity and other factors discussed above.

TAXES

Our taxes increased from Rs. 32.49 Lacs for the fiscal year 2004 by approximately 8.12% to Rs. 35.13 Lacs for the fiscal year 2005. The increase was due to increase in profits and Minimum Alternate Tax ("MAT") under Indian taxation laws.

NET PROFIT

Our net profit increased from Rs. 142.71 Lacs for the fiscal year 2004 by 86.83%, to Rs. 266.63 Lacs for the fiscal year 2005. The increase was primarily on account of increase in sales and improved cost management.

REVIEW OF RESULTS OF OPERATIONS

FISCAL YEAR 2004 COMPARED WITH FISCAL YEAR 2003

NET SALES

Our net sales increased from Rs. 3265.11 Lacs for the fiscal year 2003 by approximately 21.29%, to Rs. 3960.38 Lacs for the fiscal year 2005. The increase was due to increased in installed capacity from 26400 TPA to 33000 TPA.

OTHER INCOME

Other income increased from Rs. 0.51 Lacs for the fiscal year 2003 by approximately Rs. 6.18 Lacs, to Rs. 6.69 Lacs for the fiscal year 2004 .

RAW MATERIAL CONSUMED

Raw material consumed amounted to Rs 2278.89 Lacs for the Fiscal 2004 and as a percentage of net sales it decreased from 58.19 % in fiscal year 2003 to 57.54 % for the fiscal year 2004. This decrease was mainly due to decrease in the prices of fuel as for the first time we used veneer chips as boiler fuel which led to savings in raw material consumed.

MANUFACTURING EXPENSES

Manufacturing expenses amounted to Rs 806.83 Lacs and as a percentage of net sales these reduced from 21.99% in fiscal year 2003 to 20.37 % in the fiscal year 2004. Manufacturing expenses as a percentage of net sales have declined due to the economies of scale that we have achieved through increased capacities.

ADMINISTRATIVE, SELLING AND OTHER EXPENSES

Administrative, Selling and Other expenses as a percentage of net sales has decreased from 8.65 % in fiscal year 2004 to 8.10 % for the fiscal year, 2003. This is mainly due to effective cost management and economies of scale

INTEREST AND FINANCE CHARGES

The cost of Interest & finance Charges amounting to Rs 176.56 Lacs in fiscal 2004 has decreased from 5.56% of total expenses in fiscal Year 2003 to 4.46% in fiscal Year 2004. The decrease in interest and finance charges is mainly due to repayment of Loans in the fiscal Year 2004.

DEPRECIATION

Depreciation expense when expressed as a percentage of expenses for fiscal 2003 and Fiscal 2004 are 3.68% and 3.35% respectively, however in terms of value, depreciation during fiscal year 2004 has increased to 124.34 Lacs in compare to 117.77 Lacs for the fiscal year 2003 .This increase in depreciation was only due to addition made by the company in fixed assets during fiscal year 2004 to increase the installed capacity from 26400 TPA to 33000 TPA.

NET PROFIT BEFORE TAXES

Net profit before taxes increased from Rs.82.17 Lacs for the fiscal year 2003 by approximately 211.82 % to Rs. 256.22 Lacs for the fiscal year 2004. The increase was due to increase in installed capacity and sales.

REVIEW OF FINANCIAL POSITION

FIXED ASSETS

Fixed assets are comprised mainly of land and buildings, plant and machinery, furniture and fixtures, office equipment, computers, vehicles, effluent treatment plant, tubewell, weighing scale, computers and capital work in progress. We have invested significant amounts over the past three years to increase our production capacity from 26400 TPA to 52800 TPA.

Gross Block of Fixed assets increased by Rs. 1825.66 Lacs, or 51.88%, from Rs. 3519.06 Lacs as of March 31, 2003 to Rs. 5344.72 Lacs as of March 31, 2006 (including Amount of Rs 756.52 Lacs Capital Work In Progress for Writing & Printing Paper Unit). Fixed assets increased by Rs. 169.99 Lacs, or 4.83%, from Rs. 3519.06 Lacs as at March 31, 2003 to Rs. 3689.05 Lacs as at March 31, 2004. Fixed assets increased by Rs. 530.08 Lacs, or 14.36%, from Rs. 3689.05 Lacs as at March 31, 2004 to Rs. 4219.13 Lacs as at March 31, 2005. During this period, there were additions of fixed assets consisting of purchase of plant and equipment and other fixed assets.

INVESTMENTS

We do not have any regular investments as on 31.03.2006. The company has invested Rs 8.00 Lacs in Shares of Himachal Tissues Limited (which got merged with our Company subsequent to Scheme of Amalgamation). This investment was sold to one of the promoter Director during financial year 2005-2006 & profit on sale of investment appears under the head Miscellaneous income in restated accounts. For further information, please refer to "Related Party Transactions" appearing on page 158 of this Draft Red Herring Prospectus.

CURRENT ASSETS

Current assets consist of inventories, trade and other debtors, cash and bank balances, loans and advances and other receivables. Current assets have generally increased in line with the growth of our business activities. Current assets increased by Rs. 130.16 Lacs or 8.98% from Rs. 1449.74 Lacs as at Fiscal 2005 to Rs. 1579.90 Lacs as at fiscal 2006, due to increases in inventories (Rs. 130.85 Lacs), debtors (Rs. 128.84 Lacs), and decrease in loans and advances (Rs. 77.83 Lacs), cash and bank balances (Rs. 51.70 Lacs). Inventories made up 37.47% of total current assets as at fiscal 2006. In the fiscal 2005 the overall current assets decreased by 65.34 Lacs from 1515.08 Lacs as at fiscal year 2004 to 1449.74 as at fiscal year 2005, inventory decreases by 57.63 Lacs from 518.85 as at fiscal 2004 to 461.22 Lacs as at fiscal 2005. Debtors accounted for 51.36% of total current assets as at fiscal year 2006. Debtors Decreased from Rs. 907.45 Lacs as at fiscal year 2004 to Rs. 682.60 Lacs as at fiscal year 2005, Debtors accounted for 59.89% of total current assets for fiscal year 2004.

Cash and bank balances accounted for only 0.79% of total current assets as at fiscal year 2006. Loans and advances accounted for 10.37% of total current assets as at fiscal year 2006. Loans and advances decreased from Rs. 241.65 Lacs as at fiscal year 2005 to Rs. 163.82 Lacs as at fiscal year 2006, Loans and advances increased in fiscal year 2005 from 78.80 Lacs as at fiscal year 2004. This increase was on account of advance of Rs 126.00 Lacs deposited for the purchase of properties belonging to erstwhile Kanwar Papers (P) Ltd in Auction conducted by Official Liquidator. In the fiscal 2004 the overall current assets increased by 235.96 Lacs from 1279.12 Lacs for fiscal year 2003 to 1515.08 for fiscal year 2004. Inventory increased by 74.50 Lacs from 444.35 Lacs for fiscal 2003 to 518.85 Lacs for fiscal 2004. Inventories made up 34.25% of total current assets for fiscal 2004. The increase in inventories was attributable to the increase in production and sales. Debtors accounted for 59.89% of total current assets as at fiscal year 2004. Cash and bank balances accounted for 0.65% of total current assets as at March 31, 2004. Cash and bank balances increased from Rs. 4.82 Lacs as at March 31, 2003 to Rs. 9.98 Lacs as at March 31, 2004. Loans and advances accounted for 5.20% of total current assets as at March 31, 2004. Loans and advances marginally decreased from Rs. 83.67 Lacs as at March 31, 2003 to Rs. 78.80 Lacs as at March 31, 2004.

CURRENT LIABILITIES AND PROVISIONS

Current liabilities comprise Sundry creditors, advances from customers, securities received from dealers, expenses payable, accrued liabilities and tax payable.

Current liabilities and provisions decreased by 17.74% from Rs. 524.22 Lacs for fiscal year 2005 to Rs. 431.19 Lacs for fiscal year 2006 mainly due to lower level of creditors. Current liabilities and provisions decreased by Rs. 195.67 Lacs, or

27.18%, from Rs. 719.89 Lacs as at March 31, 2004 to Rs. 524.22 Lacs as at March 31, 2005 due to decrease in account of creditors by Rs 240.37 Lacs .

SECURED LOANS

Secured loans consist of long term secured loans and short term loans for working capital requirements.

During fiscal year 2006 Secured loans increased by 23.82% or by Rs 277.42 Lacs from Rs 1164.83 Lacs as at fiscal year 2005 to Rs 1442.25 Lacs as at fiscal year 2006, due to increase in short term borrowings for working capital by Rs 273.13 Lacs and increase long term borrowings by Rs 230.76 Lacs for expansion of installed capacity . During this period long term loans were repaid to the extent of Rs 229.47 Lacs .

During fiscal year 2005 Secured loans increased by 11.47% or by Rs 119.86 Lacs from Rs1044.97 Lacs for fiscal year 2004 to Rs1164.83 Lacs for fiscal year 2005, due to increase long term borrowings by Rs 451.74 Lacs for expansion of installed capacity. There was a decrease in short term borrowings for working capital by Rs16.96 Lacs. During this period long term loans were repaid to the extent of Rs 314.93 Lacs .

NET WORTH

Net worth increased by Rs. 853.92 Lacs , or 52.29%, from Rs. 1633.00 Lacs as at fiscal year 2005 to Rs.2486.92 Lacs as at fiscal year 2006. Net worth increased by Rs. 266.62 Lacs , or 19.51%, from Rs. 1366.37 Lacs as at fiscal year 2004 to Rs.1632.99 Lacs as at fiscal year 2005. Increase in Net worth was on account of Increased profitability and Increase in Share Capital in fiscal 2006 on account issue of Shares to Shareholders of HTL which was merged with the Company pursuant to Scheme of Amalgamation approved by Hon'ble Shimla High Court.

INFORMATION REQUIRED AS PER CLAUSE 6.10.5.5(A) OF THE SEBI GUIDELINES

A. UNUSUAL OR INFREQUENT EVENTS OR TRANSACTIONS

There have been no unusual or infrequent transactions that have taken place.

B. SIGNIFICANT ECONOMIC CHANGES THAT MATERIALLY AFFECTED OR ARE LIKELY TO AFFECT INCOME FROM CONTINUING OPERATIONS

Any adverse change in excise duty, sales tax and other taxes or increase in raw material costs will have material affect on the working of our company. Except the above, there are no significant economics changes that materially affect or likely to affect income from continuing operations.

C. KNOWN TRENDS OR UNCERTAINTIES

Apart from the risks as disclosed in this Draft Red Herring Prospectus, there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income form continuing operations.

D. FUTURE RELATIONSHIP BETWEEN COSTS AND REVENUE

The expansion of the current operations would enable the Company to procure raw materials on more competitive terms from suppliers. This would in turn result in over all reduction in cost and help the Company to achieve economies of scale.

E. REASON FOR INCREASE IN SALES/REVENUE

The increase in sales is mainly due to increased volume.

F. TOTAL TURNOVER OF THE INDUSTRY

Please refer to the Section titled "Industry" on page [.] of this Draft Red Herring Prospectus.

G. NEW PRODUCTS INTRODUCED IN THE YEAR 2005

We have not introduced any new products except for an enhanced range of Kraft Paper.

H. SEASONALITY OF BUSINESS

None of the Company's products sold are seasonal in nature.

I. OVER DEPENDENCE ON SINGLE SUPPLIER/CUSTOMER

The Company sources its raw materials from a number of suppliers and is not under threat from excessive dependence on any single supplier. Also, the Company is not excessively dependent on a single customer for its sales.

J. COMPETITIVE CONDITIONS

The Company has been strengthening its position in the product lines in which it is operating. The Company also has been expanding its markets and customer base in the local and domestic market. All these things have been helping the Company to stand against the competition.

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as described below, there are no outstanding litigation, suits or criminal or civil prosecutions, proceedings or tax liabilities against our Company, our Directors, our Promoters and our promoter Group, and there are no defaults, non payment of statutory dues, overdues to banks/ financial institutions, defaults against banks/ financial institutions, defaults in dues payable to holders of any debentures, bonds or fixed deposits, defaults in creation of full security as per terms of issue/ other liabilities, proceedings initiated for economic/ civil/ and other offences (including past cases where penalties may or may not have been awarded and irrespective of whether there are specified under paragraph (i) of Part 1 of Schedule XIII of the Companies Act) against our Company, our Directors, our Promoters and our promoter Group.

I. OUTSTANDING LITIGATIONS INVOLVING OUR COMPANY

CRIMINAL COMPLAINTS FILED BY OUR COMPANY

The criminal complaints are filed by the Company in the Court of Chief Judicial Magistrate, Nahan under Section 138 of the Negotiable Instruments Act, 1881 against the following entities who had issued cheques to the Company, which were dishonoured on presentation by the Company to its Bankers.

Name of Party	Total Outstanding as on March 31, 2006 (Rs.)	Amount of cheques received and suit filed (Rs.)	Next date of hearing
United Traders (India), Mumbai	63,59,000	42,91,186	14.07.06
Balaji Trading Co., Kolkata (1)	22,72,148	13,20,166	-
Balaji Trading Co., Kolkata		4,00,000	22.07.06
Papyrus Agencies, Bangalore	17,80,591	4,50,604	#
I.D. Packaging, Ghaziabad (2)	3,31,151	3,20,385	04.07.06
Kay Vee Traders, Bangalore	31,18,733	19,00,000	#
Pooja Packs, Bangalore	1,54,830	1,54,954	#
Adilakshmi Binding Works, Rajamundri	6,17,666	6,00,000	20.07.06
Shree Gopal Bhagwan Dass, Patna	9,30,212	2,00,000	19.07.06
Total	1,55,64,331	96,37,295	

Respondent(s) are declared as Proclaimed Offender.

We have filed criminal complaints against aforesaid parties under section 138 of the Negotiable Instruments Act, 1881 ("NIA") for prosecution of the aforesaid parties. However, aforesaid amount of may not be recovered, as section 138 of the NIA provides for prosecution/ punishment of the defaulter(s) on account of dishonour of the cheques and does not provide for recovery of amount. However, as per our past experience, we have successfully recovered the money by filing criminal complaint under section 138 of the NIA as the defaulter(s) seeks to reach settlement in order to avoid prosecution.

(1) This case has been decided in our favour on March 21, 2003 by Chief Judicial Magistrate, Nahan and against which the defendant has filed appeal in Session Court Nahan which was rejected by the Court and decision was given in our favour on March 03, 2004. After that the opposite party filed "revision" in the High Court, Shimla on April 01, 2004 which is still is pending in the High Court, Shimla.

(2) This case has been decided in our favour by Chief Judicial Magistrate, Nahan and the Court imposed the fine of Rs 3,20,385/- and simple imprisonment till the rising of the Court .In the event of default in payment of fine , he has been sentenced to undergo simple imprisonment for six month, against which he has filled a appeal in Session Court, Nahan which was dismissed by Session Judge . After that he has filled an appeal in High Court, Shimla where it was also dismissed. At present High Court, Shimla has issued the order for arrest through S.P., Ghaziabad & Chieh Judicial Magistrate Court, Nahan has issued non bailable warrant of arrest. The next date of hearing is July 04, 2006.

CONSUMER /CIVIL CASES FILED BY THE COMPANY

Sl. No	Case Details	Particulars	Court	Claim Amount (Rs.)
1.	RPL Vs. National Insurance Company Limited	As suit was filed on 8-12-2005 under the Consumer Protection Act, 1986 against National Insurance Limited with regard to the claim of the company on account of Digestor explosion resulting in death and injury of the workers. Next date of hearing is 5-7-2006	District Consumer Dispute Redressal Forum, District Sirmour	12,55,452/-
2.	RPL Vs. ID packaging	The Company has filed civil recovery suit on 14.03.2001 for a sum of Rs. 4,88,000 before the Chief Judicial Magistrate. An exparte judgement was given in favour of the company on 23.9.2005. However, execution of decree for recovery of Rs. 4,88,000 is still pending.	Chief Judicial Magistrate	4,88,000/-

OUTSTANDING LABOUR LITIGATIONS

Sl. No	Title of the case	Case No & date of institution	Assessing Authority	Background of case	Present Status	Financial Implication on our Company (Rs.)	Amount Involved (Rs.)
1	RPL. Vs. ESIC	72/98 dated 29.6.98	Industrial Tribunal Cum Labour Court, Shimla	ESI has raised demand for ESI contribution effective. However our contention is that no medical facilities were in existence at the relevant date and hence ESI should not demand any contribution. We have filed appeal against the ESIC's demand of Rs.29,549/- +Damages + Int. for the period July' 91-Apr'92	Under consideration Next hearing: 11.08.2006	Rs.41,413 has already been deposited by our company under protest on 20.1.96	41,413/-
2	Sewak Ram Vs. ESIC & RPL (as 3 rd Party)	102/98 of 06.03.98	Industrial Tribunal Cum Labour Court, Shimla	The Complainant was working as Casual labour in factory premises and was injured while working and fractured his arm. He filed case under Workmen's Compensation Act on ESIC and our company has also been made a party. The accident case is governed by ESI and hence the ESI is liable to compensate	Under consideration Next hearing (Company's Evidence): 30.08.2006	NIL, since the case falls under ESIC Act and ESIC is liable to pay	To be determined by ESIC on the basis of injuries/ disablement
3	Poli Devi (w/o of Late Mr. Fagga Ram (Ex-employee) V/s ESIC and RPL	1/2005 of 22.02.05	Compensation Commissioner (SDM Court), Nahan	Mr Fagga Ram was working as Contracted Labour and was injured in an accident while working in plant and subsequently expired. His widow has filed accident case under Workmen's Compensation Act on ESI and our company has also been made a party. The accident case is governed by ESI and hence the ESI is liable	Under consideration Next hearing: 24.07.2006	NIL, since the case falls under ESIC Act and ESIC is liable to pay	To be determined by ESI on the basis of injuries/ disablement

				to compensate. At present ESI has accepted the claim and for giving pension to widow of the deceased asked her to complete the documents / formalities.			
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CUSTOMS AND CENTRAL EXCISE LITIGATIONS

Sr. No.	Case No.	Assessing Authority	Background Of the case	Date of Institution	Present Status	Financial Implications on the issuer	Amount Involved
1.	C. No. V/ (15)SCN/ 07/05/48 Dated 28.01.20 05	The Commissioner of Central Excise, Chandigarh	RPL has applied for exemption from payment of excise duty under Notification no. 49/2003 and 50/2003 –CE dated 10.06.2003 on the basis of substantial expansion of installed capacity from 26400 MT (as on 07.01.03) per Annum to 33000 MT per Annum. The Dept. Alleges that installed capacity of RPL before expansion was 30000 TPA and not 26400 TPA as on 7.01.2003, hence duty exemption cannot be given. Duty demanded is for the period Feb. 2004 to May 2004.	28.01.05	Decision reserved	If the Commissioner of Central Excise, Chandigarh who filled the case succeeds in the matter then company, will have to deposit the demand of Central Excise Duty as mentioned in the last column along with Penalty & Interest.	Basic Duty of Rs. 2,36,77,969
2.	C. No. V/ (15)SCN/ 88/05/49 2 Dated 30.06.20 05	The Commissioner of Central Excise, Chandigarh	RPL has applied for exemption from payment of excise duty under Notification no. 49/2003 and 50/2003 –CE dated 10.06.2003 on the basis of substantial expansion of installed capacity from 26400 MT (as on 07.01.03) per Annum to 33000 MT per Annum. The Dept. Alleges that installed capacity of RPL before expansion was 30000 TPA and not 26400 TPA as on 7.01.2003, hence duty exemption cannot be given. Duty demanded is for the period Jun. 2004 to Oct. 2004.	30.06.05	Decision reserved	If the Commissioner of Central Excise, Chandigarh who filled the case succeeds in the matter then we will have to submit the demand of Central Excise Duty as mentioned in the last column along with Penalty & Interest.	Basic Duty of Rs. 3,47,27,257 & Education Cess of Rs. 5,51,666 /=-
3.	C.No.V (91)15/CE/ADJ/49 /2005/66 81 Dated	The Commissioner of Central Excise, Chandigarh	RPL has applied for exemption from payment of excise duty under Notification no. 49/2003 and 50/2003 –CE dated 10.06.2003 on the basis of substantial expansion of	01.09.05	Decision reserved	If Commissioner of Central Excise, Chandigarh who filled the	Basic Duty of Rs 3,92,13,444 & Education Cess of

	01.09.2005	rh	installed capacity from 26400 MT (as on 07.01.03) per Annum to 33000 MT per Annum. The Dept. Alleges that installed capacity of RPL before expansion was 30000 TPA and not 26400 TPA as on 7.01.2003, hence duty exemption cannot be given. Duty demanded is for the period Nov. 2004 to May. 2005.			case succeeds in the matter then Ruchira Papers Limited, will have to submit the demand of Central Excise Duty as mentioned in the last column along with Penalty & Interest.	Rs 7,84,269 /=-
4.	Civil Writ Petition No. 756/05 & Civil Miscellaneous Petition No. 1511/05 & 670/06 RPL versus 1. Union of India 2. State of Himachal Pradesh 3. Director of Industries, Govt. of Himachal Pradesh	High Court of Himachal Pradesh at Shimla	We are enjoying 100% excise duty exemption for a period of 10 years in terms of notification no. 49/ 2003 and notification no. 50/ 2003, Central Excise both dated June 10, 2003. These notifications have been issued on the basis of Office Memorandum no. 1 dated January 07, 2003 and grants special benefits including 100% excise duty exemption to the industries set up in the state of Uttranchal and Himachal Pradesh subject to fulfillment of certain conditions. By issuing Office Memorandum no. 3, the ministry is sought to amend the negative list of industries in these states who would not be entitled to excise exemption and other benefits. Based on this Office Memorandum, Union Government may issue a notification implementing the amendments. This may result in denial of excise exemptions and other benefits to us. We have moved a writ petition before the Hon'ble High Court, Himachal Pradesh with a prayer to restrain the Union of India from issuing notification amending the negative list of industries.	26.07.05	The Hon'ble High Court vide its interim order dated September 01, 2005 stayed the operation of Office Memorandum no. 3 dated June 21, 2005 issued by Ministry of Commerce, Government of India and granted time to respondents to file their reply. We have filed Civil Misc. Petition No. 670/06 dated April 01, 2006 for modification of stay order dated September 01, 2005 with regard to the our installed capacity, which is 52800 TPA as against 37500 TPA mentioned in the order. The substantial expansion of capacity from	The liability on this account cannot be quantified at present.	-

					37500 to 52800 TPA was confirmed by Director of Industries by its letter dated September 08, 2005. The Respondents No. 2 & 3 have since filed their replies. Next Date of Hearing is 10.07.2006		
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CIVIL CASES FILED AGAINST OUR COMPANY

Sl. No.	Case Details	Particulars	Court	Amount involved (Rs.)
1	Jay Arr Builders (P) Ltd. Vs RPL RFA No. 356 of 2004 dated 18.10.04	The opposite party was engaged to carry out civil construction work in the factory premises. Their bills were settled as per agreed terms however the opposite party filed a civil suit on 03.04.2003 for recovery of additional amounts. The case was decided on 13.07.2004 and we deposited an amount of Rs.82, 405/- on 06.09.2004 in the court which comprised of Rs.62, 892/-actual payable as per the books of accounts of our company and Rs.19,513/- as interest as per the terms of order. Against the above order the party has moved a revision petition in the High Court, Shimla which is still pending for decision.	High Court, Shimla	Rs.6,02,963/-
2.	Shahabad Co-operative Sugar Mills Vs. Ruchira Papers Ltd. 4/2002 dated 15.03.02	We were allotted two tenders by the sugar mill to lift 10,000 MT Bagassee @ Rs.38 and 15,000MT Rs.32 per MT in four months proportionately. Later we do not allowed to lift bagassee in proportionate ratio. As a result we suffered production loss and had to make alternative arrangements. The sugar mill sold the bagassee at lower rates to others and the difference of rate was claimed from us by way of the civil suit. Last date of hearing of the matter was 04.04.06 where few of the petitioner's witnesses were cross questioned. Cross questioning on petitioners witness is in process. Next date of hearing is 26.9.06.	Civil Judge, Kurukshetra	Rs.93,116/-

II. OUTSTANDING LITIGATIONS INVOLVING THE PROMOTER AND GROUP COMPANIES

SIRMAUR HOTELS PRIVATE LIMITED

One legal suit has been filed on 09.05.2001 in the District Consumer Redressal Forum, District Sirmour, Himachal Pradesh at Nahan by Mr. Jeevan Singh whose son was drowned in the swimming pool of the Hotel on 28.05.1999. Amount claimed is Rs.5.00 Lacs. The next hearing is fixed for August 24, 2006.

III. THE NAME OF THE SMALL SCALE UNDERTAKINGS OR ANY OTHER CREDITORS TO WHOM THE ISSUER COMPANY OWES RS. ONE LAKH OR MORE WHICH IS OUTSTANDING MORE THAN 30 DAYS AS ON MARCH 31, 2006

List of small scale undertaking and other creditors to whom our company owes a sum of Rs. One lakh or more which outstanding for more than 30 days as on 31.03.2006 are as under:

Name of Supplier	Amount (Rs. in Lacs)
D.K. Chemical Limited, Chandigarh	107.78
Shalimar Wire Industries Limited, Kolkata (West Bengal)	20.20
Sachin Traders, Yamuna Nagar (Haryana)	12.27
Oberoï Traders, Yamuna Nagar (Haryana)	11.63
Hira Foundary & Engg. Works, Morinda (Punjab) (SSI)	9.41
Veena Goel, Yamuna Nagar (Haryana)	6.29
Porritts & Spencer (Asia) Limited, Faridabad (Haryana)	5.86
Wires & Fabriks (SA) Limited, Jaipur (Rajasthan)	5.22
Raju Trading Co. Ambala Cantt (Haryana)	5.11
Sunil Mehta, Ambala City (Haryana)	3.35
Shiv Shakti Bardana Trading Co., Ambala City (Haryana)	3.22
Uday Enterprise, Kolkata (West Bengal)	2.62
ZKL Bearings (India) Private Limited, Ludhiana (Punjab)	2.53
Vora Engineering Corporation, Mumbai (Maharashtra)	2.32
R.M. Sales Corporation, Yamuna Nagar (Haryana)	2.21
A.S. Bearing Company, Chandigarh	1.87
A.P. International, Kolkata (West Bengal)	1.60
Kulwinder Singh, Yamuna Nagar (Haryana)	1.49
Mehta Brothers, New Delhi	1.45
Kohli Brothers, Yamuna Nagar, Haryana	1.40
Naresh Kumar, Hamidpur (Naraingarh), Haryana	1.34
Lube India Kala Amb, Himachal Pradesh	1.17
Arjun Singh, Yamuna Nagar, Haryana	1.08

MATERIAL DEVELOPMENTS SINCE LAST BALANCE SHEET DATE

Except as mentioned in this Draft Red Herring Prospectus, including the section titled "Management's Discussion and Analysis of Financial Statements and results of Operations" on page 162 of this Draft Red Herring Prospectus, no material developments have been taken place after March 31, 2006, the date of the latest balance sheet, that would materially adversely affect performance or prospects of our Company.

GOVERNMENT AND OTHER APPROVALS

INVESTMENT APPROVALS (FIPB/RBI, ETC.)

As per Notification No. FEMA 20/2000-RB dated 3rd May, 2000, as amended from time to time, under automatic route of Reserve Bank, our Company is not required to make an application for Issue of Equity Shares to NRIs/ FIIs with repatriation benefits. However, the allotment/ transfer of the Equity Shares to NRIs/FIIs shall be subject to prevailing RBI Guidelines. Sale proceeds of such investments in Equity Shares will be allowed to be repatriated along with the income thereon subject to the permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws.

ALL GOVERNMENT AND OTHER APPROVALS

We have received all the necessary licenses, permissions and approvals from the Central and State Government and other government agencies/certification bodies required for the business and no further approvals are required by us for carrying on the present as well as proposed business activities of our Company. It must, however, be distinctly understood that in granting the above approvals, the Central Government, RBI and other authorities do not take any responsibility for the financial soundness of our Company or for the correctness of any of the statements or any commitments made or opinions expressed.

In view of the approvals listed below, we can undertake this Issue and the current business activities and no further major approvals from any statutory authority are required to continue those activities.

The following statement sets out the details of licenses, permissions and approvals taken by us under various Central and State Laws for carrying out our business:

S. No.	Nature of Registration/ License	Issuing Authority	Registration/ License No.
1.	Certificate of Incorporation.	Registrar of Companies, Punjab, H.P. and Chandigarh at Jalandhar	06-4336 dated 08.12.1980
2.	Certificate of Commencement of Business	Registrar of Companies, Punjab, H.P. and Chandigarh at Jalandhar	06-4336 dated 23.07.1981
3.	Registration with the Directorate.	Directorate General of Technical Development, New Delhi	DGTD/HQ/B/3-28/R-6212/C-25/NU/80 dated 10.09.1980
4.	To manufacture Kraft Paper (2310 TPA)	Govt. of Himachal Pradesh, Industrial Projects Approval and Review Authority	NO. 3-359/80-IPARA dated 10.09.1980
5.	To manufacture Kraft Paper (from 2310 TPA to 5400 TPA)	Directorate General of Technical Development, New Delhi & Govt. of Himachal Pradesh, Industrial Projects Approval and Review Authority	No. Chem.II/DPT-2(140)/86/337 dated 12.08.86 & No. Ind.Dev.F(34) (IPARA) - 3-359/80 dated 27.01.87
6.	To manufacture Kraft Paper (from 5400 TPA to 16200 TPA)	Govt. of Himachal Pradesh, Industrial Projects Approval and Review Authority	No. Ind.Dev.F(34) (IPARA) - 282/89 dated 19.02.90
7.	To manufacture Kraft Paper (from 16200 TPA to 30000 TPA)	Govt. of Himachal Pradesh, Industrial Projects Approval and Review Authority	No. Ind.Dev.F(34) (IPARA) - 568/94 dated 03.04.95
8.	To take on record Expansion of Unit (from 26400 TPA to 33000 TPA)	Govt. of Himachal Pradesh, Directorate of Industries, Shimla	Ind. Dev. F (34) IPARA-568/94 (Expansion) dated 05.11.2003
9.	To take on record Expansion of Unit (from 33000 TPA to 37500 TPA)	Govt. of Himachal Pradesh, Directorate of Industries, Shimla	Ind. Dev. F (34) IPARA-568/94 dated 23.06.2004
10.	To take on record Expansion of Unit (from 37500 TPA to 52800 TPA)	Govt. of Himachal Pradesh, Directorate of Industries,	Ind. Dev. F (34) IPARA-568/94 (Expansion) dated 08.09.2005

		Shimla	
11.	Himachal Pradesh General Sales Tax Act, 1968.	Sales Tax Department, H.P.	SIR-III-1118 dated 15.12.83
12.	Central Sales Tax Act, 1956.	Sales Tax Department, H.P.	CST-1362 dated 02.09.1981
13.	Central Excise Act, 1944.	Customs and Central Excise, H.P.	AABCR1676FXM001
14.	Permanent Account Number.	Commissioner of Income Tax, Patiala	AABCR1676F
15.	Service Tax Code Number.	Asstt. Commissioner, Shimla (HP)	AABCR1676FST001
16.	Tax Deduction Account Number.	Income tax Department	PTLR11324F
17.	License under Factories Act	Chief Inspector of Factories, Labour Department, Himachal Pradesh.	9-34/83 (FAC) LAB-1035, valid till 31.12.2006
18.	Importer Exporter Code.	Govt. of India, Ministry of Commerce,	2297001169 dated 22.07.1997
19.	Employees Provident Fund.	Regional Provident Fund Commissioner, Chandigarh	HP/10661 dated 01.10.1986
20.	Employees State Insurance.	Labour Commissioner, Shimla	14/38005/81 dated 02.09.91
21.	IEM (Industrial Entrepreneur Memorandum) PART-A, Kraft Paper	Ministry of Commerce and Industry, Secretariat for Industrial Assistance, New Delhi.	4185/SIA/IMO/2005 DT 31.08.05
22.	IEM (Industrial Entrepreneur Memorandum) PART-B, Kraft Paper	Ministry of Commerce and Industry, Secretariat for Industrial Assistance, New Delhi.	416/IIM/PRODI/2006 DT 09.01.06
23.	IEM (Industrial Entrepreneur Memorandum), Writing & Printing Paper	Ministry of Commerce and Industry, Secretariat for Industrial Assistance, New Delhi.	2946/SIA/IMO/2006 dated 31.05.06
24.	Connected Load (KW) Existing 4000 KW.	Himachal Pradesh State Electricity Board, Shimla (HP)	CEO/M&C-42(NH)/97-299-301 dated 22.04.1998
25.	Power Availability Certificate for Addl. 800 KW issued.	Himachal Pradesh State Electricity Board, Shimla (HP)	HPSEB/CE/(Comm.)PC-KAB/ 2005/ 5338-67 dated 19.05.2005
26.	Consent to Operate under the provisions of the Air Act, 1981 and the Water Act, 1974.	H. P. State Environment Protection & Pollution Control Board, Shimla	PCB/ (42C) Ruchira Paper/93-11887-89. The latest renewal no. PCB (42C) Ruchira paper/93-7670-71 dated 06.05.2006 is valid till 31.03.2008.
27.	Authorization for operating a facility for collection and storage of hazardous wastes.	H.P. State Environment Protection and Pollution Control Board, Shimla	Number of authorization: P-0171/06. Valid upto 31.03.2008.
28.	Clearance by State Level Single Window Clearance & Monitoring Authority to set up New Plant for Writing and Printing Paper.	Government of Himachal Pradesh, Directorate of Industries.	Ind. Dev. F (34) Regn (L & M)-787/2005 dated 11.08.2005.
29.	Registration for four weighing bridges, 30,000 Kgs., 2,000 Kgs (2) (represented by the first certificate) and 30 MT (represented by the second certificate), valid till June 26, 2007 and 17 August 2006 respectively.	The Controller of weight and measures, Himachal Pradesh	Receipt No. 0169000 dated 27.06.2006 and Receipt No. 0050667 dated 18.08.2005.
30.	No Objection Certificate	The Fire Department, Nahan	Earlier NOC (No. HOM (FS)/HQ/G-10/76-XL-SML/NOC-4249-52 dated 15.07.2005. Expired on 31.03. 2006.

			Renewal application filed on 11.04.2006 and is pending.
31.	Approval of the Gratuity scheme of our Company.	Commissioner of Income Tax, Patiala	CIT/PTA/TECH/95-96/GTY/14823 dated 24.11.1995
32.	License for the sale/ manufacture article of food under P.F.A. Act, 1954	Medical & Public Health Department, H.P.	186 dated 19.06.06

OTHER REGULATORY AND STATUTORY DISCLOSURES

AUTHORITY FOR THE ISSUE

Our Board of Directors has pursuant to resolution passed at its meeting held on April 17, 2006, authorized the Issue subject to the approval by the shareholders of our Company under Section 81(1A) of the Companies Act.

The shareholders have authorized the issue by a special resolution in accordance with Section 81(1A) of the Companies Act, passed at the annual general meeting of our Company held April 22, 2006.

PROHIBITION BY SEBI

Our Company, our Directors, our Promoters, the associates, the group companies, companies promoted by our Promoters and companies or entities with which our Company's Directors are associated as Directors have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

ELIGIBILITY FOR THE ISSUE

We are eligible for the Issue according to Clause 2.2.1 of the SEBI (Disclosure & Investor Protection) Guidelines, 2000, as follows:

- We have Net Tangible Assets atleast Rs. 300 Lacs in each of the preceding three full years (of 12 months each), of which not more than 50% is held in monetary assets and is compliant with clause 2.2.1 (a) of SEBI Guidelines;
- We have a track record of distributable profits as per Section 205 of the Companies Act for at least three out of immediately preceding five years and is compliant with clause 2.2.1 (b) of SEBI Guidelines;
- We have a net worth of at least Rs. 100 Lacs in each of the three preceding full years (of 12 months each) and is compliant with clause 2.2.1 (c) of SEBI Guidelines;
- We have not changed our name within the last one year; and
- The aggregate of the proposed Issue and all the previous Issues made in the same financial year in terms of size is not expected to exceed five times the pre-Issue net worth of our Company and is compliant with clause 2.2.1 (e) of SEBI Guidelines.

The net profit, net worth, net tangible assets and monetary assets derived from the auditors report included in this Draft Red Herring Prospectus under the section titled "Financial Statements", as at, and for the last five years ended March 31, is set forth below:

Rs. in Lacs					
Eligibility Criteria	FY 2006	FY 2005	FY 2004	FY 2003	FY 2002
Net Tangible Assets (1)	4509.76	3372.38	2832.32	2592.84	2565.38
Monetary Assets (2)	12.57	64.27	9.98	4.82	10.24
Net Profits as restated	464.26	266.63	142.71	(254.29)	(107.26)
Net Worth as restated (3)	2486.92	1633.00	1366.37	1223.25	1477.74
Monetary Assets As A Percentage of Net Tangible Assets	0.28	1.91	0.35	0.19	0.40

- (1) *Net Tangible Assets is defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserves), trade investments, current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and long term liabilities).*
- (2) *Monetary assets include cash in hand and bank and quoted investments. For detailed figures, please refer to page no. 144 of this Draft Red Herring Prospectus.*
- (3) *Net worth has been defined as the aggregate of equity share capital and reserves, excluding miscellaneous expenditures, if any.*

Further, we undertake that the number of Allottees in the Issue shall be at least 1,000. Otherwise, the entire application money shall be refunded forthwith. In case of delay, if any, in refund, we shall pay interest on the application money at the rate of 15% per annum for the period of delay.

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 THE RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, A.K. CAPITAL SERVICES LIMITED AND PUNJAB NATIONAL BANK HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, A.K. CAPITAL SERVICES LIMITED AND PUNJAB NATIONAL BANK HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JULY 4, 2006 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

“(I) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.

(II) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:

- A. THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE.**
- B. ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
- C. THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.**

(III) BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.

(IV) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

(V) WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS.”

ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE ROC IN TERMS OF SECTION 60B OF THE COMPANIES ACT, 1956. ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF REGISTRATION OF THE PROSPECTUS WITH THE ROC IN TERMS OF SECTION 56, SECTION 60 AND SECTION 60B OF THE COMPANIES ACT.”

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 AND SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND 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 MANAGERS, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

DISCLAIMER FROM OUR COMPANY AND THE BRLMs

Our Company, the Directors and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the 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 Company's web site, [www. ruchirapapers. com](http://www.ruchirapapers.com), would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered among the BRLMs and us dated June 26, 2006 and the Underwriting Agreement to be entered into among the Underwriters and us.

All information shall be made available by the BRLMs and us to the public and investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever including at road show presentations, in research or sales reports or at Bidding centres etc.

Neither our Company nor the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/ hardware system or otherwise.

CAUTION

Investors, who bid in the Issue will be required to confirm and will be deemed to have represented to our Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. Our Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in Shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, cooperative banks (subject to RBI permission), trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law who are authorized under their constitution to hold and invest in Shares, permitted insurance companies and pension funds) and to permitted Non Residents including NRIs, FIIs and other eligible foreign investors. This Draft Red Herring Prospectus does not, however, constitute an invitation to subscribe to Equity Shares Issued hereby in any other jurisdiction to any person to whom it is unlawful to make an Issue or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in the state of Himachal Pradesh, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for observations and SEBI has given its observations and this Red Herring Prospectus has been filed with RoC as per the provisions of the Companies Act. Accordingly, the Equity Shares, represented thereby may not be issued or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the US Securities Act of 1993 (“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 transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold only (i) in the United States to “qualified institutional buyers”, as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offered and sale occur.

DISCLAIMER CLAUSE OF BOMBAY STOCK EXCHANGE LIMITED

As required, a copy of this Draft Red herring Prospectus has been submitted to BSE. The Disclaimer Clause as intimated by BSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

DISCLAIMER CLAUSE OF THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED

As required, a copy of this Draft Red herring Prospectus has been submitted to NSE. The Disclaimer Clause as intimated by NSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

FILING

A Copy of the this Draft Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, Ground Floor, Mittal Court, “A” Wing, Nariman Point, Mumbai – 400021.

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 with the RoC and a copy of the Prospectus required to be filed under Section 60 of the Companies Act would be delivered for registration with RoC situated at 286, Defence Colony, Jalandhar, Punjab, India.

LISTING

Applications have been made to the BSE and the NSE for permission to deal in and for an official quotation of our Equity Shares of th Company. BSE shall be the Designated Stock Exchange with which the basis of allocation will be finalized.

If the permission to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges mentioned above, we will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within eight days after we become 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 liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

We 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.

CONSENTS

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, the Bankers to our Company and the Bankers to this Issue; and (b) Book Running Lead Managers, the Syndicate Members, the Registrar to this

Issue, the legal advisors to the Issue and the Underwriters, the Appraising Entity, the Monitoring Agency, the Technical Consultant, to act in their respective capacities, have been 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 this Red Herring Prospectus for registration with the RoC.

M/s. I. Chander Goel & Co., Chartered Accountants, our statutory auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Draft Red herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

M/s. I.Chander Goel & Co., Chartered Accountants, have given their written consent to the tax benefits accruing to our Company and our members in the form and context in which it appears in this Draft Red Herring Prospectus and has not withdrawn such consent up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

EXPERT OPINION

Except as stated elsewhere in this Draft Red Herring Prospectus, we have not obtained any expert opinions.

EXPENSES OF THE ISSUE

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated Issue expenses are as follows:

Particulars	Expenses	(Rs. in Lacs)
		As a percentage of Total Issue Expenses
Lead management, underwriting and selling commission	115.00	48.93
Advertisement and marketing expenses	40.00	17.02
Printing, stationary including distribution expenses	35.00	14.90
Others (Registrar's fees, legal fees, listing fees, etc.)	45.00	19.15
Total estimated issue expenses	235.00	100.00

FEES PAYABLE TO THE BOOK RUNNING LEAD MANAGERS AND SYNDICATE MEMBERS

The total fees payable to the Book Running Lead Managers and Syndicate Members (including underwriting commission and selling commission) will be as stated in engagement letter with the BRLMs, a copy of which is available for inspection at the registered office of our Company.

FEES PAYABLE TO THE REGISTRAR TO THE ISSUE

The fees payable to the Registrar to the Issue for processing of application, data entry, printing of CAN/ refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the memorandum of understanding between the Registrar to the Issue and our Company dated June 28, 2006, a copy of which is available for inspection at the registered office of our Company.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided by us 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.

OTHERS

The total fees payable to the Legal Advisor, Auditors will be as per the terms of their respective engagement letters.

PREVIOUS RIGHTS AND PUBLIC ISSUES

We have not made any public issue or rights issue of Equity Shares either in India or abroad in the five years preceding the date of this Draft red Herring Prospectus.

ISSUE OF SHARES OTHERWISE THAN FOR CASH

Except as stated in Note no. 17 under the sub-heading 'Notes to Capital Structure' on page 56 of this Draft Red Herring Prospectus, we have not issued any Equity Shares for consideration otherwise than for cash.

COMMISSION AND BROKERAGE PAID ON PREVIOUS EQUITY ISSUES BY US

No sum has been paid or is payable as commission or brokerage for subscribing to or procuring for, or agreeing to procure subscription for any of the Equity Shares of our Company since incorporation.

PROMISE Vs PERFORMANCE – LAST ISSUED OF GROUP/ ASSOCIATE COMPANIES

Neither our Company nor our group/ associate Companies have made any capital issues, so the performance of our Company vis-à-vis the projection is not applicable.

OUTSTANDING DEBENTURES OR BONDS OR REDEEMABLE PREFERENCE SHARES

There are no outstanding debentures or bonds or redeemable preference shares issued by us as on the date of this Draft Red Herring Prospectus.

COMPANIES UNDER THE SAME MANAGEMENT

We do not have any other company under the same management within the meaning of erstwhile Section 370(1B) of the Companies Act, save and except for the Promoter group companies mentioned in the section titled "Our Promoter and Group Companies" beginning on page 129.

STOCK MARKET DATA FOR OUR EQUITY SHARES

This being initial public offering of our Company, the Equity Shares are not listed on any stock exchange.

MECHANISM FOR REDRESSAL OF INVESTOR GRIEVANCES

The memorandum of understanding between the Registrar to this Issue and us will provide for retention of records with the Registrar to this Issue for a period of at least one year from the last date of dispatch of the letters of Allotment, demat credit and refund orders to enable the investors to approach the Registrar to this Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar to this Issue, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application, depository participant name and the bank branch or collection center where the application was submitted.

DISPOSAL OF INVESTOR GRIEVANCES BY OUR COMPANY

We estimate that the average time required by us or the Registrar to this Issue for the redressal of routine investor grievances will be seven days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have appointed Mr. Vipin Gupta, DGM Finance as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue related problems. He can be contacted at the following address:

Mr. Vipin Gupta

DGM Finance

Trilokpur Road, Kala-Amb,

District Sirmour – 173030,

Himachal Pradesh

Tel.: 91-1702-238654, 238537, 238350

Fax: 91-1734-261141

E-mail: ipo@ruchirapapers.com

CHANGES IN AUDITORS DURING THE LAST THREE FINANCIAL YEARS AND REASONS THEREFOR

There have been no changes in the auditors of our Company in the last three years.

CAPITALISATION OF RESERVES OR PROFITS

We have not capitalised our reserves or profits in the last five years. However, we have issued bonus shares in the ratio of 4:1 on August 31, 1994 and in the ratio of 1:20 on December 19, 1995. For further details, please refer to section titled 'Capital Structure' on page 34 and section titled 'History and Certain Corporate Matters' beginning on page 115 of this Draft Red Herring Prospectus.

REVALUATION OF ASSETS

We have not revalued our assets in the past five years. However, we had revalued our fixed assets (including land & building) in the year 1994. For further details, please refer to section titled 'History and certain corporate matters' on page 115 of this Draft Red Herring Prospectus.

PAYMENT OR BENEFIT TO OFFICERS OF OUR COMPANY

Except as stated otherwise in this Draft Red herring Prospectus, no amount or benefit has been paid or given or in intended to be paid or given to any of our officers except the normal remuneration for services rendered as Directors, officers or employees since incorporation of our Company.

ISSUE STRUCTURE

Public issue of [.] Equity Shares of Rs. 10/- each issued for cash at a Price of Rs. [.] aggregating to Rs. 2850 Lacs (hereinafter referred to as "Issue"). The Issue comprises of Promoters Contribution of [.] Equity Shares of Rs. 10/- each at a price of Rs. [.] each aggregating to Rs. 500 Lacs (hereinafter referred to as the "Promoters Contribution") and the Net Issue to Public of [.] Equity Shares aggregating to Rs. 2350 Lacs (hereinafter referred to as "Net Issue to Public"). The Net Issue to Public would constitute [.] % of the fully diluted post issue paid up capital of our Company.

Particulars	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares#	Up to [.] Equity Shares or Issue less allocation to Non-Institutional Bidders and Retail Individual Bidders	Minimum of [.] Equity Shares or Issue less allocation to QIB Bidders and Retail Individual Bidders	Minimum of [.] Equity Shares or Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Percentage of issue size available for allocation	Upto 50% of Net Issue to Public or the Net Issue to Public less allocation to Non-Institutional Bidders and retail Individual Bidders. However, 5% of the QIB portion shall be available for allocation proportionately to Mutual Funds only.	Minimum 15% of Net Issue to Public or the Net Issue to Public less allocation to QIB Bidders and Retail Individual Bidders.	Minimum 35% of Net Issue to Public or the Net Issue to Public less allocation to QIB Bidders and Non Institutional Bidders
Basis of Allocation if respective category is oversubscribed	Proportionate as follows: (a) Equity Shares constituting 5% of the QIB portion shall be allocated on a proportionate basis to Mutual Funds in the Mutual Funds portion; (b) The balance Equity Shares of QIB portion shall be allocated on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs.1,00,000/-	Such number of Equity Shares that the Bid Amount exceeds Rs.1,00,000/-	[.] Equity Shares
Maximum Bid	Such number of Equity Shares not exceeding the Net Issue to Public, subject to applicable limits.	Such number of Equity Shares not exceeding the Net Issue to Public, subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 1,00,000/-
Mode of Allotment	Compulsory in dematerialised mode	Compulsory in dematerialised mode	Compulsory in dematerialised mode
Bid/ Allotment lot	[.] Equity Shares and in multiples of [.] Equity Shares	[.] Equity Shares and in multiples of [.] Equity Shares	[.] Equity Shares and in multiples of [.] Equity Shares
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply*	Public financial institutions as defined in section 4A of the Companies Act, scheduled commercial banks, mutual funds registered with SEBI, foreign institutional investors registered with SEBI, multilateral and bi-lateral development financial institutions, venture capital funds	Resident Indian individuals, HUF (in the name of Karta), Eligible NRIs, companies, corporate bodies, scientific institutions, societies and trusts	Individuals including Eligible NRIs & HUFs (in the name of Karta) applying for such number of Equity Shares such that the Bid Amount does not exceed Rs. 1,00,000/-

	registered with SEBI, state industrial development corporations, FVCIs, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million.		
Terms of Payment	Margin Amount applicable to QIB Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate.	Margin Amount applicable to Non- Institutional Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate.	Margin Amount applicable to Retail Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate.
Margin Amount	Atleast 10% of the 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, under-subscription, if any, in any category, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange. However, if the aggregate demand by Mutual Funds is less than 5% of QIB portion (assuming QIB portion is 50% of the Net Issue to Public), the balance Equity Shares available for allocation in the Mutual Fund portion will be first added to the QIB portion and be allocated proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB portion has been met, under-subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange.

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

WITHDRAWAL OF THE ISSUE

We, in consultation with the BRLMs, reserves the right not to proceed with the Issue at anytime after the Bid/ issue Opening Date but before Allotment, without assigning any reason therefore.

LETTERS OF ALLOTMENT OR REFUND ORDERS

We shall give credit to the beneficiary account with depository participants within 2 working days of finalization of the basis of allotment of Equity Shares by the Designated Stock Exchange. Applicants residing at 15 centres where clearing houses are managed by the RBI, will get refunds through ECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit & RTGS. We shall ensure despatch 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 sole or First Bidder's sole risk within 15 days of the Bid/Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be send a letter through ordinary post intimating them about the mode of credit of refund within 15 days of closure of Issue.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, we further undertakes that:

- Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
- Dispatch of refund orders will be done within 15 days from the Bid/Issue Closing Date;
- We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day prescribed time period as mentioned above.

We will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue.

Refunds will be made as per the modes specified under para “Mode of Making Refunds” on page 211 of this Draft Red herring Prospectus.

BID/ ISSUE PROGRAMME

BID/ ISSUE OPENS ON : [.]

BID/ ISSUE CLOSES ON : [.]

Bids and any revision in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) on all working days except Saturdays when they shall be accepted only between 10.00 a.m. and 1.00 p.m. (Indian Standard Time) during the Bidding/ Issue Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form. On the Bid/ Issue Closing Date, the Bids shall be accepted only between 10.00 a.m. and 1.00 p.m. (Indian Standard Time) and uploaded till such time as permitted by the BSE and the NSE on the Bid/ Issue Closing Date.

We reserves the right to revise the Price Band during the Bidding/ Issue Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in this Draft Red Herring Prospectus.

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

ISSUE PROCEDURE

BOOK BUILDING PROCEDURE

The Issue is being made through the 100% Book Building Process wherein up to 50% of the Net Issue to Public shall be available for allocation on a proportionate basis to QIB Bidders, including upto 5% of the QIB portion which shall be available for allocation to the Mutual Funds only. Further, a minimum of 35% of the Net Issue to Public shall be available for allocation on a proportionate basis to the Retail Individual Bidders and a minimum of 15% of the Net Issue to Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate. In case of QIB Bidders, our Company, in consultation with the BRLMs, may reject Bid at the time of acceptance of Bid cum Application Form provided that the reasons for rejecting the same are provided to such Bidders in writing. In case of Non- Institutional Bidders and Retail Individual Bidders, we would have a right to reject the Bids only on technical grounds.

Investors should note that the Equity Shares would be allotted to all successful Bidders only in the dematerialized form. Bidders will not have the option of getting Allotment in physical form. The Equity Shares on allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

BID CUM APPLICATION FORM

Bidders shall only use the specified Bid cum Application Form, bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Draft Red Herring Prospectus. The Bidders shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised our Company to make the necessary changes in this Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories, is as follows:

Category	Colour of Bid cum Application Form
Indian public and Eligible NRIs applying on a non-repatriation basis	White
Non-Residents, including Eligible NRIs, FVCIs and FIIs, applying on a repatriation basis	Blue

WHO CAN BID

1. Indian nationals resident in India who are majors, or in the names of their minor children as natural/legal guardians, in single or joint names (not more than three);
2. 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;
3. Insurance companies registered with the Insurance Regulatory and Development Authority, India;
4. Provident funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to invest in Equity Shares;
5. Pension funds with a minimum corpus of Rs. 250 million and who are authorised under their constitution to invest in Equity Shares;

6. Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in Equity Shares;
7. Indian mutual funds registered with SEBI;
8. Indian financial institutions, scheduled commercial banks, regional rural banks, co-operative banks (subject to the RBI regulations and the SEBI guidelines and regulations, as applicable);
9. Multilateral and bilateral development financial institutions;
10. State Industrial Development Corporations;
11. 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;
12. Eligible Non-Residents including NRIs and FIIs on a repatriation basis or a non-repatriation basis subject to applicable laws; and
13. Scientific and/or industrial research organizations authorised to invest in Equity Shares.
14. Any other QIBs permitted to invest in the Issue under applicable law or regulation.
14. Venture capital funds registered with SEBI.
15. Foreign Venture Capital Investors registered with SEBI.

As per existing regulations, OCBs cannot bid in the Issue.

Note: The BRLMs, Syndicate Members and any associate of the members of the BRLMs and Syndicate Members shall also be entitled to subscribe to the Issue.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law, rules, regulations, guidelines and approvals.

APPLICATION BY MUTUAL FUNDS

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. These limits would have to be adhered to by the mutual funds for investment in the Equity Shares.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

APPLICATION BY FII'S

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

The issue of Equity Shares to a single FII should not exceed 10% of the post-issue paid-up capital of our Company (i.e. 10% of [.] Equity Shares). In respect of an FII investing in Equity Shares of our Company on behalf of its sub-accounts, 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 the total issued capital of our Company. With the approval of the Board of Directors and the shareholders by

way of a special resolution, the aggregate FII holding can go up to 100%. However, as of this date, no such resolution has been recommended for adoption.

APPLICATION BY SEBI REGISTERED VENTURE CAPITAL FUNDS AND FOREIGN VENTURE CAPITAL INVESTORS

As per the current regulations, the following restrictions are applicable for investments by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 33.33% of the corpus of the venture capital fund/ foreign venture capital investor. The aggregate holdings of venture capital funds and foreign venture capital investors registered with SEBI could, however, go up to 100% of our Company's paid-up equity capital.

The above information is given for the benefit of the Bidders. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this 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, and our Company and the BRLMs shall on no grounds whatsoever be liable for or responsible for any breach of applicable regulations by any investor or category of investors.

MAXIMUM AND MINIMUM BID SIZE

- (a) **For Retail Individual Bidders:** The Bid must be for a minimum of [.] Equity Shares and in multiples of [.] Equity Shares thereafter, so as to ensure that the Bid Amount (including revision of Bids, if any) payable by the Bidder does not exceed Rs. 1,00,000/-. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 1,00,000/-. In case the Bid Amount is over Rs. 1,00,000/- due to revision of the Bid or revision of the Price Band or on exercise of option to bid at Cut-off Price, the Bid would be considered for allocation under the Non-Institutional Portion. The option to Bid at Cut-off Price is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- (b) **For Other Bidders (Non-Institutional Bidders and QIB Bidders):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 1,00,000/- and in multiples of [.] Equity Shares. 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 Guidelines, a QIB Bidder cannot withdraw its Bid after the Bid Closing Date and is required to pay a 10% margin amount (upon submission of the Bid-cum-Application Form).

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 1,00,000/- for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 1,00,000/- or less due to a revision in Bids or revision of the Price Band, 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 QIB Bidders are not allowed to the option of Bidding 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 this Draft Red Herring Prospectus.

Information for the Bidders:

1. We will file the Red Herring Prospectus with the RoC at least 3 (three) days before the Bid/ Issue Opening Date.
2. The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.

3. Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/or the Bid cum Application Form can obtain the same from our registered office or from any of the members of the Syndicate.
4. Eligible investors who are interested in subscribing for the Equity Shares should approach any of the BRLMs or Syndicate Members or their authorised agent(s) to register their Bids.
5. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of a member of the Syndicate. Bid cum Application Forms, which do not bear the stamp of a member of the Syndicate, will be rejected.

METHOD AND PROCESS OF BIDDING

1. Our Company and the BRLMs shall declare the Bid/ Issue Opening Date and the Bid/ Issue Closing Date and Price Band in the Red Herring Prospectus filed with the RoC and publish the same in two widely circulated newspapers (one each in English and Hindi) and in a regional newspaper. This advertisement shall contain the minimum disclosures as specified under Schedule XX-A of the SEBI Guidelines. The members of the Syndicate shall accept Bids from the Bidders during the Bidding/ Issue Period (in accordance with the terms of the Syndicate Agreement).
2. During the Bidding/ issue Period, Investors who are interested in subscribing to Equity Shares should approach the members of the Syndicate or their authorised agent(s) to register their Bid.
3. The Bidding/ Issue Period shall be a minimum of three working days and shall not exceed seven working days. In case the Price Band is revised, the revised Price Band and Bidding/ Issue Period will be published in two national newspapers (one each in English and Hindi) and in a regional newspaper and also by indicating the change on the website of the BRLMs and at the terminals of the members of the Syndicate and the Bidding/ Issue Period may be extended, if required, by an additional three working days, subject to the total Bidding/ Issue Period not exceeding 10 working days.
4. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to paragraph titled "Bids at Different Price levels" on page 196 of this Draft Red Herring Prospectus) within the Price Band and specify the demand (i.e. the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
5. The Bidder cannot bid on another Bid cum Application Form after Bid (s) on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple Bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph "Build up of Book and Revision of Bids" on page 198 of this Draft Red Herring Prospectus.
6. The members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.
7. During the Bidding Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids.
8. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment" on page 197 of this Draft Red Herring Prospectus.

BIDS AT DIFFERENT PRICE LEVELS

1. The Price Band has been fixed at Rs. [.] to Rs. [.] per Equity Share, Rs. [.] being the floor of the Price Band and Rs. [.] being the cap of the price Band. The Bidders can Bid at any price within the Price Band, in multiples of Rs. [.]
2. We in consultation with the BRLMs, can revise the Price Band during the Bidding/ Issue Period, in which case, the Bidding/ issue Period shall be extended further for a period of three additional working days. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.
3. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a public notice in two national newspapers (one each in English and Hindi) and in a regional newspaper, and also by indicating the change on the website of the BRLMs and at the terminals of the members of the Syndicate.
4. We, in consultation with the BRLMs, can finalize the Issue Price within the Price Band, without the prior approval of, or intimation to, the Bidders.
5. The Bidder has to bid for the desired number of Equity Shares at a specific price. The Bidder can Bid at any price within the Price Band in multiples of Re. 1. Retail Individual Bidders may bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB Bidders or Non Institutional Bidders and such Bids from QIBs and Non Institutional Bidders shall be rejected.
6. 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 draft for the Bid Amount based on the Cap of the Price Band with the members of the Syndicate. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders, who Bid at Cut-off Price (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders, who Bid at Cut-off Price, shall receive the refund of the excess amounts from the respective Refund Account.
7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band (such that the total amount i.e. original Bid Amount plus additional payment does not exceed Rs. 1,00,000/- 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. 1,00,000/-, the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allotment, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders, who have Bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the respective Refund Account.
9. 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.

APPLICATION IN THE ISSUE

Equity Shares being issued through this Draft Red Herring Prospectus can be applied for in the dematerialized form only.

ESCROW MECHANISM

Our Company and the members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Accounts. The Escrow Collection Banks will act in terms of this Draft Red Herring Prospectus and the Escrow Agreement. The monies in the Escrow Accounts shall be maintained by the Escrow Collection Banks for and on behalf of the Bidders. The Escrow Collection Bank shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Issue Account and the Refund Account as per the terms of the Escrow Agreement and this Draft Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

TERMS OF PAYMENT AND PAYMENT INTO THE ESCROW ACCOUNT

Each Bidder, shall, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his/her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details refer to the paragraph "Payment Instructions" on page 204 of this Draft Red Herring Prospectus) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash/stock investment/money order shall not be accepted. The maximum Bid Amount has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Accounts, as per the terms of the Escrow Agreement, into the Issue Account. The balance amount after transfer to the Issue Account of our Company shall be transferred to the Refund Account. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allotment, to the Bidders.

Each category of Bidders i.e., QIB Bidders, Non-Institutional Bidders, and Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of submission of the Bid cum Application Form. The Margin Amount payable by each category of Bidders is mentioned under the heading "Issue Structure" on page 189 of this Draft Red Herring Prospectus. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in Date, which shall be a minimum period of 2 (two) days from the date of communication of the allocation list to the Syndicate Members by the BRLMs. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the applicable Margin Rate for Bidders is 100%, the full amount of payment has to be made at the time of submission of the Bid cum Application Form.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had Bid for, the excess amount paid on Bidding, if any, after adjustment for Allotment, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which we shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

ELECTRONIC REGISTRATION OF BIDS

1. The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.
2. NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorized agents during the Bidding/Issue Period. The members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue

Closing Date, the members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges.

3. The aggregate demand and price for Bids registered on the electronic facilities of NSE and BSE will be downloaded on a regular basis, consolidated and displayed on-line at all bidding centres. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding Period.
4. At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the online system:
 - Name of the investor;
 - Investor category –Individual, Corporate, QIBs, Eligible NRI, FII or Mutual Fund, etc;
 - Numbers of Equity Shares bid for;
 - Bid price;
 - Bid cum Application Form number;
 - Whether payment is made upon submission of Bid cum Application Form; and
 - Depository participant identification number and client identification number of the beneficiary account of the Bidder.
5. A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or our Company.
6. **Such TRS will be non-negotiable and by itself will not create any obligation of any kind.**
7. Incase of QIB Bidders, members of the syndicate also have the right to accept the bid or reject it. However, such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case on Non-Institutional Bidders and Retail Individual Bidders who Bid, Bids would not be rejected except on the technical grounds listed on page 207 of this Draft Red Herring Prospectus.
8. It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company or the BRLMs are cleared or approved by NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the Promoter, the management or any scheme or project of our Company.
9. It is also to be distinctly understood that the approval given by NSE and BSE should not in any way be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by NSE or BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that our Equity Shares will be listed or will continue to be listed on NSE and BSE.

BUILD UP OF THE BOOK AND REVISION OF BIDS

1. Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to NSE or BSE mainframe on a regular basis in accordance with market practice.
2. The book gets built up at various price levels. This information will be available with the BRLMs on a regular basis.
3. During the Bidding/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.
4. Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the

other two options that are not being changed in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.

5. The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid. **Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.**
6. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Draft Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of [cheque or demand draft] for the incremental amount in the QIB Margin, 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.
7. When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**
8. Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/allotment. In the event of discrepancy of data between the Bids registered on the online IPO system and the physical Bid cum Application Form, the decision of our Company in consultation with the BRLMs, based on the physical records of Bid cum Application Forms, shall be final and binding on all concerned.

PRICE DISCOVERY AND ALLOCATION

1. After the Bid/Issue Closing Date, the BRLMs shall analyze the demand generated at various price levels and discuss pricing strategy with us.
2. Our Company in consultation with the BRLMs, shall finalize the "Issue Price" (and the number of Equity Shares to be allocated in each investor category).
3. The allocation for QIBs for up to 50% of the Net Issue to Public would be on a proportionate basis (with a minimum 5% allocation of the QIB Portion reserved for Mutual Funds, and such Mutual Funds can participate in the remaining allocation for QIBs), in consultation with the Designated Stock Exchange subject to valid Bids being received at or above the Issue Price, in the manner as described in the Section titled "Basis of Allotment – Allotment to QIB Bidders". The allocation to Non-Institutional Bidders and Retail Individual Bidders of atleast 15% and 35% of the Net Issue to Public respectively, would be on proportionate basis, in the manner specified in the SEBI Guidelines, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
4. Under subscription, if any, in any category would be allowed to be met with spill over from any of the other categories at our discretion, in consultation with the BRLMs and the Designated Stock Exchange. However, if the aggregate demand by Mutual Funds is less than 5% of QIB Portion (assuming QIB Portion is 50% of Net Issue to Public), the balance Equity Shares from 5% specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.
5. The BRLMs, in consultation with our Company, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
6. Allotment to Eligible NRIs, FIIs registered with SEBI or Mutual Funds or FVCIs registered with SEBI will be subject to applicable laws, rules, regulations, guidelines and approvals.
7. We reserve the right to cancel the Issue any time after the Bid/Issue Opening Date but before the Allotment without assigning any reasons whatsoever.
8. In terms of the SEBI Guidelines, QIBs shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

SIGNING OF UNDERWRITING AGREEMENT AND ROC FILING

- (a) Our Company, the BRLMs and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price.
- (b) After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus has details of the Issue Price, no. of shares, underwriting arrangements and would be complete in all material respects.
- (c) We will file a copy of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

ADVERTISEMENT REGARDING ISSUE PRICE AND PROSPECTUS

A statutory advertisement will be issued by us after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

ISSUANCE OF CAN

Subject to "Allotment Reconciliation and Revised CANs" as set forth under Chapter "Terms of Issue"

- (a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLMs or the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, the investor should note that we shall ensure that the date of Allotment of the Equity Shares to all investors in this Issue shall be done on the same date.
- (b) The BRLMs or the members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.
- (c) Bidders who have been allocated Equity Shares and who have already paid into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realization of their cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed as a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares to be Allotted to such Bidder.

DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

- (a) We will ensure that the Allotment of Equity Shares is done within 15 days of the Bid Closing Date/Issue Closing Date. After the funds are transferred from the Escrow Accounts to the Issue Account on the Designated Date, we would ensure the credit to the successful Bidders depository account within two working days of the date of Allotment.
- (b) As per SEBI Guidelines, **Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the allottees.** Allottees will have the option to re-materialise the Equity Shares, if they so desire, in the manner stated in the Depositories Act.
- (c) After the funds are transferred from the Escrow Accounts to the Issue Account on the Designated Date, we will allot the Equity Shares to the Allottees.
- (d) Successful Bidders will have the option to rematerialize the Equity Shares so allotted/transferred if they so desire as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their depository participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

GENERAL INSTRUCTIONS

Do's:

- a) Check if you are eligible to apply having regard to applicable laws, rules, regulations, guidelines and approvals and the terms of the Draft Red Herring Prospectus;
- b) Ensure that you Bid within the Price Band;
- c) Read all the instructions carefully and complete the Resident Bid cum Application Form (white in colour) or Non-Resident Bid cum Application Form (blue in colour), as the case may be;
- d) Ensure that the details about your depository participant and beneficiary account are correct as Equity Shares will be Allotted in the dematerialized form only;
- e) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
- f) Ensure that you have been given a TRS for all your Bid options;
- g) Submit Revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- h) If your Bid is for Rs.50, 000/- or more, ensure that you mention your PAN allotted under the I.T. Act and ensure that you have attached copies of your PAN card or PAN allotment letter with the Bid cum Application Form. In case the PAN has not been allotted, mention "Not allotted" in the appropriate place. (See to the section "Issue Procedure - 'PAN' or 'GIR' Number" on page 206 of this Draft Red Herring Prospectus.); and
- i) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the depository participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

Don'ts:

- (a) Do not Bid for lower than the minimum Bid size;
- (b) Do not Bid/revise Bid to a price that is less than the Floor Price or higher than the Cap Price;
- (c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- (d) Do not pay the Bid amount in cash;
- (e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;
- (f) Do not Bid at Cut-off Price (for QIB Bidders and Non-Institutional Bidders for whom the Bid Amount exceeds Rs.100,000/-);
- (g) Do not fill up the Bid cum Application Form such that the Equity Shares Bid for 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 or under the terms of the Draft Red Herring Prospectus;
- (h) Do not submit Bids accompanied by Stockinvest or postal order or money order; and
- (i) Do not submit the GIR number in stead of the PAN as the Bid is liable to be rejected on this ground.

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate.

BIDS AND REVISIONS OF BIDS

Bids and revisions of Bids must be:

1. Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians and Eligible NRIs applying on non-repatriation basis and blue color for Non Residents including, Eligible NRIs, FIIs registered with SEBI and FVCIs registered with SEBI, applying on repatriation basis).
2. Made in single name or in joint names (not more than three, and in the same order as their Depository Participant details).
3. 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.
4. The Bids from the Retail Individual Bidders must be for a minimum of [.] Equity Shares and in multiples of [.] Equity Shares thereafter subject to a maximum Bid Amount of Rs. 1,00,000/-.
5. For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 1,00,000/- and in multiples of [.] Equity Shares. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws and regulations.
6. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

BIDDER'S BANK ACCOUNT DETAILS

Bidders should note that on the basis of name of the Bidders, depository participant's name and identification number and the beneficiary account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the details of the Bidder's bank account. **These bank account details would be printed on the refund order, if any, to be sent to 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 credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs nor our Company shall have any responsibility and undertake any liability for the same.

BIDDER'S DEPOSITORY ACCOUNT DETAILS

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN 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.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation (hereinafter referred to as Demographic Details). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/Allocation Advice and printing of Bank particulars on the refund order or for refund through electronic transfer of funds and the Demographic Details given by Bidders in the Bid-cum-application Form would not be used for these purposes by the Registrar. Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Bid-cum-Application Form, the Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on 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 in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Escrow Collection Bank(s) nor the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or pay any interest for such delay.

In case of Bidders receiving refunds through electronic transfer of funds, delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither our Company, the Selling Shareholders, the Registrar, Escrow Collection Bank(s) nor the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

BIDS UNDER POWER OF ATTORNEY

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the Power of Attorney or the relevant resolution or authority as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, we reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of the Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of the Bids made by provident funds, subject to applicable law, with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made by Mutual Funds, venture capital funds registered with SEBI and FVCIs registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

We, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that we and the BRLMs may deem fit.

We, in our absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars and the refund order and mailing of the refund order/CANs/allocation advice, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the depository of the Bidder). In such cases, the Registrar shall use the Demographic Details as given in the Bid cum Application Form in stead of those obtained from the depositories.

BIDS BY ELIGIBLE NRI'S

Eligible NRI Bidders should comply with the following:

1. Individual Eligible NRIs can obtain the Bid cum Application Forms from our registered office, members of the Syndicate or the Registrar to the Issue.
2. Eligible NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. Eligible NRIs who intend to make payment through NRO Accounts shall use the Bid cum Application Form meant for resident Indians (White in color).

BIDS BY ELIGIBLE NRI'S/ FIIS REGISTERED WITH SEBI / FVCIS REGISTERED WITH SEBI ON A REPATRIATION BASIS

Bids and revision to the Bids must be made:

1. On the Bid cum Application Form or the Revision Form, as applicable (Blue in color), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three and in the same order as their Depository Participant details).
3. By Eligible NRIs – Bids for a Bid Amount of up to Rs.100, 000/- would be considered under the Retail Portion for the purposes of Allocation and for a Bid Amount of more than Rs. 1,00,000/- would be considered under Non-Institutional Portion for the purposes of Allocation.
4. By FIIs /FVCIs registered with SEBI – for a minimum of such number of Equity Shares and in multiples of [.] Equity Shares thereafter that the Bid Amount exceeds Rs. 1,00,000/-. For further details see section titled “Issue Procedure - Maximum and Minimum Bid Size” on page 194 of this Draft Red Herring Prospectus.
5. In the names of individuals, or in the names of FIIs or FVCIs, but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding Eligible NRIs) or their nominees.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. We will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for Eligible NRIs and FIIs, and all such Bidders will be treated on the same basis with other categories for the purpose of allocation.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

PAYMENT INSTRUCTIONS

We shall open Escrow Accounts with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

PAYMENT INTO ESCROW ACCOUNTS

1. The Bidders for whom the applicable margin is equal to 100% shall, with the submission of the Bid cum Application Form draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate.
2. In case the above Margin Amount paid by the Bidders during the Bidding/Issue Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the Syndicate Member by the BRLMs.
3. In case the payment of the Bid Amount has been waived by a member of the Syndicate for Retail Individual Bidders and Non-Institutional Bidders during the Bidding Period, on receipt of the CAN, an amount equal to the Issue Price multiplied by the Equity Shares allotted to the Bidder, shall be paid by the Bidder into the Escrow Account within the period specified in the CAN which shall be a minimum period of two days from the date of communication list to the members of the Syndicate by the BRLMs.
4. The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - (a) In case of Resident QIB Bidders: **“Escrow Account QIB – RPL Public Issue”**
 - (b) In case of Non Resident QIB Bidders: **“Escrow Account QIB – RPL Public Issue – NR”**
 - (c) In case of Resident Retail and Non-Institutional Bidders: **“Escrow Account – RPL Public Issue”**
 - (d) In case of Non Resident Retail and Non-Institutional Bidders: **“Escrow Account – RPL Public Issue – NR”**
 - In case of Bids by Eligible NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of NRO Account of the 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 or FCNR Account.
 - In case of Bids by Eligible NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a NRO Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.
 - In case of Bids by FIIs, FVCIs registered with SEBI the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to a Special Rupee Account.
5. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account.
6. The monies deposited in the Escrow Accounts will be held for the benefit of the Bidders till the Designated Date.
7. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Accounts as per the terms of the Escrow Agreement into the Issue Account.

8. No later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Banks shall refund all amounts payable to unsuccessful Bidders and the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

Payments should be made by cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/Stockinvest/money orders/postal orders will not be accepted.

PAYMENT BY STOCKINVEST

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Accordingly, payment through stockinvest will not be accepted in the Issue.

SUBMISSION OF BID CUM APPLICATION FORM

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. In case of QIB Bidders, subject to the payment of a minimum of 10% Margin Amount as required under the SEBI Guidelines, a member of the Syndicate may at its sole discretion waive the requirement of payment at the time of submission of the Bid cum Application Form and Revision Form, provided, however, that for QIB Bidders the Syndicate Member shall collect the QIB Margin and deposit the same in a specified escrow account.

Separate receipts shall not be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection center of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

JOINT BIDS IN CASE OF INDIVIDUALS

Bids may be made in single or joint names (not more than three). In 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 communication will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the depository.

MULTIPLE BIDS

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Funds and such Bids in respect of more than one scheme of the Mutual Funds will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

We reserve the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories.

'PAN' OR 'GIR' NUMBER

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her PAN allotted under the I.T. Act. The copy of the PAN card or PAN allotment letter is required to be submitted with the application form. **Applications without this information and documents will be considered incomplete and are liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.** In case the sole/First Bidder and joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s)

have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the sole/First Bidder and each of the joint Bidder(s), as the case may be, would be required to submit Form 60 (form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in Rule 114B of the Income Tax Rules, 1962), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in Rule 114B of the Income Tax Rules, 1962), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) ration card (b) passport (c) driving license (d) identity card issued by any institution (e) copy of the electricity bill or telephone bill showing residential address (f) any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance. All Bidders are requested to furnish, where applicable, the revised Form 60 or Form 61 as the case may be.**

RIGHT TO REJECT BIDS

In case of QIB Bidders, we in consultation with the BRLMs may reject Bids provided that the reason for rejecting the same shall be provided to such Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, we have the right to reject Bids based on technical grounds only. Consequent refunds shall be made as per the modes specified under para "Mode of Making Refunds" on page 211 of this Draft Red Herring Prospectus.

GROUNDINGS FOR TECHNICAL REJECTIONS

Bidders are advised to note that Bids are liable to be rejected on, *inter alia*, the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for;
2. Age of First Bidder not given;
3. Bids by minors;
4. PAN not stated if Bid is for Rs. 50,000/- or more and GIR number given instead of PAN and proof of PAN is not attached to the Bid cum Application Form;
5. Bids for lower number of Equity Shares than specified for that category of investors;
6. Bids at a price less than lower end of the Price Band;
7. Bids at a price more than the higher end of the Price Band;
8. Bids at Cut-off Price by Non-Institutional Bidders and QIB Bidders;
9. Bids for number of Equity Shares, which are not in multiples of [.];
10. Category not ticked;
11. Multiple Bids;
12. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
13. Bids accompanied by Stockinvest/money order/postal order/cash;
14. Signature of sole and/or joint Bidders missing;
15. Bid cum Application Form does not have the stamp of the BRLMs or the Syndicate Members;
16. Bid cum Application Form does not have the Bidder's depository account details;

17. Bid cum Application Form is not delivered by the Bidder within the time prescribed as per the Bid cum Application Form and the Draft Red Herring Prospectus and as per the instructions in the Draft Red Herring Prospectus and the Bid cum Application Form;
18. 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 account number;
19. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations.
20. Bids by OCBs;
21. Bids by U.S. residents or U.S. persons excluding "qualified institutional buyers" as defined in Rule 144A under the Securities Act; and
22. Bids by person who are not eligible to acquire Equity Shares of our Company, in terms of all applicable laws, rules, regulations, guidelines and approvals.

BASIS OF ALLOTMENT

A. FOR RETAIL INDIVIDUAL BIDDERS

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less Allotment to Non-Institutional Bidders and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this portion is less than or equal to Rs. 822.50 Lacs, at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than Rs. 822.50 Lacs, at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [.] Equity Shares and in multiples of 1 (one) Equity Shares thereafter. For the method of proportionate basis of allocation, 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 portion. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to Rs. 352.50 Lacs, 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 Rs. 352.50 Lacs, at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of [.] Equity Shares and in multiples of 1 (one) Equity Shares thereafter. For the method of proportionate basis of allocation refer below.

C. For QIB Bidders

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIB Bidders will be made at the Issue Price.

- The QIB Portion shall be available for allocation to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
 - (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows;
 - i. In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.
 - ii. In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, then all Mutual Funds shall get full allotment to the extent of valid Bids received above the Issue Price.
 - iii. Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;
 - (b) In the second instance allocation to all QIBs shall be determined as follows:
 - i. In the event of oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
 - ii. Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
 - iii. Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.
- The aggregate allocation to QIB Bidders shall be up to 50% of the Issue size, i.e., upto Rs. 1175 Lacs.

METHOD OF PROPORTIONATE BASIS OF ALLOCATION IN THE QIB, RETAIL, AND NON-INSTITUTIONAL PORTIONS

Bidders will be categorized according to the number of Equity Shares applied for by them.

- (a) The total number of Equity Shares to be allotted to each portion as a whole shall be arrived at on a proportionate basis, being the total number of Equity Shares applied for in that portion (number of Bidders in the portion multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- (b) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, being the total number of Equity Shares applied for by each Bidder in that portion multiplied by the inverse of the over-subscription ratio.
- (c) If the proportionate Allotment to a Bidder is a number that is more than [.] but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.
- (d) In all Bids where the proportionate Allotment is less than [.] Equity Shares per Bidder, the Allotment shall be made as follows:
 - Each successful Bidder shall be allotted a minimum of [.] Equity Shares; and
 - The successful Bidders out of the total Bidders for a portion shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that portion is equal to the number of Equity Shares calculated in accordance with (b) above.
- (e) If the Equity Shares allocated on a proportionate basis to any portion are more than the Equity Shares allotted to the Bidders in that portion, the remaining Equity Shares available for Allotment shall be first adjusted against any other

portion, where the Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that portion. The balance Equity Shares, if any, remaining after such adjustment will be added to the portion comprising Bidders applying for minimum number of Equity Shares.

EQUITY SHARES IN DEMATERIALIZED FORM WITH NSDL OR CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be Allotted only in a dematerialized form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two tripartite agreements have been signed among us, the respective Depositories and the Registrar to the Issue:

- (a) an agreement dated [.] between NSDL, us and Registrar to the Issue;
- (b) an agreement dated [.] between CDSL, us and Registrar to the Issue.

Bidders will be allotted Equity Shares only in dematerialized mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

1. A Bidder applying for Equity Shares must have at least one beneficiary account with the Depository Participants of either NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.
3. Equity Shares Allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
4. Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details with the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details with the Depository.
5. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.
6. The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
7. It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
8. The trading of the Equity Shares would be in dematerialized form only for all investors in the demat segment of the respective Stock Exchanges.
9. Non-transferable allotment, advice or refund orders will be directly sent to the Bidder by the Registrar to the Issue.

COMMUNICATIONS

All future communication in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, details of Depository Participant, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

PRE-ISSUE AND POST ISSUE RELATED PROBLEMS

We have appointed Mr. Vipin Gupta, DGM Finance, as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue related problems. He can be contacted at the following address:

Mr. Vipin Gupta

DGM Finance
Trilokpur Road, Kala-Amb,
District Sirmour – 173030,
Himachal Pradesh
Tel.: 91-1702-238654, 238537, 238350
Fax: 91-1734-261141
E-mail: ipo@ruchirapapers.com

DISPOSAL OF APPLICATIONS AND INTEREST IN CASE OF DELAY

We shall ensure dispatch of allotment advice, transfer advice or refund orders and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within two working days of date of finalisation of allotment of Equity Shares. We shall dispatch refund above Rs. 1,500/-, if any, by registered post or speed post at the sole or first Bidder's sole risk, except for Bidders who have opted to receive refunds through the ECS facility or RTGS or Direct Credit.

We shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within seven working days of finalization of the basis of Allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines we further undertake that:

- Allotment of Equity Shares shall be made only in dematerialized form within 15 (fifteen) days of the Bid/Issue Closing Date;
- Dispatch of refund orders and/ or refunds through electronic transfer of funds within 15 (fifteen) days of the Bid/Issue Closing Date would be ensured; and

We shall pay interest at 15% (fifteen) per annum for any delay beyond the 15 (fifteen)-day time period as mentioned above, if Allotment is not made and refund orders are not dispatched and/or demat credits are not made to investors within the 15 (fifteen)-day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

MODE OF MAKING REFUNDS

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details including nine digit MICR code. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs nor the Bank shall have any responsibility and undertake any liability for the same.

The payment of refund, if any, would be done through various modes in the following order of preference:]

1. ECS – Payment of refund would be done through ECS for applicants having an account at any of the following fifteen centres: Ahmedabad, Bangalore, Bhubneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment

of refunds is mandatory for applicants having a bank account at any of the abovementioned fifteen centres, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.

2. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method.

3. Direct Credit – Applicants having bank accounts with the Refund Banker(s), in this case being, [•] shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by us.

4. RTGS – Applicants having a bank account at any of the abovementioned fifteen centres and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by us. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be 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.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

“Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or**
- (b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,**

shall be punishable with imprisonment for a term which may extend to five years.”

UNDERTAKINGS BY OUR COMPANY

We undertake as follows:

- that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalization of the basis of Allotment;
- that the funds required for dispatch of refund orders or Allotment advice as per the modes disclosed shall be made available to the Registrar to the Issue by us;
- that the refund orders or allotment advice to the Eligible Non Residents or FIIs shall be dispatched within specified time;

- that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 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; and
- that no further issue of Equity Shares shall be made till the Equity Shares offered through the Draft Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

UTILIZATION OF ISSUE PROCEEDS

Our Board of Directors certify that:

- all monies received out of the Issue shall be credited / transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- details of all monies utilized out of Issue referred above shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilized;
- details of all unutilized monies out of the Issue, if any shall be disclosed under the appropriate head in our balance sheet indicating the form in which such unutilized monies have been invested;
- details of utilization of monies received under Promoters' Contribution shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised;
- details of all unutilized out of funds received under Promoters' Contribution shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested.

We shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy of the Government of India notified through press notes and press releases issued from time to time and the FEMA and circulars and notifications issued thereunder. While the policy of the Government prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy of the Government, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures and reporting requirements for making such investment.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without prior RBI approval, so long as the price of equity shares to be issued is not less than the price at which equity shares are issued to residents. In our Company, as of date the aggregate FII holding cannot exceed 24% of the total post- Issue share capital.

SUBSCRIPTION BY NRIS/ FIIS

It is to be distinctly understood that there is no reservation for Non-Residents, NRIs and FIIs and all Non-Resident, NRI and FII applicants will be treated on the same basis as other categories for the purpose of allocation.

As per the RBI regulations, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States to

certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

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

No single FII can hold more than 10% of the post-Issue paid-up capital of our Company. In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of total issued capital of our Company 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 the total issued capital of our Company. With approval of our Board and that of the shareholders by way of a special resolution, the aggregate FII holding limit can be raised up to the permitted limits; however as of the date of this Draft Red Herring Prospectus no such resolution has been recommended to our shareholders for approval.

The above information is given for the benefit of the Bidders. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen 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.

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF OUR COMPANY

3. The Authorised Share Capital of the Company shall be such amount and be divided into such Shares as may, from time to time, be provided in clause V of Memorandum of Association with power to subdivide consolidate and increase and with power from time to time, to Issue any Shares of the original capital with and subject to any preferential, qualified or special rights, privileges or conditions as may be, thought fit, and upon the subdivision of Shares to apportion the right to participate in profits, in any manner as between the Shares resulting from subdivision
4. The Company shall have power to Issue Preference Shares carrying right to redemption out of profits which would otherwise be available for dividend, or out of the proceeds of a fresh Issue of Shares made for purpose of such redemption, or liable to be redeemed at the option of the Company, and the Board may subject to the provisions of Section 80 of the Act exercise such power in such manner as it thinks fit.
- 5a (1) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of Shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further Shares then:
 - a) Such further Shares shall be offered to the persons who at the date of the offer, are holders of the Equity Shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on those Shares at that date.
 - b) The offer aforesaid shall be made by a notice specifying the number of Shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer if not accepted, will be deemed to have been declined.
 - c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the Shares offered to him or any of them in favour of any other person and the notice referred to in sub clause (b) shall contain a statement of this right;
 - d) After the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the Shares offered, the Board of Directors may dispose off them in such manner as they may think most beneficial to the Company.
- (2) Notwithstanding anything contained in sub-clause (1), the further Shares aforesaid may be offered to any persons (Whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever.
 - a) If a special resolution to that effect is passed by the Company in General Meeting, or
 - b) Where no such resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the Company.
- (3) Nothing in sub-clause (c) of (1) hereof shall be deemed;
 - a) To extend the time within which the offer should be accepted; or
 - b) To authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the Shares comprised in the renunciation.
- (4) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture Issued or loans raised by the Company:
 - (i) To convert such debentures or loans into Shares in the Company; or

- (ii) To subscribe for Shares in the Company.

Provided that the terms of Issue of such debentures or the terms of such loans include a term providing for such option and such term:

- a) Either has been approved by the Central Government before the Issue of the debentures or the raising of the loans or is in conformity with Rules, if any made by that Government in this behalf; and
 - b) In the case of debentures or loans or other than debentures Issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the Issue of the debentures or raising of the loans.
- 5b. Subject to the provisions of Section 81 of the Act and these Articles, the Shares in the capital of the Company for the time being shall be under the control of the Directors who may Issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any Shares either at par or premium during such time and for such consideration as the Directors think fit, and may Issue and allot Shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any Shares which may so be allotted may be Issued as fully paid up Shares and if so, Issued, shall be deemed to be fully paid Shares. Provided that option or right to call of Shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.
6. Subject to the provisions of the Act it shall be lawful for the Company to Issue at a discount, Shares of a class already issued.
7. The Company may, subject to compliance with the provisions of Section 76 of the Act, exercise the powers of paying commission on the Issue of Shares debentures. The commission may be paid or satisfied in cash or Shares, debentures or debentures stock of Company.
8. The Company may pay a reasonable sum of brokerage, subject to the ceiling prescribed under the Act.
9. Subject to Section 187 C of the Act, the Company shall be entitled to treat the registered holder of any Shares as the absolute owner thereof and accordingly shall not, except as ordered by a court of competent jurisdiction or as by law required, be bound to recognize any trust, benami or equitable or other claim to or interest in such Shares or any fractional part of a share whether or not it shall have express or other notice thereof.

CERTIFICATE

10. The certificate to title to Shares shall be issued under the seal of the Company.
11. Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the Shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such Shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of Issue thereof otherwise provide, or within two months of the receipt of application of registration of transfer, transmission, subdivision, consolidation or renewal of any of its Shares, as the case may be. Every certificate of Shares shall be under the seal of the Company and shall specify the number and distinctive numbers of Shares in respect of which it is Issued and amount paid-up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a share or Shares held jointly by several persons, the Company shall not be borne to Issue more than one certificate and delivery of a certificate of Shares to one of several joint holders shall be sufficient delivery to all such holders.
12. If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be Issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, and a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate.

Every certificate under the Article shall be Issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for Issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above, the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.

The provisions of this Article shall mutatis mutandis apply to debentures of the Company.

JOINT-HOLDERS OF SHARES

13. Where two or more persons are registered as the holders of any share they shall be deemed to hold the same as joint-tenants with benefit of survivorship subject to provisions following and to the other provisions of these articles relating to joint holders;
 - a) The Company shall not be bound to register more than three persons as the joint holder of any Shares.
 - b) The joint holders of a share shall be liable severally as well as jointly in respect of all payments which out to be made in respect of such Shares.
 - c) On the death of any one of such joint holders the survivor or survivors shall be the only person recognized by the Company as having any title to or interest in such share but the board may deem require such evidence of death as it may deem fit.
 - d) Only the person whose name stands first in the Register as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share.

CALLS

14. The Directors may from time to time, subject to the terms on which any Shares may have been Issued, make such calls as they think fit. Upon the member in respect of all moneys unpaid on the Shares held by them respectively, and not by the conditions of allotment thereto made payable at fixed times, and each member shall pay the amount of every call so made on him to the persons and at the times and places appointment by the Directors. A call may be made payable by installments.
15. That the option or right to call of Shares shall not be given to any person except with the sanction of the Company in general meeting.
16. Not less than 30 (Thirty) days notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid.
17. If by the terms of Issue of any share or otherwise, the whole or part of the amount of Issue price thereof is made payable at any fixed time or by installments at fixed times, every such amount of Issue price or installment thereof shall be payable as if it was a call duly made by the Directors and of which due notice had been given and all the provisions herein contained in respect of calls shall apply to such amount or Issue price or installments accordingly.
18. If the sum payable in respect of any call or installment be not paid on or before the day appointed for the payment thereof, the holder for the time being of the share in respect of which the call shall have been made or installment shall be due, shall pay interest for the same at the rate of 12 (twelve) percent per annum, from the day appointed for the payment thereof to the actual payment or at such other rate as the Directors may determine but they shall have power to waive the payment thereof wholly or part.
19. On the trial or hearing of any action or suit brought by the Company against any member or representative to recover any debt or money claimed to be due to the Company in respect of his Shares, it shall be sufficient to prove that the name of the defendant is, or was, when the claim arose, on the Register of the Company as a holder, or one of the holders of the number of Shares in respect of which such claim is made, that the resolution making the call is duly recorded in the minute book and that the amount claimed is not entered as paid in the books of the Company, and it shall not be necessary to prove the appointment of the Directors who made any call nor that a quorum of directors was present at the

meeting at which any call was made nor that such meeting was duly convened or constituted, nor any other matter whatsoever; but the proof of the matters aforesaid shall be conclusive evidence of the debt.

20. The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the Shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the Shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

FORFEITURE AND LIEN

21. If any member fail to pay any call or installment on or before the day appointed for the payment of the same, the Directors may at any time thereafter, during such time as the call or installment remains unpaid, serve notice on such member requiring him to pay the same together with any interest that may have accrued and expenses, that may have been incurred by the Company by reasons of such non-payment.
22. The notice shall name a day (not being less than 30(thirty) days from the date of the notice) and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time, and at the place or places appointed, the Shares in respect of which such call was made or installment is payable will be liable to be forfeited.
23. If the requirement of any such notice as aforesaid be not complied with, any Shares in respect which such notice has been given may, at any time, thereafter before payment of all calls or installments, interest and expenses due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share not actually paid before the forfeited. Neither the receipt by the Company of a portion of any money which shall, from time to time, be due from any member of the Company in respect of his Shares, either by way of principal or interest, nor any indulgency granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such share as herein provided.
24. When any Shares shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.
25. Any share so forfeited shall be deemed to be the property of the Company, and the Directors may sell, re-allot or otherwise dispose off the same in such manner as they think fit.
26. The Director may, at any time before any share so forfeited shall not be sold, re-allotted or otherwise disposed off, annual the forfeiture thereof upon such conditions as they think fit.
27. Any member whose Shares have been forfeited shall notwithstanding such forfeiture, be liable to pay and shall forthwith pay to the Company all calls, installment's, interest and the expenses, owing upon or in respect of such Shares, at the time of installments, interest and the forfeiture together with interest thereupon, from the time of the forfeiture until payment at 12 (Twelve) percent per annum or such other rate as the Directors may determine and the Directors may enforce the payment thereof without any deduction or allowance for the value of Shares at the time of forfeiture but shall not be under any obligation to do so.
28. The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against in the Company in respect of the share and all other rights incidental to the share except only such of those rights as by these Articles are expressly saved.

29. A duly verified declaration in writing that the declarant is a Director of the Company and that certain Shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Shares and the receipt of the Company for the consideration, if any, given for the Shares on the sale or disposition thereof, shall constitute a written title to such shares.
30. The Company shall have a first and paramount lien upon all the Shares / debentures (other than fully paid-up Shares / debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such Shares / debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such Shares / debentures. Unless otherwise agreed, the registration of a transfer of Shares / debentures shall operate as a waiver of the Company's lien if any, on such Shares / debentures. The Directors may at any time declare any Shares / debentures wholly or in part to be exempt from the provisions of this clause.
32. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers by these presents given, the Directors may appoint some person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the register in respect of the Shares sold and after his name has been entered in the Register in respect of such Shares his title to such Shares shall not be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition, nor impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively
33. Where any Shares under the powers in that behalf herein contained are sold by the Directors and the certificate thereof has not been delivered to the Company by the former holders of the said Shares the Directors may issue new certificate in lieu of certificate not so delivered.
- 33a. The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and the statutory modification thereof for the time being shall be duly complied with in respect of all transfer of Shares and registration thereof.

TRANSFER AND TRANSMISSION OF SHARES

34. Subject to the provisions of Act, no transfer of Shares shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor or transferee has been delivered to the Company together with the certificate or certificates of the Shares, or if no such certificate is in existence along with the letter of allotment of Shares. The instrument of transfer of any Shares shall be signed both by or on behalf of the transferor and by or on behalf of transferees and the transferor shall be deemed to remain the holder of such Shares until the name of the transferee is entered in the register in respect thereof.
35. Application for the registration of the transfer of a share may be made either by the transferor or the transferee provided that, where such application is made by the transferor, no registration shall in case of partly paid Shares be effected unless the Company gives notice of the application to the transferee in the manner prescribed by the Act, and subject to the provisions of Articles hereof, the Company shall, unless objection is made by the transferee within two weeks from the date of receipt the notice enter in the register the name of the transferee in the same manner and subject to the same conditions as if the application for the registration was made by the transferee.
36. Before registering any transfer tendered for registration, the Company may, if it so thinks fit, give notice by letter posted in the ordinary course to the registered holder that such transfer deed has been lodged and that, unless objection is taken, the transfer will be registered and if such registered holder fails to lodge an objection in writing at the office of the Company within two weeks from the posting of such notice to him he shall be deemed to have admitted the validity of the said transfer.
37. The Company shall keep a "Register of Transfers" and therein shall be fairly and distinctly entered particulars of every transfer of any share.
38. Subject to the provisions of Section 111A, these articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any Shares or interest of a Member in or debentures of the Company. The Company shall within one month from the date on which the instrument of

transfer, or the intimation of such transmission, as the case maybe, was delivered to the Company, send notice of the refusal to the transferee and the transferor or the person giving intimation of such transmission, as the case may be, giving such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company or any account whatsoever except where the Company has a lien on the Shares.

39. (1) No transfer shall be made to a minor or a person of unsound mind.
(2) No fee shall be charged for registration of transfer, probate, letter of administration, certificate of death or marriage, power of Attorney or similar other instruments.
40. All instruments of transfer duly approved shall be retained by the Company and in case of refusal, instruments of transfer shall be returned to the person who lodges the transfer deeds.
41. If the Directors refuse to register the transfer of any Shares, the Company shall, within one month from the date on which the instrument of transfer was lodged with the Company or intimation given send to the transferor and the transferee or the person giving intimation of such transfer, notice of such refusal.
42. On giving seven day's notice by advertisement in a news paper circulating in the district in which the office of the Company is situated, the Register of members may be closed during such time as the Directors think fit not exceeding in the whole forty five days in each year but not exceeding thirty days at a time.
43. The executors or administrator or the holder of a succession certificate in respect of Shares of a deceased member (not being one of several joint holders) shall be the only person whom the Company shall recognise as having any title to the Shares registered in the name of such member and, in case of death of any one or more of the joint holders of any registered Shares the survivors shall be only persons recognised by the Company as having any title to interest in such Shares but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on Shares held by him jointly with any other person. Before recognising any legal representative or heir or a person otherwise claiming title to the Shares the Company may require him to obtained a grant of probate or letters of administration or succession certificate, or other legal representation, as the case may be from a competent Court, provided nevertheless that in any case where the Board in its absolute discretion think fit, it shall be lawful for the Board to dispense with production of probate or letters of administration or a succession certificate or such other legal representation upon such terms as to indemnity or otherwise as the Board may consider desirable.
44. Any person becoming entitled to or to transfer Shares in consequences of the death or insolvency of any member, upon producing such evidence that he sustains the character in respect of which he proposes to act under this article, or of his title as the Director think sufficient, may with the consent of the Directors (which they shall not be under any obligation to give), be registered as a member in respect of such Shares or may, subject to the regulations as to transfer hereinbefore contained, transfer such Shares. This Article is hereinafter referred to as "The Transmission Article". Subject to any other provisions of these Articles if the person so becoming entitled to Shares under this or the last preceding Article shall elect to be registered as a member in respect of the share himself he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to transfer to some other person he shall execute an instrument of transfer of Shares. All the limitations, restrictions and provisions of these articles relating to the rights to transfer and the registration of transfers of Shares shall be applicable to any such notice of transfer as aforesaid.
45. Subject to any other provisions of these Articles if the Directors in their sole discretion are satisfied in regard thereof, a person becoming entitled to share in consequences of the death or insolvency of a member may receive and give a discharge for any dividends or other money payable in respect of the share.
46. The instrument of transfer shall be in writing and all 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.
- 46a (i) Every holder of Shares or debentures or fixed deposits of the Company will have freedom to nominate at any time a person to whom his Shares/ debentures/fixed deposits shall vest in the event of his/her death.

- (ii) Where the Shares/debentures/fixed deposits are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the Shares or debentures or fixed deposits of the Company, as the case may be, shall vest in the event of death of all the joint holders.
- (iii) Notwithstanding, anything contained in any other law for the time being in force, in respect of such Shares or debentures or fixed deposits of the Company, where a nomination made in the prescribed purports to confer on any person the right to vest in the Shares or debentures or fixed deposits of the Company, the nominee shall on the death of the holder of securities mentioned above, or as the case may be, on the death of the joint holders, become entitled to all the rights in such Shares or debentures or fixed deposits, or as the case may be, all the joint holders, in relation to such Shares or debentures, to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.
- (iv) Any person who becomes nominee as aforesaid and becomes entitled to Shares/ debentures/ deposits on the death of the registered holder, such nominee upon the production of such evidence as may be required by the Board of Directors of the Company, elect either to be registered as holder of the Shares or debenture or Deposits or to make such transfer of the Shares or debentures as the deceased shareholder or debenture holder could have made.
- (v) The Board of Directors of the Company shall in either case have the same right to decline or to suspend registration, as it would have had if the deceased shareholder or debenture holder had transferred the Shares or debentures before his death.
- (vi) Where nominee is a minor it shall be lawful for the holder of the share or holder of debentures/fixed deposits to make the nomination to appoint in the prescribed manner any person to become entitled to Shares in or debentures or Deposits of the Company in the event of his death during the minority.

46b (i) Dematerialization of Securities

Notwithstanding any thing contained in these Articles, the Company shall be entitled to dematerialise its existing securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996 and to offer its Shares, debentures and other securities for Issue in dematerialised form. The Company shall further be entitled to maintain a Register of Members with the details of members holding Shares both in material and dematerialised form in any media as permitted by law including any form of electronic media.

(ii) Issue of Securities and Option for Investors

Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, Issue to the beneficial owner the required Certificate of Securities. If a person opts to hold the security with a depository, and on the receipt of the information, the depository shall enter in its record the name of the allottees as the beneficial owner of the security.

(iii) Securities in Depository mode to be in Fungible Form

All securities held by a depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

(iv) Rights of Depositories and Beneficial Owners

- (a) Notwithstanding anything to the contrary contained in the act or these articles a depository shall be deemed to be the registered owner of the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.
- (b) Save as otherwise provided in [a] above the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the security held by it.

- (c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a depository.

(v) Service of Documents

Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

(vi) Transfer of Securities

Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities affected by a transferor and transferee both of who are entered as beneficial owners in the records of a depository.

(vii) Allotment of Securities dealt with a Depository

Notwithstanding anything in the Act or these Articles, where a depository deals with securities, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

(viii) Distinctive numbers of Securities held in a Depository

Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities Issued by the Company shall apply to securities held with a depository.

(ix) Register and Index of Beneficial Owners

The register and index of Beneficial Owners maintained by a Depository under the Depositories Act shall be deemed to be a Register and Index of members and other security holders.

SHARES WARRANTS

- 47. Subject to the provisions of Sections 114 and 115 of the Act and subject to any directions which may be given by the Company in General Meeting, the Board may Issue share-warrants in such manner and on such terms and conditions as the Board may deem fit. In case of such Issue Regulations 40 to 43 of Table "A" in Schedule I of the Act, shall apply.

STOCKS

- 48. The Company may exercise the power of conversion of its Shares into stock and in the case regulations 37 to 39 of Table "A" in Schedule I to the Act shall apply.

ALTERATION OF CAPITAL

- 49. The Company may, by ordinary resolution from time to time, after the condition of Memorandum of Association as follow: -
 - a) Increase in the Share Capital by such amount to be divided in to Shares of such amount as may be specified in the resolution.
 - b) Consolidate and divide all or any of its share capital into Shares or larger amount than its existing Shares.
 - c) Sub divide its existing Shares or any of them into Shares of smaller amount than is fixed by the Memorandum of Association, so however, that in the subdivision the proportion between the amount paid and the amount, if any unpaid on each reduced Shares shall be the same as it was in the share from which the reduced share is derived, and
 - d) Cancel any Shares, which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.
- 50. Subject to the provisions of Sections 100 to 104 of the Act, the Board may accept from any member the surrender of all or any of his Shares on such terms and conditions as shall be agreed.

MODIFICATION OF RIGHT

51. If at any time the share capital is divided into different classes of Shares the rights attached to any class (unless otherwise provided by the terms of Issue of the Shares of that class) may, whether or not the Company is being wound up, be carried with consent in writing of the holders of three-fourths of the Issued Shares of that class, or with the sanction of a Special Resolution passed at a Separate Meeting of the holders of the Shares of that class. To every such separate meeting the provision of these Articles, relating to general meeting shall apply, but so that the necessary quorum shall be two persons atleast holding or representing by proxy one-tenth of the Issued Shares of the class but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those members who are present shall be a quorum and that any holder of Shares of the class present in person or by proxy may demand a poll, and on a poll shall have one vote for each Shares of the class of which he is the holder. The Company shall comply with the provisions of Section 192 of the Act as to forwarding a copy of any such agreement or resolution to the Registrar of Companies.

BORROWING POWERS

52. The Board may from time to time and at its discretion, subject to the provisions of Section 58A, 292 and 293 of the Act, and Regulations made thereunder and Directions Issued by RBI raise or borrow, either from the Directors or from elsewhere and secure the payment of any sums or sum of money for the purpose of the Company.
53. Any debentures, debenture-stock or other securities may be Issued at a discount, premium or otherwise and may be Issued on condition that they shall be convertible into Shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of Shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of Shares shall be Issued only with the consent of the Company in the General Meeting by a Special Resolution. Any debentures-debenture stock bonds or other securities may be Issued at a discount, premium or otherwise and with any special privileges, as to redemption, surrender, drawings, allotment of Shares, appointment of Directors and otherwise. Debentures, debenture-stock, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be Issued.
55. If the Board refuses to register the transfer of any debentures, the Company shall, within two months from the date on which the instrument of transfer was lodged with the Company, send to the transferee and to the transferor notice of the refusal.

RESERVES

57. Subject to the provision of the Act, the board shall in accordance with Section 205 (2A) of the act, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks proper as reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may at its discretion, either be employed in the business of the Company or be invested in such investments (other than Shares of the Company as the Board may from time to time think fit). The Board may also carry forward any profit which it may think prudent not to divide without setting them aside as a reserve.
58. Any General Meeting may resolve that the whole or any part of the undivided profits of the Company (which expression shall include any premiums received on the Issue of Shares and any profits or other sums which have been set aside as a reserve or reserves or have been carried forward without being divided) be capitalised and distributed amongst such of the members as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised amount be applied on behalf of such members in paying up in full any unissued Shares of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any Issued Shares, and that such distribution or payment shall be accepted by such member in full satisfaction of their interest in the said capitalised amount. Provided that any sum standing to the credit of a Share Premium Account or a Capital Redemption Reserve Account may, for the purposes of this Article only be applied in paying up of unissued Shares to be Issued to members of the Company as fully-paid bonus Shares.
59. For the purpose of giving effect to any resolution under last two preceding Articles, the Directors may settle any difficulty which may arise in regard to the distribution as they think expedient and in particular may Issue fractional certificate.

GENERAL MEETING

60. The Directors may, whenever they think fit, call an Extra Ordinary General Meeting provided however it at any time there are not in India, Directors capable of acting who are sufficient in number to form a quorum any Director present in India may call an Extra ordinary General Meeting in the same manner as nearly as possible as that in which such a meeting may be called by the Board.
61. The Board of Directors of the Company shall on the requisition of such member or member of the Company as is specified in subsection (4) of Section 169 of the Act forthwith proceed to call an Extra ordinary General Meeting of the Company and in respect of any such requisition and of any meeting to be called pursuant thereto, all the provisions of section 169 of the Act and of any statutory modification thereof for the time being shall apply.
62. The quorum for a general meeting shall be five members present in person.
63. At every General Meeting, the Chair shall be taken by the Chairman of the Board of Directors. If at any meeting, the Chairman of the Board of Directors be not present within fifteen minutes after the time appointed for holding the meeting or, though present be unwilling to act as chairman, the members present shall choose one of the Directors present to be Chairman or if no Director shall be present or though present shall be unwilling to take the Chair then members present shall choose one of their members, being a member entitled to vote, to be Chairman.
64. Any act or resolution which, under the provisions of this Article or of the Act, is permitted shall be sufficiently so done or passed if effected by an ordinary resolution unless either the Act or the articles specifically require such act to be done or resolution passed by a special resolution.
65. If within half an hour from the time appointed for the meeting a quorum be not present, the meeting, if convened upon a requisition of share holders shall be dissolved but in any other case it shall stand adjourned to the same day in the next week at same time and place, unless the same shall be public holiday when the meeting shall stand adjourned to the next day not being a public holiday at the same time and place and if at such adjourned meeting a quorum be not present within half an hour from the time appointed for the meeting, those members who are present and not being less than two persons shall be a quorum and may transact the business for which the meeting was called.
66. In the case of an equality of votes the Chairman shall both on a show of hand and a poll have a casting vote in addition to the vote or votes to which he may be entitled as a member.
67. The Chairman of a General Meeting may adjourn the same, from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place, It shall not be necessary to give notice to the members of such adjournment or of the time, date and place appointed for the holding of the adjourned meeting.
68. If a poll be demanded, the demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded

VOTES OF MEMBERS

69. (1) On a show of hands every member present in person and being a holder of Equity Shares shall have one vote and every person present either as a proxy on behalf of a holder of Equity Shares or as a duly authorised representative of a body corporate being a holder of Equity Shares, if he is not entitled to vote in his own right, shall have one vote.
- (2) On a poll the voting rights of a holder of Equity Shares shall be as specified in Section 87 of the Act.
- (3) The voting rights of the holders of the Preference Shares including the Redeemable Cumulative Preference Shares shall be in accordance with the provisions of section 87 of the Act.
- (4) No Company or body corporate shall vote by proxy so long as a resolution of its Board of Directors under Section 187 of the Act is in force and the representative named in such resolution is present at the General Meeting at which the vote by proxy is tendered.

70. A person becoming entitled to a share shall not before being registered as member in respect of the share be entitled to exercise in respect thereof any right conferred by membership in relation to the meeting of the Company.
If any member be a lunatic or idiot, he may vote whether on a show of hands or at a poll by his committee or other legal curator and such last mentioned persons may give their votes by proxy provided twenty four hours at least before the time of holding the meeting or adjourned meeting, as the case may be, at which any such person proposes to vote he shall satisfy the Board of his rights under this Article unless the Board shall have previously admitted his right to vote at such meeting in respect thereof.
71. Where there are joint holders of any share any one of such persons may vote at any meeting either personally or by proxy in respect of such Shares as if he were solely entitled thereto and if more than one of such joint-holders be present at any meeting either personally or by proxy then that one of the said persons so present whose name stands prior in order on the register in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for the purpose of this Article be deemed joint-holders thereof.
72. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his Attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hands of its Attorney.
73. The instrument appointing a proxy and the Power-of-Attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of authority shall be deposited at the office not less than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid.
74. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the instrument of transfer of the share in respect of which the vote is given. Provided no intimation in writing of the death, insanity, revocation or transfer of the share shall have been received at the office or by the Chairman of the Meeting before the vote is given. Provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.
75. Every instrument appointing a proxy shall as nearly as circumstances will admit be in the form set out in Schedule IX to the Act.
76. No objection shall be taken to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote not disallowed at such meeting or poll and whether given personally or by proxy or otherwise shall be deemed valid for all purposes.
- 76A. Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the Meeting on his own motion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and fulfilling the requirements as laid down in Section 179 of the Act, for the time being in force.
77. No member shall be entitled to exercise any voting rights either personally or by proxy at any meeting of the Company in respect of any Shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has and exercised any right of lien.

DIRECTORS GENERAL PROVISIONS

78. The number of Directors shall not be less than three and not more than twelve.
79. The following shall be the First Directors of the Company :
1. SHRI UMESH CHANDER GARG
 2. SHRI JATINDER SINGH
 3. SHRI SUBHASH CHANDER GARG
80. The Directors shall have power, at any time and from time to time, to appoint any person as Director as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number fixed by the Articles.

Any director so appointed shall hold office only until the next Annual General Meeting of the Company and shall be eligible for re-election

81. A Director shall not require to hold any share qualification.
82. Subject to provisions of the Act, the Directors shall be entitled to receive in each year a Commission @ 1% (one percent) of the net profits of the Company to be computed in accordance with the provisions of the Act, and such commission shall be divided among the Directors in such proportion and manner as may be determined by them. The Directors may allow and pay to any Directors may allow and pay to any Director who for the time being is resident out of the place at which any Meeting of the Directors may be held and who shall come to that place for the purpose of attending such meeting such sum as the Directors may consider fair and reasonable for his expenses in connection with his attending the meeting in addition to his remuneration as above specified. If any Director being willing is appointed to an executive office either whole time or part time or be called upon to perform extra services or to make any special exertions for any of the purposes of the Company then, subject to Sections 198, 309, 310 and 314 of the Act, the Board may remunerate such Director either by a fixed sum or by a percentage of profits or otherwise and such remuneration may be either in addition to or in substitution for any other remuneration to which he may be entitled to.
- 82A. The sitting fees payable to a Director for attending a meeting of the Board or a Committee of the Board or a general meeting shall be regulated as per the provisions of Section 310 of the Schedule XIII thereof.
83. The continuing Directors may act notwithstanding any vacancy in their body but so that if the number falls below the minimum number above fixed, the Directors shall not except for the purpose of filling vacancies or of summoning a General Meeting act so long as the number is below the minimum.
84. Subject to the provisions of Section 297, 299, 309 and 314 of the Act, the Directors (including Managing Director) shall not be disqualified by reasons of his their office as such, from holding office under the Company or from contracting with the Company either as vendor, purchaser, tender, agent, broker, lessor or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with a relative of such Directors or the Managing Director or with any firm in which any Director or a relative shall be a partner or with any other partner or with a private Company in which such Director is a member or director interested be avoided nor shall any Director or otherwise so contracting or being such members or so interested be liable to account to the Company for any profit realised by such contract or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established.

APPOINTMENT OF DIRECTORS

85. The Company in General Meeting may, subject to the provision of these Articles and the Act, at any time elect any person to be Director and may, from time to time increase or reduce the number of directors.
- 85A. Any member of the Company shall be competent to propose the name of any person who is otherwise not disqualified as being a director of a Company, for the office of director in the Company and shall accordingly give a notice of at least 14 days in writing alongwith a deposit of Rs.500/- (Rupees Five Hundred) or such sum as may for the time being be prescribed by the Act, which shall be refunded only after the person proposed to be appointed as director is elected.
86. If any Director appointed by the Company in general meeting vacates office as a Director before his term of office will expire in the normal course, the resulting casual vacancy may be filled up by the Board at a meeting of the Board, but any person so appointed shall retain his office so long as the vacating Director would have retained the same if no vacancy had occurred. Provided that the Board may not fill such a vacancy by appointing thereto any person who has been removed from the office of the Director under Section 284 of the Act.
87. The Company shall, subject to the provisions of the Act, be entitled to agree with any person, firm or corporation that he or it shall have the right to appoint his or its nominee on the Board of Directors of the Company upon such terms and conditions as the Company may deem fit. The Corporation, firm or person shall be entitled, from time to time, to remove any such Director or Directors and appoint another or others in his or their places. He shall be entitled to the same rights and privileges and be subject to the same obligation as any other Director of the Company.
88. (a) Notwithstanding anything the contrary contained in these Articles, so long as any moneys remain owing by the Company to the Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), The

Industrial Credit and investment Corporation of India Limited (ICICI), Life Insurance Corporation of India (LIC), General Insurance Corporation of India (GIC), Unit Trust of India (UTI) and other Financial Institutions of Central or State Governments or to any other Corporation or Institution or to any other Financing Company or other Body out of any loans granted by them to the Company or so long as ISBI, ICICI, LIC, GIL, UTI, or any other Financing Company or Body (each of which IDBI, IFCI, ICICI, and LIC, GIC, UTI or other Finance Corporation or Credit Corporation or any other financing Company or body is hereinafter in these Articles referred to as "the Corporation") continue to hold Shares in the Company as a result of underwriting or direct subscription, the Corporation shall have a right to appoint from time to time any person or persons as a director or directors whole time or non-whole time, (which director or directors is/are hereinafter referred to as nominee director/s") on the board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s.

- (b) The Board of directors of the Company shall have no power to remove from office the nominee director/s. At the option of the Corporation, such nominee director/s shall not be liable to retirement by rotation of directors. Subject as aforesaid, the nominee director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other director of the Company.
- (c) The nominee director/s so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation or as a result of underwriting or direct subscription and the nominee director/s so appointed in exercise of the said power shall ipso-facto vacate such office immediately after the moneys owing by the Company to the Corporation are paid off or the Corporation ceasing to hold Shares in the Company.
- (d) The nominee director/s appointed under this Article shall be entitled to receive all notices of and attend all general meetings, board meetings and of the meetings of the committee of which the nominee director/s is/are member/s and also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes.
- (e) The Company shall pay to the nominee director/s sitting fees and expenses which the other directors of the Company are entitled to, but if any other fees, commission, moneys or remuneration in any form is payable to the Directors of the Company, the fees, commission, moneys and remuneration in relation of the Company, the fees, commission, moneys and remuneration in relation to such nominee director/s shall accrue to the Corporation and the same shall accordingly be paid by Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such nominee director/s in connection with their appointment or directorship shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such nominee director/s. Provided that if any such nominee director/s is an officer of the Corporation the sitting fees, in relation to such nominee director/s shall also accrue to Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Provided also that in the event of the nominee director/s being appointed as wholetime director/s such nominee directors shall exercise such powers and duties as may be approved by the Corporation and have such rights as are usually exercised or available to a wholetime director, in the management of the affairs of the Company. Such nominee director/s shall be entitled to receive such remuneration, fees, commission and money as may be approved by the Corporation.

89. Subject to the provisions of section 313 of the Act, the Board may appoint any person to act as an alternate director for a director during the director's absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held and such appointment shall have effect and such appointee, whilst he holds office as an alternate director; shall be entitled to notice of meetings of the Board and to attend and vote thereat accordingly, but he shall ipso facto vacate office if and when the absent director returns to State in which meetings of the Board are ordinarily held or the absent Director vacates office as Director.

ROTATION OF DIRECTORS

90. (1) Not less than two-thirds of the total number of Directors shall be persons whose period of office is liable to determination by retirement of Directors by rotation.
- (2) At each Annual General Meeting of the Company, One-third of such of the Director for the time being as are liable to retire by rotation or if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office.

- (3) The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day, those to retire shall, in default of and subject to any agreement among themselves be determined by lot.
 - (4) If at an Annual General Meeting all the Directors appointed under Article 87 and 110 hereby are not exempt from retirement by rotation under Section 255 of the Act, then to the extent permitted by the said Section, the exemption shall extend to the Directors or Directors or Director appointed under Article 87. Subject to the foregoing provisions as between Director or Directors who shall not be liable to retire by rotation shall be determined by and in accordance with their respective seniorities as may be determined by the Board.
91. A retiring Director shall be eligible for re-election and shall act as a Director throughout the meeting at which he retires.
 92. Subject to any resolution for reducing the number of Director, if at any meeting at which an election of Directors ought to take place, the places of the retiring Directors are not filled up, the meeting shall stand adjourned till the next succeeding day which is not a public holiday at the same time and place and if at the adjourned meeting, the places of the retiring Directors are not filled up, the retiring Directors or such of them as have not had their places filled up shall (if willing to continue in office) be deemed to have been re-elected at the adjourned meeting.

PROCEEDINGS OF DIRECTORS

93. The Directors may meet, together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings, as they think fit. Notice in writing of every meeting of the Directors shall ordinarily be given by a Director or such other officer of the Company duly authorised in this behalf to every Director for the time being in India, and at his usual address in India to every other Director.
94. The quorum for a meeting of the Directors shall be determined, from time to time, in accordance with the provisions of section 287 of the Act. If a quorum shall not be present within fifteen minutes from the time appointed for holding a meeting of the Directors, it shall be adjourned until such date and time as the Directors present shall appoint.
95. The Secretary may at any time, and upon request of any two Directors shall, summon a meeting of the Directors.
96. Subject to the provisions of Sections 316, 372(5) and 386 of the Act, question arising at any meeting shall be decided by a majority of votes, each director having one vote and in case of any equality of votes, the Chairman shall have a second or casting vote.
97. The Chairman of the Board of Directors shall be the Chairman of the meetings of Directors. Provided that if the Chairman of the Board of Directors is not present within five minutes after the appointed time for holding the same, the Directors present shall choose one of their members to be Chairman of such meeting.
98. A meeting of Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the Articles of the Company and the act for the time being vested in or exercisable by the Directors generally.
99. The Directors may, subject to compliance of the provisions of the Act, from time to time, delegate any of their powers to committee(s) consisting of such member or members of their body as they think fit, and may, from time to time, revoke such delegation. Any Committee so formed shall in the exercise of the powers so delegated conform to any regulations that may, from time to time be imposed on it by the Directors. The meeting and proceedings of any such Committee, if consisting of two or more members, shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto and are not superseded by any regulation made by the Directors under this Articles.
100. All acts done at any meeting of Directors or of a Committee of the Directors or by any person acting as a Director shall be valid notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Directors, Committee or person acting as aforesaid or that they or any of them were disqualified.
101. Except a resolution, which the Act, requires it specifically to be passed in a board meeting, a resolution may be passed by the Directors or Committee thereof by circulation in accordance with the provision of Section 289 of the Act.

Minutes of any meeting of Directors or of any Committee or of the Company if purporting to be signed by the Chairman of such meeting or by the Chairman of next succeeding meeting shall be receivable as prima facie evidence of the matters in such minutes.

POWERS OF DIRECTORS

102. Subject to the provisions of the Act, the control of the Company shall be vested in the Directors who shall be entitled to exercise all such powers and to do all such acts and things as may be exercised or done by the Company and are not hereby or by law expressly required or directed to be exercised or done by the Company in General Meeting but subject nevertheless to the provisions of any law and of these presents, from time to time, made by the Company in General Meeting, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.
103. Without prejudice to the general powers conferred by the preceding article the Directors may, from time to time, subject to the restrictions contained in the Act, delegate to managers, secretaries, officers, assistants and other employees or other persons (including any firm or body corporate) any of the powers authorised and discretions for the time being vested in the Directors.
104. The Directors may authorise any such delegate or attorney as aforesaid to subdelegate all or any of the powers, authorities and discretion for the time being vested in them.
105. All deeds, agreements and documents and all cheques, promissory notes, draft, hundies, bills of exchange and other negotiable instruments, and all receipts for moneys paid to the Company, shall be signed, drawn, accepted or endorsed or otherwise executed, as the case may be by such persons (including any firm or body corporate) whether in the employment of the Company or not and in such manner as the Directors shall, from time to time, by resolution determine.
106. The Directors may make such arrangements as may be thought fit for the management of the Company's affairs abroad, and may for this purpose (without prejudice to the generality of their powers) appoint local bodies and agents and fix their remuneration and delegate to them such powers as may be deemed requisite or expedient. The foreign seal shall be affixed by the authority and in the presence of and instruments sealed therein shall be signed by such persons as the Directors shall, from time to time by writing under the common seal, appoint. The Company may also exercise the powers of keeping Foreign Registers. Such regulations not being inconsistent with the provisions of Sections 157 and 158 of the Act, the Board may, from time to time, make such provisions as it may think fit relating thereto and may comply with the requirement of any local law.
107. A Manager or secretary may be appointed by the Directors on such terms, at such remuneration and upon such conditions as they may think fit, and any Manager or Secretary appointed may be removed by the Directors. A Directors may be appointed as Manager or Secretary, subject to Sections 314, 197A, 383A, 387, and 388 of the Act.
108. A provision of the Act or these regulations requiring or authorising a thing to be done by a director, manager or secretary shall not be satisfied by its being done by the same person same person acting both as director and as, or in place of the manager or secretary.

MANAGING/ WHOLE-TIME DIRECTORS

109. Subject to the provisions of Sections 197A, 296, 316 and 317 Schedule XIII of the Act, the board may, from time to time, appoint one or more Directors to be Managing Director or Managing Directors of Company and may, from time to time, (subject to the provisions of any contract between him or them and the Company), remove or dismiss him or them from office and appoint another or others in his place or their places.
110. Subject to the provisions of Section 255 of the Act and Article 90(4) change hereof, a Managing Director shall not, while he continues to hold that office, be subject to retirement by rotation, but he shall be counted for ascertaining the number of Directors to retire (Subject to the provisions of any contract between him and the Company) he shall be subject to the same provisions as to resignation and removal as the other Directors, and he shall, ipso facto and immediately, cease to be a Managing Director if he ceases to hold the office of Director for any cause.

111. Subject to the provisions of Sections 198, 309, 310, 311 and Schedule XIII of the Act, a Managing Director shall, in addition to the remuneration payable to him as a Director of the Company under the Articles, receive such additional remunerations as may, from time to time, be sanctioned by the Company.
112. Subject to the provisions of the Act, in particular to the prohibitions and restrictions contained in Sections 292 and 293 thereof, the Board may, from time to time, entrust to and confer upon a Managing Director for the time being such of the powers exercisable under these presents by the board as it may think fit, and may confer such powers for such time, and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as it think fit and the Board may confer such powers either collaterally with, or to the exclusion of, and in substitution for any of the powers of the Board in that behalf and may, from time to time, revoke, withdraw, alter or vary all or any of such powers.

COMMENCEMENT OF BUSINESS

113. The Company shall not at any time commence any business out of other objects of its Memorandum of Association unless the provision of Section 149 of the Act have been duly complied with by it.

SEAL

114. The Directors shall provide for the safe custody of the Seal and the Seal shall never be used except by the authority of the Directors or a Committee of the Directors previously given and one Director at least shall sign every instrument to which the seal is affixed provided nevertheless that any instrument bearing the Seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority of the Directors to issue the same.

DIVIDENDS

115. Subject to Rights of members entitled to Shares (if any) with preferential or special rights attached to them, the profits of the Company, from time to time determined to be distributed as dividend in respect of any year or other period shall be applied for payment of dividend on the Shares in proportion to the amount of capital paid up on the Shares provided that unless the Board otherwise determines all dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid up on the Shares during any portion or portions of the period in respect of which dividend is paid. Provided always that subject as aforesaid any capital paid up on a share during the period in respect of which a dividend is declared shall (unless the Board otherwise determines or the terms of Issue otherwise provide, as the case may be), only entitle the holder of such share to an apportioned amount of such dividend as from the date of payment but so that where capital is paid up in advance of calls such capital shall not confer a right to participate in profits.
116. The Company in General Meeting may declare a dividend to be paid to the members according to their rights and interest in the profits and may, subject to the provisions of Section 205 of the act, fix the time for payment.
117. No larger dividend shall be declared than is recommended by the Directors, but the Company in General Meeting may declare a smaller dividend.
118. No dividend shall be payable except out of the profit of the Company of the year or any other undistributed profits and no dividend shall carry interest as against the Company.
119. The declaration of the Directors as to the amount of the net profits in the audited annual accounts of the Company for any year shall be conclusive.
120. The Directors may, from time to time, pay to the members such interim dividends as in their judgement the position of the Company justifies.
121. The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists, subject to Section 205A of the Act.
122. A transfer of Shares shall not pass the rights to any dividend declared thereon before the registration of the transfer.

123. Subject to Section 205A of the Act, the Directors may retain the dividends payable upon Shares in respect of which any person is under the transmission Article entitled to become a member or which any person under the Article is entitled to transfer until such person shall duly become a member in respect thereof or shall transfer the same.
124. Any one of the several persons who are registered as joint holders of any share may give effectual receipts of all dividend payments on account of dividends in respect of such Shares.
125. Unless otherwise directed, any dividend may be paid by cheque or warrant sent through post to the registered address of the member or person entitled thereto or in the case of joint-holders to the registered address of the one whose name stands first on the Register in respect of the joint holding to such person and such address and the member or person entitled or such joint – holders as the case may be may direct and every cheque or warrant so sent shall be made payable at par to the person or to the order of the person to whom it is sent or to the order of such other person as the member or person entitled or such joint-holders, as the case may be may direct.
126. The payment of every cheque or warrant sent under provisions of the last preceding Article shall, if such cheque or warrant purports to be duly endorsed, be a good discharge to the Company in respect thereof, provided nevertheless that the Company shall not be responsible for the loss of any cheque, warrant or postal money order which shall be sent by post to any member or by his order to any other person in respect of any dividend.
- 126A. Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the Company in that behalf in any scheduled bank to be called “ Ruchira Papers Ltd- Unpaid Dividend Account”.
- Any money transferred to the unpaid dividend account of a Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Fund known as Investor Education and protection Fund established under section 205C of the Act.
- No unclaimed and unpaid dividend shall be forfeited by the Board.
- 126B. No unclaimed dividend shall be forfeited by the Board and the Company shall comply with the provisions of Section 205A of the Companies Act, 1956 and rules made thereunder in respect of such dividend.

BOOKS AND DOCUMENTS

127. The Books of Account shall be kept at the registered office or at such other place as the Directors think fit, and shall be open to inspection by the Directors during business hours.
128. The Directors shall, from time to time, determine whether and to what extent and at what times and places and under what conditions or regulations the accounts or books or documents of the Company or any them shall be open for inspection to members not being Directors, and no member (not being a Director) shall have any right of inspection to any books of account or documents of the Company except as conferred by law or authorised by the Directors or by the Company in General Meeting.
129. Balance Sheet and Profit and Loss Account will be audited once in a year by a qualified auditor for correctness as per provisions of the Act.
130. The first auditors of the Company shall be appointed by the Board of Directors within one month after its incorporation who shall hold office till the conclusion of first annual general meeting.
131. The Directors may fill up any casual vacancy in the office of the auditors.
132. The remuneration of the auditors shall be fixed by the Company in the annual general meeting except as otherwise decided or that remuneration of the first or any auditors appointed by the directors may be fixed by the directors.

NOTICES

133. The Company shall comply with the provisions of Sections 53, 172 and 190 of the Act as to the serving of notices.

134. Every person who, by operation of law, or by transfer or by other means whatsoever, shall become entitled to any Shares shall be bound by every notice in respect of such share which previously to his name and address being entered on the register shall be duly given to the person from whom he derives his title to such share.
135. Any notice or document delivered or sent by post to or left at the registered address of any member in pursuance of these presents shall notwithstanding such member be then deceased and whether or not the Company has notice of his demise, be deemed to have been duly served in respect of any registered Shares whether held solely or jointly with other persons by such member, until some other person be registered in his stead as the holder or joint-holders thereof and such service shall for all purposes of these presents be deemed a sufficient service of such notice or document on his or her heirs, executors or administrators, and all persons, if any, jointly interested with him or her in any such share.
136. The signature to any notice to be given by the Company may be written or printed.

RECONSTRUCTION

137. On any sale of the undertaking of the Company, the Directors or the Liquidators on a winding up may if authorised by special resolution, accept fully paid or partly paid-up Shares; debentures or securities of any other Company whether incorporated in India or not than existing to be formed for the purchase in whole or in part of the property of the Company, and the Director (if the profit of the Company permit), or the Liquidators (in a winding-up) may distribute such Shares or securities or any other property of Company amongst the members without realisation, or vest the same in trustees for them, and any Special resolution may provide for the distribution or appropriation of the cash, Shares or other securities, benefits or property, otherwise than in accordance with the strict legal rights of the members or contributories of the Company and for the valuation of any such securities or property at such price and in such manner as the meeting may approve and all holders of Shares shall be bound to accept and shall be bound by any valuation or distribution so authorised, and waive all rights in relation thereto, save only in case the Company is proposed to be or is in the course of being wound up, such statutory rights, if any, under Section 494 of the Act as are incapable of being varied or excluded by these presents.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The contracts referred to below (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years prior to the date of this Prospectus) which are or may be deemed to be material have been entered into by our Company. Copies of these contracts, together with the copies of the documents referred to below, all of which will be attached to a copy of the Prospectus, which would be delivered to RoC, may be inspected at the registered office of our Company between 10.00 A.M. and 12.00 Noon on any working day of our Company from the date of the Prospectus until the date of closing of the subscription list.

A. MATERIAL CONTRACTS

1. Letter of Appointment dated April 22, 2006 to A.K. Capital Services Limited and Punjab National Bank from our Company appointing them as BRLMs.
2. Memorandum of Understanding dated June 26, 2006 with A. K. Capital Services Limited and Punjab National Bank, appointing them as BRLMs to the Issue.
3. Memorandum of Understanding dated June 28, 2006 with Intime Spectrum Registry Limited appointing them as Registrar to the Issue.
4. Letter of appointment dated April 06, 2006 to Vaish & Associates from our Company appointing them as Legal Advisors to the Issue.
5. Escrow Agreement dated [.] 2006 between us, the BRLMs, Escrow Collection Bank(s) and the Registrar to the Issue.
6. Underwriting Agreement dated [.] 2006 between us, the BRLMs and the Syndicate Members.
7. Syndicate Agreement dated [.] 2006 between us, the BRLMs and the Syndicate Members
8. Tripartite Agreement dated [.] 2006 between us, Intime Spectrum Registry Limited and NSDL.
9. Tripartite Agreement dated [.] 2006 between us, Intime Spectrum Registry Limited and CDSL.
10. Agreement dated July 07, 2005 between us and M/s Chemprojects Consulting Private Limited for providing detailed engineering in respect of proposed Writing & Printing Paper project.

B. DOCUMENTS FOR INSPECTION

1. Our Memorandum and Articles of Association as amended till date.
2. Our Certificate of Incorporation dated December 8, 1980.
3. Resolution of the Board of Directors of our Company, passed at its meeting held on April 17, 2006, and resolution passed under section 81(1A) in General Meeting held on April 22, 2006 approving the Issue.
4. Resolution of the Board of Directors of our Company for re-constitution of the Audit Committee passed at its meeting held on April 17, 2006.
5. Resolution of the Board of Directors of our Company for formation of the Shareholders/Investors Grievance and Share Transfer Committee passed at its meeting held on April 17, 2006.
6. Resolution of the Board of Directors of our Company for formation of the IPO Committee passed at its meeting held on April 17, 2006.
7. Resolution of the Board of Directors of our Company for re-constitution of Remuneration Committee passed at its meeting held on September 24, 2004.
8. Resolution of shareholders for re-appointment of Managing Director, Whole-Time Directors and Executive Director.
9. Appraisal Report dated February 06, 2006 from Punjab National Bank and consent of Punjab National Bank for its appraisal report being referred and used in this document dated July 04, 2006.
10. Appointment Letter dated July 04, 2006 to Punjab National Bank from our Company appointing them as monitoring

agency.

11. Final Sanction Letters from:
 - (j) Punjab National Bank vide its letter dated April 04, 2006.
 - (ii) Oriental Bank of Commerce vide its letter dated May 12, 2006
 - (iii) State Bank of Bikaner & Jaipur vide its letter dated February 08, 2006.
 - (iv) State Bank of Indore vide its letter dated April 05, 2006.
12. Copies of Annual Reports of our Company for the year ended March 31, 2002, 2003, 2004, 2005 and 2006.
13. Project Report for the proposed Writing & Printing paper unit prepared by technical consultant, M/s Chemprojects Consulting Private Limited and consent of M/s Chemprojects Consulting Private Limited for details of project report being refereed and used in this document dated June 21, 2006
14. The report of statutory auditors, M/s I. Chander Goel & Co., Chartered Accountants dated June 15, 2006 prepared as per Indian GAAP and mentioned in the prospectus.
15. Consent dated June 15, 2006 from M/s I. Chander Goel & Co., Chartered Accountants for inclusion of their reports on accounts in the form and context in which they appear in the prospectus.
16. A copy of Tax Benefit Report dated June 15, 2006 from Company's statutory auditors, M/s I. Chander Goel & co., Chartered Accountants.
17. Consents of Directors, Auditors, Legal Advisors to the Issue, BRLMs, Syndicate Members, Registrar to the Issue, Appraising Entity, Monitoring Agency, Technical Consultant, Bankers to our Company, Bankers to the Issue, Escrow Collection Banks, Company Secretary and Compliance Officer to act in their respective capacities.
18. General Power of Attorney executed by 7 Directors of our Company in favour of Mr. Jatinder Singh, Whole Time Director for signing and making necessary changes to the prospectus.
19. Due Diligence Certificate dated July 4, 2006 to SEBI from BRLMs.
20. SEBI Observation Letter No. [.] dated [.]
21. In-principle listing approval dated [.] and [.] from BSE and NSE respectively.

DECLARATION

All the relevant provisions of the Companies Act, 1956 and the guidelines Issued by the Government of India or the guidelines Issued by the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines Issued, as the case may be. All the said legal requirements connected with the said Issue as also the guidelines; instructions etc. Issued by SEBI, the Government and any other competent authority in this behalf have been duly complied with.

We, the directors of Ruchira Papers Limited, hereby declare and confirm that no information / material likely to have a bearing on the decision of the investors in respect of the Equity Shares Issued in terms of the Draft Red Herring Prospectus has been suppressed / withheld and / or incorporated in the manner that would amount to misstatement / misrepresentation. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS OF RUCHIRA PAPERS LIMITED

Mr. Umesh Chander Garg, Managing Director

Mr. Subhash Chander Garg, Whole Time Director*

Mr. Jatinder Singh, Whole Time Director

Mr. Jaleshwar Narain Singh, Executive Director*

Mr. Dalbir Singh, Independent & Non-Executive Director*

Mr. Avtar Singh Bajwa, Independent & Non-Executive Director*

Mr. Surinder Gupta, Independent & Non-Executive Director*

Mr. S. K. Dewan, Independent & Non-Executive Director*

Mr. M. C. Dhyani, Independent & Non-Executive Director*

SIGNED BY DGM FINANCE AND COMPLIANCE OFFICER

Mr. Vipin Gupta

Place: Kala Amb (H.P.)

Date: July 4, 2006

* Signed through their constituted Attorney Mr. Jatinder Singh

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