

INFORMATION MEMORANDUM

SIMPLEX PAPERS LIMITED *(Formerly known as Simplex Paper & Pulp Limited)*

Registered Office: 30, Keshavrao Khadye Marg, Sant Gadge Maharaj Chowk, Mumbai – 400 011

Tel No: +91 22 23082951/54; **Fax No:** +91 22 23072773;

Email: simplex_realty@rediffmail.com

Contact Person: Mr. R. L. Saboo

Simplex Papers Limited was originally incorporated on 3rd May 1994 under the Companies Act, 1956 as Simplex Paper & Pulp Limited. Certificate for commencement of Business was received on 1st June 1994. The name of the Company was thereafter changed to its present name Simplex Papers Limited w.e.f. 15th December 2005.

INFORMATION MEMORANDUM FOR LISTING OF 30,01,475 EQUITY SHARES OF RS. 10/- EACH

NO EQUITY SHARES ARE PROPOSED TO BE SOLD OR OFFERED PURSUANT TO THIS INFORMATION MEMORANDUM

GENERAL RISK

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in the equity shares of Simplex Papers Limited 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 the shares of Simplex Papers Limited. For taking an investment decision investors must rely on their own examination of the Company including the risks involved.

ISSUER'S ABSOLUTE RESPONSIBILITY

Simplex Papers Limited having made all reasonable inquiries, accepts responsibility for, and confirms that this Information Memorandum contains all information with regard to Simplex Papers Limited, which is material, that the information contained in this Information Memorandum is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Information Memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

REGISTRAR AND SHARE TRANSFER AGENTS

Amtrac Management Services Ltd.

Mumbai Office: 106, Peninsula Centre, Dr. S. S. Rao Road, Parel, Mumbai 400 012.

Tel: (022) 2410 5685. Fax: (022) 5661 8788

Contact Person: Mr. Sanjay Karangutkar

E-mail id : vidula@boms.vsnl.net.in

Nashik Office: Plot No.101/102, MIDC, Satpur, Nashik 422 007.

Tel: (95253) 2354032 / 2351892. Fax: (95253) 235 1126

Contact Person: Mr. Bhushan P. Chandrate

E-mail id: amtrac_nsk@sancharnet.in

LISTING

The Equity Shares of the Company are proposed to be listed on Bombay Stock Exchange Limited (BSE).

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DEFINITIONS AND ABBREVIATIONS & INDUSTRY RELATED TERMS

Term	Description
“Simplex Papers” or “SPL” or “Company” or “Resulting Company” or “Simplex Papers Limited”	Simplex Papers Limited (Formerly known as Simplex Paper & Pulp Limited), a Public Limited Company incorporated under the Companies Act, 1956
“We” or “us” and “our”	Refers to Simplex Papers Limited
Companies Act / Act	The Companies Act, 1956, as amended from time to time
Articles/Articles of Association	Articles of Association of Simplex Papers Limited
Auditors	The Statutory Auditors of Simplex Papers Limited
A.Y./ AY	Assessment Year
AGM	Annual General Meeting of the Company
AS	Accounting Standard as issued by the Institute of Chartered Accountants of India
BSE	Bombay Stock Exchange Limited
Board/ Board of Directors/Directors	The Board of Directors of Simplex Papers Limited
CDSL	Central Depository Services (India) Limited
DCA	Department of Company Affairs
DP	Depository Participant
EGM	Extraordinary General Meeting of the Company
EPS	Earnings Per Share
Equity Shares	The Equity Shares of face value of Rs. 10/- each of the Company
HUF	Hindu Undivided Family
Indian GAAP	Generally accepted accounting principles in India
I.T. Act	The Income Tax Act, 1961, as amended from time to time, except as stated otherwise.
MoU	Memorandum of Understanding
Memorandum/ Memorandum of Association / MOA	The Memorandum of Association of Simplex Papers Limited
NSDL	National Securities Depository Limited
RBI	Reserve Bank of India
“Simplex Realty” or “SRL”	Simplex Realty Limited (Formerly known as The Simplex Mills Company Limited)
“Simplex Mills” or “SMCL”	Simplex Mills Company Limited (Formerly known as Gaalaxy Garments Limited)
Scheme	Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956 between Simplex Realty Limited (formerly known as The Simplex Mills Company Limited), Simplex Papers Limited (formerly known as Simplex Paper & Pulp Limited) and Simplex Mills Company Limited (formerly known as Gaalaxy Garments Limited) and their respective shareholders as sanctioned by the High Court of Judicature at Bombay on 1 st July 2005.
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended from time to time.
SEBI Guidelines	SEBI (Disclosures and Investor Protection) Guidelines, 2000 issued by the SEBI effective from January 27 th , 2000, as amended, including instructions and clarifications issued by SEBI from time to time.
TDS	Tax Deduction at Source

FORWARD-LOOKING STATEMENTS AND MARKET DATA

We have included statements in this Information Memorandum that 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”. Similarly, statements that describe our objectives, plans or goals are also forward-looking statements.

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

- General economic and business conditions in India
- Our ability to successfully implement our growth and expansion strategy
- Our ability to respond to technological changes
- Changes in laws and regulations relating to the industry in which we operate
- Changes in political and social conditions in India
- The loss of our key employees and staff
- Any adverse outcome in the legal proceedings in which our Company is involved
- Increasing competition in and the conditions of the industry in which we operate

For further discussion of factors that could cause our actual results to differ, refer to the section entitled “Risk Factors”. By their nature, certain risk disclosures are only estimates and could be materially different from what actually occurs in the future.

We do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying assumptions which may not come to realization.

RISK FACTORS

Investment in Equity Shares involves a high degree of risk. You should carefully consider all of the information contained in this Information Memorandum including the risks and uncertainties described below. If any of the following risks actually occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline and you may lose all or part of your investment.

A. INTERNAL RISK FACTORS

1. Procurement of raw material

Raw material for papers manufactured by the Company is pulp, bagasse and waste paper. Any constraint in the availability of bagasse and waste paper may affect the current and future productivity of the Company.

Management's Proposal

Due to non-availability of raw materials and other factors, presently, the paper factory is not in operation. The Company is planning to restart its operations after expansion of its installed capacity with use of alternate raw materials to make the unit viable. The management is confident that in future the proposed alternative raw materials' requirement can be procured without any difficulties.

2. Risk in relation to paper industry

The operating results of the Company 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 revenue and cost and consolidation in the paper industry, availability of raw material, change in Government policies and other general economical and business factors. Due to all or any of these factors it is possible that the company's operating results may vary from the expectations.

3. Competition

SPL is a medium size manufacturing unit of paper, having a capacity of 30 MT per day, and will have to compete with big players in the field who have better economies of scale with higher capacity. From time to time the industry circles having been taking up with the relevant authorities for certain concessions to the industry but no positive changes have been brought in the legislation and hence it can be said that amongst various industries, paper industry gets low priority from policy makers.

Management's Proposal

The competition is inevitable in any line of business and the company has its presence through out India and has been coping with competitions in the past by focusing on its products, channelising its sales through dedicated dealers, managing raw materials, fuel and technological changes. The same would be continued in future also. The Company is also planning for expansion of its installed capacity with use of alternative raw materials.

4. Dependence on Key Managerial Personnel

Any significant change in the key managerial personnel may affect the performance of the company.

Management's Proposal

The company is managed, controlled and directed by the Board of Directors.

B. EXTERNAL RISK FACTORS AND BEYOND THE CONTROL OF THE COMPANY

1. Paper industry scenario

The paper industry is cyclical in nature and sensitive to changes in industry capacity and output levels as well as cyclical changes in world economy, all of which can have a significant impact of selling prices of paper. A depressed price scenario for paper could adversely affect the profitability of the paper company.

Management's Proposal

Each cycle has its lesson to offer and all changes are inherent with both problems and opportunities. SPL has utilized these opportunities and learned to ride the cycle of changes.

2. Dependence on Labour

The company is in labour intensive industry, labour strikes; lock-outs can significantly reduce its productivity.

Management's Proposal

The company has been harmonious industrial relations with its workers and does not foresee any labour related problems.

3. Compliance with Environmental Laws

Failure to comply with environmental rules and regulations may adversely affect the company's business operations.

Management's Proposal

The company has a very good pollution and waste management system. The company does not foresee any difficulty with any normal statutory requirement in this regard.

This section should also be read in conjunction with section titled "Outstanding Litigation and Material Developments."

INTRODUCTION

SUMMARY

YOU SHOULD READ THE FOLLOWING SUMMARY TOGETHER WITH THE RISK FACTORS AND THE MORE DETAILED INFORMATION ABOUT THE COMPANY AND FINANCIAL DATA INCLUDED ELSEWHERE IN THIS INFORMATION MEMORANDUM.

(Sources: The information presented in this section has been extracted from publicly available documents from various sources, including officially prepared materials from the Government and its various ministries and has not been independently prepared and verified by the company. The information provided is based on present business activities of the company.)

Introduction

Overview of industry

The Indian paper industry has been historically divided on a three dimensional matrix identified by size, grades manufactured and raw material utilized. Generally, tariff rates have protected smaller units utilizing “unconventional” raw material.

Over the years, the growth of various segments, investments levels in specific segments, technological changes, industry fragmentation and intensity of competition have been significantly influenced by the Government tariff policy.

The present Excise duty on Paper is 8%. The Government of India from time to time has given some benefits to small paper units in order to protect them, and at present relief has been given in Excise Duty upto first 3,500 tonnes produced by a mill is chargeable to Nil rate and thereafter it is @ 8%.

The three main grades of paper manufactured in India are :-

1. Newsprint
2. Writing and printing.
3. Industrial Variety (kraft paper and Duplex Board)

Over 550 players currently populate the industry and the estimated capacity is about 7.00 million Metric Tones Per Annum (MTPA). Fragmentation is severe in the “industrial” (packaging) grades, which rely on “unconventional” raw material such as waste paper and partly agro residues. This division generally comprises of units with an average size of about 10000 MTPA and contributes to 45% of the output of paper and paper boards in the country. Although the other divisions in the Indian paper industry are also fragmented by international standards, the degree of fragmentation is less severe.

“Newsprint” till about 1995, was the sole preserve of large public sector units and was well protected by high import tariff barriers. Nevertheless, imports contributed to about 50% of the domestic consumption. Since then, new domestic capacity with private investment has been allowed to be created. This growth has relied namely on De-inked waste paper as a source of raw material. Currently import duty on newsprint is about 5% and domestic manufacture of newsprint is exempted from excise duty. This tariff structure for newsprint has seen Indian newsprint price closely mapping international prices. Imports still constitute about 10% of the total production of paper and paperboards. The number of players in the newsprint segment is relatively limited and manufacturing capacities are larger than in the packaging grades segment.

Historically, the bulk of the output of “Cultural” grades – comprising of writing, printing, office stationery paper and specialty paper has been the preserve of “large” producers, who use forest based raw material in the integrated pulping facilities augmented by imported pulp. This segment has been consistently taxed at higher rates due to its size and use of “conventional” forest based raw material. Investment in plant has also been higher. With relatively smaller number of players and high import tariff protection, prices of end products, generally perceived to be higher quality, have been high.

Import tariff levels, although much lower now, still continues a significant barrier to imports. The high investment levels required and limited “conventional” fibre resources are the major deterrents to growth in this segment for both existing players as well as new entrants. “Lower end cultural grades” manufactured by smaller players using unconventional raw materials in low investment, low tech plants cater to consumers in the price sensitive sub-segment of this market. This sub segment depends significantly on the tariff differential based on size and raw material for its viability.

The Indian Paper Industry is going through substantial changes. Global demand for paper is expected to grow at about 8% which will result in increase of demand by 30 Lakh tones approximately over the next 5 years. It is expected that customs duty on import of paper will decrease from the current level to the level of 10% over a period of time due to WTO compulsions. The import of raw material for paper including pulp, waste paper and newsprint is likely to increase by atleast 15% to 20% in 2007-08 to keep up with growing demand for paper in the domestic market.

Despite to the constraints like over crowded market and limitation in procuring the desired quality of waste paper, there are indicators of a revival in the Indian Paper Industry. In the current year, selling price has marginally increased and enabled the industry to partially offset the rise in cost of inputs, fuel & labour.

Demand and Supply gap in paper industry:

Indian paper industry is the 15th largest in the world and provides employment to 1.3mn people in the country contributing Rs. 25 bn to the Government. The Industry has recorded a volume growth of CAGR of 5.47% over the last 3 years. In 2004 - 05, it recorded a volume growth of 5.7% in the line with the GDP growth. Indian paper industry has a 1:1 correlation with the economy. The demand for paper is linked to the GDP growth. The Government is planning to target a GDP Growth of about 10% in 2-3 years. With this increase in the GDP growth the paper sector is expected to record a similar growth rate.

The Indian Paper Industry has an installed capacity of 6.7mn tons while, the effective capacity is estimated to be lower at 6.15mn tons. The industry produced 5.26mn tons of paper in 2003-04. Newsprint capacity in India is estimated at 1.12mn tons however, domestic production is only 0.59mn tons, while consumption of newsprint is 1.1mn tons.

Favorable Demand – Supply Scenario to Keep Prices Firm

The demand for paper is influenced by various macro-economic factors like national economic growth, industrial production, promotional expenditure, population growth and the Government’s allocation for the educational sector. Domestic demand for paper is expected to grow at a CAGR of 6 – 7%. India’s paper demand is expected to touch 8mn tpa by 2010.

Business Summary of the Company

Simplex Papers Limited (formerly known as Simplex Paper & Pulp Limited) was incorporated in the year 1994 having its Registered Office presently situated at 30, Keshavrao Khadye Marg, Sant Gadge Maharaj Chowk, Mumbai - 400 011. The main object of the company is to carry on activities relating to Manufacturing, Selling, Distributing, exporting, importing and otherwise dealing in all kinds of paper etc.

The Company has been vested with the Paper Division of Simplex Realty Limited (formerly known as The Simplex Mills Company Limited) w.e.f. 02nd October 2004 as per the Scheme of Arrangement sanctioned by the Hon'ble Bombay High Court vide their order dated 01st July 2005.

The Company has its plant at Gondia (Maharashtra) with the installed capacity of 9,000 MT per annum. Main products of the company are Super Copier paper, Super Print paper, Maplitho paper, and Super Ledger paper. The Company has good marketing network through its dealers in all over India. However, due to non-availability of raw materials and other factors, presently, the paper factory is not in operation. The Company is planning to restart its operation after expansion of its installed capacity with use of alternate raw materials to make the unit viable.

Scheme of Arrangement between Simplex Realty Limited (SRL), Simplex Mills Company Limited (SMCL) AND Simplex Papers Limited (SPL)

Scheme of arrangement under sections 391 to 394 of the Companies Act, 1956 between Simplex Realty Limited (formerly known as The Simplex Mills Company Limited), Simplex Papers Limited (formerly known as Simplex Paper & Pulp Limited) and Simplex Mills Company Limited (formerly known as Gaalaxy Garments Limited) and their respective shareholders was sanctioned by the High Court of judicature at Bombay on 1st July 2005.

The scheme of arrangement envisages the issue and allotment of equity shares to every member of Simplex Realty Limited, holding fully paid up equity shares in Simplex Realty Limited and whose name appears in the register of members of Simplex Realty Limited, on the record date, in respect of every Forty Three (43) Equity Share of the face value of Rs. 10 (Rupees Ten Only) each fully paid-up held by him/her/it in Simplex Realty Limited, Twenty Two (22) equity shares of the face value of Rs. 10 (Rupees Ten only) each of Simplex Papers Limited and Twenty Two (22) equity shares of the face value of Rs.10 (Rupees Ten only) each of Simplex Mills Company Limited as fully paid-up.

Upon the Scheme becoming effective, Simplex Realty Limited shall subscribe to and acquire 14,20,000 (Fourteen Lacs Twenty Thousand) Equity Shares of Rs. 10/- each of Simplex Papers Ltd. and 14,20,000 (Fourteen Lacs Twenty Thousand) Equity Shares of Rs. 10/- each of Simplex Mills Company Ltd. for cash at par.

Further, Simplex Realty Limited shall allot and Simplex Papers Ltd. and Simplex Mills Company Ltd. each shall subscribe to 1,42,000 (One Lakh Forty Two Thousand) 5% Non-Convertible Debentures ('NCDs') of Rupees 100/- (Hundred) each for cash at par.

GENERAL INFORMATION

Simplex Papers Limited was originally incorporated on 3rd May 1994 under the Companies Act, 1956 in the name of Simplex Paper & Pulp Limited. Certificate for commencement of Business was received on 1st June 1994. The name of the Company was thereafter changed to its present name Simplex Papers Limited on 15th December 2005.

REGISTERED OFFICE:

30, Keshavrao Khadye Marg,
Sant Gadge Maharaj Chowk,
Mumbai – 400011

ROC REGISTRATION NO: 11-78137

REGISTRAR OF COMPANIES:

Registrar of Companies,
Everest Building, 100, Marine Drive,
Mumbai -400 002, Maharashtra

COMPLIANCE OFFICER:

Mr. R. L. Kachhawa
Simplex Papers Limited
30, Keshavrao Khadye Marg,
Sant Gadge Maharaj Chowk,
Mumbai – 400011

Telephone : (022) 23082951 - 54
Fax : (022) 23072773
Email : admin@simplexmills.com

BOARD OF DIRECTORS:

Mr. Rameshwarlal Saboo
Mr. Shyamsundar Soni
Mr. Omdutt D. Purohit
Mr. Kashiprasad C. Murarka
Mr. Dinesh C. Shrimali

For further details of the Board of Directors of the Company, please see – the Section titled "Management".

BANKERS TO THE COMPANY:

State Bank of India
Commercial Branch,
N. G. N. Vaidya Marg, Mumbai – 400 023
Telephone : 022- 2266 2205
Fax : 022- 2262 6474

AUDITORS:

Vijay Rungta & Co.,
Chartered Accountants,
4/88, Nityanand Nagar,
S. N. Marg, Opp. Railway Station,
Andheri (East), Mumbai – 400 069
Email:vidhi3@mtnl.net.in

REGISTRAR AND SHARE TRANSFER AGENT:

Amtrac Management Services Ltd.

Mumbai Office:

Mr. Sanjay Karangutkar
106, Peninsula Centre,
Dr. S. S. Rao Road,
Parel, Mumbai - 400 012
Tel: (022) 2410 5685.
Fax: (022) 5661 8788
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Nashik 422 007.
Tel: (95253) 2354032 / 2351892.
Fax: (95253) 235 1126
Email: amtrac_nsk@sancharnet.in

CAPITAL STRUCTURE

SHARE CAPITAL

Consequent to issue and allotment of shares pursuant to the scheme, the share capital of the Company is as follows:

		(Rupees)
A. Authorised Share Capital 1,50,00,000 Equity Shares of Rs.10/- each		15,00,00,000
B. Issued, Subscribed and Paid up Capital after the Implementation of the Scheme		3,00,14,750
Issued and Subscribed Equity Shares	30,07,475	
Less : Equity Shares forfeited	6,000	
Paid up Shares	30,01,475	
C. Share Premium		
Before the Scheme		Nil
After the Scheme		Nil

1. The Authorized Share Capital of the Company at the time of Incorporation was Rs.1,00,000/- divided into 10,000 Equity Shares of Rs.10/- each.
2. Subsequently the Authorized Share Capital of the Company was increased to Rs.15,00,00,000/- divided into 1,50,00,000 Equity Shares of Rs.10/- each vide an ordinary resolution passed at its Annual General Meeting held on 14th September 1995.
3. Prior to the allotment of the shares as per the scheme the Issued, Subscribed and Paid up Share Capital of the Company was Rs.5,10,000/- divided into 51,000 Equity Shares of Rs.10/- each.
4. As per clause 4.1 of the scheme, the Company has issued and allotted 14,20,000 equity shares of Rs.10/- each for cash at par to Simplex Realty Limited (formerly known as The Simplex Mills Company Limited) on 24th March 2006.
5. As per clause 6.1 of the scheme, the Company has issued and allotted 15,30,475 equity shares of Rs.10/- each to the eligible members of Simplex Realty Limited (formerly known as The Simplex Mills Company Limited) on 24th March 2006.

Notes forming part of Capital Structure:

1. Equity share capital history:

Sr. No.	Date Of Allotment	Date When Fully Paid Up	Consideration (Cash, Bonus, Kind, Etc.)	No. of Equity shares	Face Value (Rs.)	Issue Price (Rs.)	Lock-In Period
1.	09/5/1994	09/5/1994	Cash	1500	10.00	10.00	Nil
2.	24/6/1994	24/6/1994	Cash	7500	10.00	10.00	Nil
3.	1/12/1994	-	Forfeited	(6000)			
4.	22/3/2003	22/3/2003	Right	48000	10.00	10.00	Nil
5.	24/3/2006	24/3/2006	Issuance of Equity Shares pursuant to the scheme	15,30,475	10.00	N.A.	6,00,295 shares shall be under lock-in for 3 years
6.	24/3/2006	24/3/2006	Issuance of Equity Shares pursuant to the scheme for cash	14,20,000	10.00	10.00	3 years

2. Promoters of SPL, their relatives and associates, and their Directors have not purchased or sold or financed, directly or indirectly, any equity shares from the date of sanction of the scheme by the High Court till the date of submission of this Information Memorandum, except as provided in scheme of arrangement.

3. Equity Shareholding Pattern of the Company before and after the scheme (as on the date of Information Memorandum):

(a) Before the scheme:

	Pre-arrangement	
	No. of Equity shares	% of shareholding
A. PROMOTER GROUP		
1. Promoters		
Indian Promoters	51,000	100.00
Person acting in concert	-	-
Sub-Total Promoter Group	51,000	100.00
B. NON – PROMOTER GROUP		
2. Institutional Investors		
a. MFs and UTI	-	-
b. Banks, Financial Institutions, Insurance Companies (Central/State Govt., Non- Govt. Institution)	-	-
c. FIIs	-	-
3. Others		
a. Private Corporate Bodies	-	-
b. Indian Public	-	-
c. NRIs / OCBs	-	-
d. Any other (Please specify)	-	-
Sub-Total Non - Promoter Group	-	-
Total	51,000	100

(b) After the Scheme:

Category Code	Category of shareholders	Number of shareholders	Total number of shares	Numbers of shares held in demat form	Total shareholding as a % of total number of shares	
					As a % of (A+B)	As a % of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group					
1	Indian					
(a)	Individual/HUF	12	89523	88665	2.98	2.98
(b)	Central Govt. / State Govt.	-	-	-	-	-
(c)	Bodies Corporate	5	2072656	2021656	69.06	69.06
(d)	Financial Institutions / Banks	-	-	-	-	-
(e)	Any other (specify)	-	-	-	-	-
	Sub-total (A)(1)	17	2162179	2110321	72.04	72.04
2	Foreign					
(a)	Individuals (Non Residents Individuals / Foreign Individuals)	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-
(c)	Institutions	-	-	-	-	-
(d)	Any other (specify)	-	-	-	-	-
	Sub-total (A)(2)	-	-	-	-	-
	Total shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)	17	2162179	2110321	72.04	72.04
(B)	Public Shareholding					
1	Institutions					
(a)	Mutual Funds /UTI	4	361	4	0.01	0.01
(b)	Financial Institutions / Banks	8	4843	0	0.16	0.16
(c)	Central Govt./ State Govt.	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-
(e)	Insurance Companies	8	472353	471747	15.74	15.74
(f)	F.I.Is.	-	-	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-
(h)	Any other (specify)	-	-	-	-	-
	Sub-total (B)(1)	20	477557	471751	15.91	15.91

2	Non Institutions					
(a)	Bodies Corporate	72	8128	5264	0.27	0.27
(b)	Individuals					
	i. Individual shareholders holding nominal share capital up to Rs. 1 lakh	6112	353611	129851	11.78	11.78
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-
(c)	Any other (specify)	-	-	-	-	-
	Sub-total (B)(1)	6184	361739	135115	12.05	12.05
	Total Public shareholding (B) = (B)(1) + (B)(2)	6204	839296	606866	27.96	27.96
	TOTAL (A) + (B)	6221	3001475	2717187	100.00	100.00
(C)	Shares held by custodians and against which Depository Receipts have been issued	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	6221	3001475	2717187	100.00	100.00

4. List of the Persons/Entities comprising Promoter Group holding shares in the company are as follows:

Sr. no.	Name of shareholders	Pre-scheme	Post-scheme	
			No. of Shares	Percent
1.	Simplex Realty Limited	49,800	14,71,000	49.01
2.	Mr. Nandan S. Damani, Nominee of Simplex Realty Limited	200		
3.	Mr. S. K. Somany, Nominee of Simplex Realty Limited	200		
4.	Mr. R. L. Saboo, Nominee of Simplex Realty Limited	200		
5.	Mr. Kantilal V Shah, Nominee of Simplex Realty Limited	200		
6.	Mr. S. M. Soni, Nominee of Simplex Realty Limited	200		
7.	Mr. R. L. Kachhawa, Nominee of Simplex Realty Limited	200		
8.	Shreelekha Global Finance Limited	-	2,52,553	8.41

9.	New Textiles Limited	-	2,50,847	8.36
10.	Lucky Vyapaar & Holdings Private Limited	-	98,256	3.27
11.	Nandan S. Damani	-	50,479	1.68
12.	Shreelekha N Damani	-	26,571	0.89
13.	Nandan S. Damani (Trust)	-	4,321	0.14
14.	Kamala Devi Bagri	-	227	0.01
15.	Shashi A. Patodia & Nandan S. Damani	-	4,765	0.15
16.	Nalini Somany	-	255	0.01
17.	Sumita Somany	-	25	0.001
18.	Devratan Bagri	-	16	0.001
19.	Jaiprakash Semwal	-	102	0.001
20.	Sandip Somany	-	2302	0.08
21.	Surendra Kumar Somany	-	460	0.02
Total		51,000	21,62,179	72.04

Note : 49,800 equity shares were held by Simplex Realty Limited and remaining 1,200 equity shares were held by nominees of Simplex Realty Limited.

List of top ten shareholders of SPL and the number of equity shares held by them

A) Top ten shareholders on the date of filing of the Information Memorandum with the Stock Exchange and 10 days prior to the date of filing of the Information Memorandum:

SR. NO.	NAME OF THE SHAREHOLDERS	NO. OF SHARES
1.	Simplex Realty Limited	14,71,000
2.	Life Insurance Corporation of India	3,87,439
3.	Shreelekha Global Finance Limited	2,52,553
4.	New Textiles Limited	2,50,847
5.	Lucky Vyapaar & Holdings Private Limited	98,256
6.	Oriental Insurance Company Limited	50,940
7.	National India Assurance Company Limited	32,850
8.	Nandan S Damani	54,800
9.	Shreelekha N. Damani	26,571
10.	Sweety H Shah	5,858

B) Top ten equity shareholders of the Company on the date of Incorporation

SR. NO.	NAME OF THE SHAREHOLDERS	NO. OF SHARES
1.	The Simplex Mills Company Limited	300
2.	Nandan S. Damani	200
3.	Surendra Kumar Somany	200
4.	R. L. Saboo	200
5.	K. S. Manian	200
6.	S. Ranganathan	200
7.	M. S. Balakrishna	200

Note: The Company had only seven shareholders on the date of incorporation.

5. As on the date of this Information Memorandum, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into equity shares of the Company.
6. There will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of sanctioning of the scheme by the High Court, Bombay till listing of the Equity Shares as per the scheme.
7. There shall be only one denomination for the equity shares of the Company, subject to applicable regulations and the Company shall comply with such disclosure and accounting norms specified by SEBI, from time to time.
8. The Company has 6,221 members as on the date of filing this Information Memorandum.
9. None of the Equity Shares of the Company were under lock-in prior to the Scheme.

SCHEME OF ARRANGEMENT

Rationale for Demerger with respect to Paper Division and Textile Division as defined in the Scheme

The Scheme of Arrangement was for demerger of the Paper Division and Textile Division of Simplex Realty Limited (formerly known as The Simplex Mills Company Limited) into Simplex Papers Limited (formerly known as Simplex Paper & Pulp Limited) and Simplex Mills Company Limited (formerly known as Gaalaxy Garments Limited) respectively.

Simplex Realty Limited (formerly Known as The Simplex Mills Company Limited) was engaged in the business of paper, textile and real estate development. It was considered necessary to provide focussed attention to each business, which are totally distinct from each other. Accordingly, the management of Simplex Realty Limited had decided to demerge the Paper Division and Textile Division as defined in para 1.7 and 1.8 of the Scheme into Simplex Papers Limited (formerly known as Simplex Paper & Pulp Limited) and Simplex Mills Company Limited (formerly known as Gaalaxy Garments Limited) respectively. Simplex Papers Limited and Simplex Mills Company Limited were both 100% subsidiaries of Simplex Realty Limited It was believed that the Scheme would result in the following advantages:

- The separate businesses would be carried out in independent entities.
- This will result in enhanced management focus to the respective businesses and result in synergies of operations.
- The resultant structure should facilitate independent growth of the separate businesses.

Further, in order to maximize the shareholders' value and the profitability, the management has for long been looking at strategic investor in paper and textile business. Post restructuring structure will enable the management to attract strategic investor, as each of businesses will be carried out in separate companies.

Rationale for issue of shares and debentures pursuant to Clause 4 of the Scheme

As per the Scheme of Arrangement upon implementation of the Scheme, Simplex Realty Limited (formerly Known as The Simplex Mills Company Limited) will retain a huge part of the liabilities of the paper and textile divisions.

Simplex Realty Limited (formerly Known as The Simplex Mills Company Limited) has retained a huge part of the liabilities of the paper and textile divisions and in order to provide for those liabilities, it desired to maintain control over the Paper and Textile business. Therefore as proposed in the Scheme, Simplex Realty Limited subscribed to and acquired 14,20,000 equity shares of Rs. 10/- each for cash at par of the paid up equity share capital of Simplex Papers Limited and Simplex Mills Company Limited. Further, by holding the share of the Simplex Papers Limited and Simplex Mills Company Limited there would be no loss of economic value to the shareholders of Simplex Realty Limited.

In order to make the above transaction cash neutral, Simplex Realty Limited (formerly Known as The Simplex Mills Company Limited) has allotted and Simplex

Paper Limited (formerly known as Simplex Paper & Pulp Limited) and Simplex Mills Company Limited (formerly known as Gaalaxy Garments Limited) each has subscribed to 1,42,000 Non-Convertible Debentures ('NCDs') of Rs. 100/- each for cash at par. This issue and acquisition/ subscription of Equity Shares and NCDs shall be carried out as an integral part of the Scheme.

EXCHANGE RATIO IN WHICH SHARES WERE ALLOTTED

22 Equity shares of Rs.10/- each of Simplex Papers Limited were allotted on 24.03.2006 to the shareholders of Simplex Realty Limited for every 43 Equity shares held by them in the Simplex Realty Limited (formerly known as The Simplex Mills Company Limited) as on the record date i.e. 8th March,2006.

Approval and sanction of the Scheme of Arrangement

The Honorable High Court of Judicature at Bombay, vide its Order dated 1st July, 2005 has sanctioned the Scheme of Arrangement between Simplex Realty Limited (Formerly known as The Simplex Mills Company Limited) and Simplex Papers Limited (Formerly known as Simplex Paper & Pulp Limited) and Simplex Mills Company Limited (Formerly known as Gaalaxy Garments Limited) and their respective Shareholders.

Pursuant to the Scheme of Arrangement Paper Division and Textile Division of Simplex Realty Limited (Formerly known as The Simplex Mills Company Limited) has vested with Simplex Papers Limited (Formerly known as Simplex Paper & Pulp Limited) and Simplex Mills Company Limited (Formerly known as Gaalaxy Garments Limited) respectively w.e.f 2nd October, 2004 (i.e. the Appointed Date under the Scheme) under Sections 391 to 394 of the Companies Act, 1956.

In accordance with the said Scheme, the Equity Shares of Simplex Papers Limited (Formerly known as Simplex Paper & Pulp Limited) issued pursuant to the Scheme, subject to applicable regulations, shall be listed and admitted to trading on BSE. Such listing and admission for trading is not automatic and will be subject to such other terms and conditions as may be prescribed by the Stock Exchange at the time of application by Simplex Papers Limited (formerly known as Simplex Paper & Pulp Limited) seeking listing.

The aforesaid order of the Hon'ble High Court of Judicature at Bombay was filed by Simplex Realty Limited (Formerly known as The Simplex Mills Company Limited) and Simplex Papers Limited (Formerly known as Simplex Paper & Pulp Limited) with the Registrar of Companies ("ROC"), Maharashtra on 25th August, 2005 which is the Effective Date of the Scheme.

Subsequently SEBI, vide letter CFD/DIL/19(2)(b)/PB/PN/100297/2007 dated August 2, 2007 has granted relaxation from the strict enforcement of the requirement of Rule 19(2)(b) of the Securities Contract Regulation (Rules), 1957 (SCRR) for the purpose of listing the shares of Simplex Papers Limited subject to the transferee company, viz. Simplex Papers Limited, complying with all the provisions of clause 8.3.5 of SEBI (DIP) Guidelines, 2000.

Simplex Papers Limited (formerly known as Simplex Paper & Pulp Limited) has submitted its Information Memorandum containing information and disclosures in line with the disclosure requirement for public issues, as applicable, to the BSE for making the said information Memorandum available to public through their website.

This Information Memorandum will be available on the website of the Bombay Stock Exchange, Mumbai.

Simplex Papers Limited (formerly known as Simplex Paper & Pulp Limited) will publish an advertisement in the newspapers containing its details in line with the details required as per Clause 8.3.5.4 of SEBI (DIP) Guidelines. The advertisement will draw a specific reference to the availability of this Information Memorandum on the website of Simplex Papers Limited as well as the Stock Exchange.

Simplex Papers Limited (formerly known as Simplex Paper & Pulp Limited) also undertakes that all material information about itself shall be disclosed to stock exchanges on a continuous basis so as to make the same available to public.

STATEMENT OF TAX BENEFITS

M/s. Vijay Rungta & Co., Chartered Accountants, vide their report dated 25.06.2008 have certified that the following tax benefits are available to the Company and its shareholders under the current direct tax laws in India.

I. Under Income Tax Act, 1961

A) Key Benefits available to the Company under the Income-tax Act, 1961 ('the Act')

1. Under section 32 of the I. T. Act, the company is entitled to claim depreciation, subject to the conditions specified therein, at the prescribed rates on its specified assets used for its business.
2. Under section 10(34) of the I. T. Act, dividend income (whether interim or final) referred to in section 115O of the I. T. Act, received by the Company, is exempt from the tax in the hands of the company.
3. By virtue of section 10(35) of the I. T. Act, the following income shall be exempt, in the hands of the company:
 - (a) Income received in respect of the units of a Mutual Fund specified under clause (23D) of the section 10; or
 - (b) Income received in respect of the units from Administrator of the specified undertaking; or
 - (c) Income received in respect of units from the specified company.

However, this exemption does not apply to any income arising from transfer of units of the Administrator of the specified undertaking or of the specified company or of a mutual fund, as the case may be.

For the purpose (i) 'Administrator' means the Administrator as referred to in section 2(a) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 and (ii) 'Specified Company' means a company as referred to in section 2(h) of the said Act.

4. Capital assets may be categorized into short-term capital assets and long-term capital assets based on the period of holding. Shares held in a Company or any other securities listed on a recognized stock exchange in India, units of Mutual Funds and zero coupon Bonds will be considered as long-term capital assets if these are held for a period exceeding 12 months. Capital gains arising on transfer of these capital assets held for more than 12 months are considered as 'long-term capital gains'. Other capital assets held for a period exceeding 36 months immediately preceding the date of transfer will be considered as long term capital assets and capital gain arising on transfer of there capital assets are also considered as long term capital gains. Capital gains arising on transfer of capital assets other than long term capital assets are considered as 'short-term capital gains'.

5. Section 48 of the Act, prescribes the mode of computation of capital gains. It provides for deduction of cost of acquisition/improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long-term capital gains, for resident shareholders it offers a benefit by permitting substitution of cost of acquisition/improvement with the indexed cost of acquisition/improvement, which adjusts the cost of acquisition/improvement by the prescribed cost inflation index. The benefit of indexation is not available in respect of long-term capital gains arising from the transfer of long-term capital asset like bonds and debenture other than capital indexed bonds issued by the Government.
6. Under section 10(38) of the I. T. Act, the long term capital gain arising on transfer of equity shares in any other company or units of equity oriented fund, which is chargeable to STT, is exempt from tax in the hands of the Company.
7. As per Section 54EC & 54ED of the I. T. Act, and subject to the conditions specified therein, long-term capital gains which are not exempt under Section 10(38) of the Act shall not be chargeable to tax in the proportion of capital gains are invested in certain notified Bonds (54EC) or Securities (54ED) within six months from the date of transfer and held for a minimum period of three years. Where only a part of the capital gains is so invested, the exemption is proportionately available. However, if the said Bonds / Securities are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the Bonds / Securities are transferred or converted into money.
8. Share of Profit, if any, received by the Company from its investment in Partnership Firms that are separately assessed to tax will be exempt from tax under Section 10 (2A) of the Act.
9. The Company shall be eligible for amortization of preliminary expenditure as specified in section 35D of the Act being expenditure as specified in section 35D of the Act on public issue of share subject to meeting the conditions and limits specified in that section.
10. Under Section 115 JAA of the Act, the Company can claim credit for the difference of tax paid for any assessment year under subsection 1 of section 115JB and the amount of tax payable by the company on its total income computed in accordance with the other provisions of the Act. Such credit shall be allowed to be carried forward and set off in accordance with the provisions of said section. The carried forward tax credit shall not be allowed beyond 5th assessment year immediately succeeding the assessment year in which tax credit becomes allowable.

B) Key benefits available to the Shareholders of the Company

a) Resident Shareholders

1. Under section 10(34) of the I. T. Act, dividend income (whether interim or final) referred to in section 115O of the I. T. Act, received by the resident shareholder, is exempt from the tax in the hands of resident shareholders.

2. By virtue of section 10(35) of the I. T. Act, the following income shall be exempt, in the hands of the shareholders:
 - (a) Income received in respect of the units of a Mutual Fund specified under clause (23D) of the section 10; or
 - (b) Income received in respect of the units from Administrator of the specified undertaking; or
 - (c) Income received in respect of units from the specified company.

However, this exemption does not apply to any income arising from transfer of units of the Administrator of the specified undertaking or of the specified company or of a mutual fund, as the case may be.

For the purpose (i) 'Administrator' means the Administrator as referred to in section 2(a) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 and (ii) 'Specified Company' means a company as referred to in section 2(h) of the said Act.

3. Capital assets may be categorized into short-term capital assets and long-term capital assets based on the period of holding. Shares held in a Company or any other securities listed on a recognized stock exchange in India, units of Mutual Funds and zero coupon Bonds will be considered as long-term capital assets if these are held for a period exceeding 12 months. Capital gains arising on transfer of these capital assets held for more than 12 months are considered as 'long-term capital gains'. Other capital assets held for a period exceeding 36 months immediately preceding the date of transfer will be considered as long term capital assets and capital gain arising on transfer of these capital assets are also considered as long term capital gains. Capital gains arising on transfer of capital assets other than long term capital assets are considered as 'short-term capital gains'.
4. Section 48 of the Act, prescribes the mode of computation of capital gains. It provides for deduction of cost of acquisition/improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long-term capital gains, for resident shareholders it offers a benefit by permitting substitution of cost of acquisition/improvement with the indexed cost of acquisition/improvement, which adjusts the cost of acquisition/improvement by the prescribed cost inflation index. The benefit of indexation is not available in respect of long-term capital gains arising from the transfer of long-term capital asset like bonds and debenture other than capital indexed bonds issued by the Government.
5. Under section 10(38) of the I. T. Act, the long term capital gain arising on transfer of equity shares in any other company or units of equity oriented fund, which is chargeable to STT, is exempt from tax in the hands of resident shareholders.
6. As per Section 54EC of the I. T. Act, and subject to the conditions specified therein, long-term capital gains which are not exempt under Section 10(38) of the Act shall not be chargeable to tax in the proportion of capital gains are invested in certain notified bonds within six months from the date of transfer and held for a minimum period of three years. Where only a part of the capital gains is so invested, the exemption is proportionately available. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

7. In case of a shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent provided in section 54F of the I. T. Act, the shareholder is entitled to exemption from long term capital gains arising from the transfer of shares of the Company (not covered under section 10(38) of the I. T. Act), if the net consideration is invested within a period of one year before, or two years after the date of transfer, for purchase of a residential house, or for construction of a residential house within three years. If part of the net consideration is invested within the prescribed period in a residential house, such gains would be exempt from tax on a proportionate basis. If, however, such new residential in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains for which the exemption was availed earlier would be taxed as long term capital gains of the year in which such residential house is transferred.

b) Mutual Funds

In case of a shareholder being a Mutual Fund, as per the provisions of section 10(23D) of the I. T. Act, any income of Mutual Funds registered under the SEBI Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorized by the Reserve Bank of India is exempt from income tax, subject to the conditions notified by Central Government in this regard.

c) Venture Capital Companies/Funds

In case a shareholder being a Venture Capital Company/Fund, any income from investment in venture capital undertaking is exempt from income tax, subject to the conditions specified in section 10(23FB) of the I. T. Act.

d) Key Benefits available to Non-Resident Shareholders/Non-Resident Indians (Other than FIIs and Venture Capital Companies /Funds) :

1. Dividend income (whether interim or final) referred to in section 115O of the I. T. Act, received by the Non Resident Shareholder/ Non-Resident Indian Shareholders from the company shall be exempt under section 10(34).
2. Capital assets may be categorized into short-term capital assets and long-term capital assets based on the period of holding. Shares held in a Company or any other securities listed on a recognized stock exchange in India, units of Mutual Funds and zero coupon Bonds will be considered as long-term capital assets if these are held for a period exceeding 12 months. Capital gains arising on transfer of these capital assets held for more than 12 months are considered as 'long-term capital gains'. Other capital assets held for a period exceeding 36 months immediately preceding the date of transfer will be considered as long term capital assets and capital gain arising on transfer of there capital assets are also considered as long term capital gains. Capital gains arising on transfer of capital assets other than long term capital assets are considered as 'short-term capital gains'.

3. Section 48 of the Act, prescribes the mode of computation of capital gains. It provides for deduction of cost of acquisition/improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long-term capital gains, for resident shareholders it offers a benefit by permitting substitution of cost of acquisition/improvement with the indexed cost of acquisition/improvement, which adjusts the cost of acquisition/improvement by the prescribed cost inflation index. The benefit of indexation is not available in respect of long-term capital gains arising from the transfer of long-term capital asset like bonds and debenture other than capital indexed bonds issued by the Government.
4. Under section 10(38) of the I. T. Act, the long term capital gain arising on transfer of equity shares in any other company or units of equity oriented fund, which is chargeable to STT, is exempt from tax in the hands of non resident shareholders.
5. As per Section 54EC & 54ED of the I. T. Act, and subject to the conditions specified therein, long-term capital gains which are not exempt under Section 10(38) of the Act shall not be chargeable to tax in the proportion of capital gains are invested in certain notified Bonds (54EC) or Securities (54ED) within six months from the date of transfer and held for a minimum period of three years. Where only a part of the capital gains is so invested, the exemption is proportionately available. However, if the said Bonds / Securities are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the Bonds / Securities are transferred or converted into money.
6. In case of a shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent provided in section 54F of the I. T. Act, the shareholder is entitled to exemption from long term capital gains arising from the transfer of shares of the Company (not covered under section 10(38) of the I. T. Act), if the net consideration is invested within a period of one year before, or two years after the date of transfer, for purchase of a residential house, or for construction of a residential house within three years. If part of the net consideration is invested within the prescribed period in a residential house, such gains would be exempt from tax on a proportionate basis. If, however, such new residential in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains for which the exemption was availed earlier would be taxed as long term capital gains of the year in which such residential house is transferred.
7. As per Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the non-resident/non-resident Indian shareholder. Thus, a non-resident/non-resident Indian shareholder can opt to be governed by the beneficial provisions of an applicable tax treaty.
8. Options available to a non-resident Indian under the I. T. Act
 - (a) As per the provisions of section 115D read with section 115E of the Act and subject to the conditions specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) arising on transfer of an Indian company's shares, will be subject to tax at the rate of 10 percent (plus applicable surcharge on tax and education cess on tax and surcharge), without indexation benefit.

- (b) As per the provisions of section 115F of the Act and subject to the conditions specified therein, gains arising on transfer of a long term capital asset (in cases not covered under section 10(38) of the Act) being shares in an Indian company shall not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act. If part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

Further, if the specified asset or savings certificates in which the investment has been made is transferred within a period of three year from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.

- (c) As per the provisions of section 115G of the Act, non-resident Indians are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.
- (d) Under section 115H of the Act, where the non-resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under section 139 of the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.
- (e) As per the provisions of section 115-I of the Act, a non-resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

C) Key Benefits available to Foreign Institutional Investors (FIIs)

1. Dividend income:
Dividend (both interim and final) income, if any, received by the shareholder from the domestic company shall be exempt under Section 10(34) read with Section 115-O of the Act.
2. Capital Gains:
 - a) As per the provisions of section 111A of the I. T. Act, short term capital gains arising to FII from the transfer of equity shares of the Company transacted through a recognised stock exchange, are subject to tax @ 15% (plus applicable surcharge and education cess).

- b) Under Section 115AD, capital gains arising from transfer of shares of the company which are not exempt under Section 10(38), shall be taxable as follows:

Capital gains of shares, which are held for the period of more than twelve months, shall be taxable @ 30% (plus applicable surcharge and education cess).

3. Exemption of capital gains tax

- a) Long-term capital gains arising on transfer of equity shares in the Company, which is held for the period of twelve months or more and where such transaction is chargeable to STT, shall be exempt from tax under Section 10(38) of the Act.
- b) As per Section 54EC & 54ED of the I. T. Act, and subject to the conditions specified therein, long-term capital gains which are not exempt under Section 10(38) of the Act shall not be chargeable to tax in the proportion of capital gains are invested in certain notified Bonds (54EC) or Securities (54ED) within six months from the date of transfer and held for a minimum period of three years. Where only a part of the capital gains is so invested, the exemption is proportionately available. However, if the said Bonds / Securities are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the Bonds / Securities are transferred or converted into money.

II Under Wealth Tax Act, 1957

Shares in a company held by a shareholder will not be treated as an asset within the meaning of Section 2(ea) of Wealth tax Act, 1957; hence, wealth tax is not leviable on shares held in a company.

III Under The Gift Tax Act, 1957

Gift of shares of the company made on or after October 1, 1998 are not liable to tax.

ABOUT SIMPLEX PAPERS LIMITED

Overview of industry

The Indian paper industry has been historically divided on a three dimensional matrix identified by size, grades manufactured and raw material utilized. Generally, tariff rates have protected smaller units utilizing “unconventional” raw material.

Over the years, the growth of various segments, investments levels in specific segments, technological changes, industry fragmentation and intensity of competition have been significantly influenced by the Government tariff policy.

The present Excise duty on Paper is 8%. The Government of India from time to time has given some benefits to small paper units in order to protect them, and at present relief has been given in Excise Duty upto first 3,500 tonnes produced by a mill is chargeable to Nil rate and thereafter it is @ 8%.

The three main grades of paper manufactured in India are:

1. Newsprint
 1. Writing and printing.
 2. Industrial Variety (Kraft paper and Duplex Board)

Over 550 players currently populate the industry and the estimated capacity is about 7.00 million Metric Tones Per Annum (MTPA). Fragmentation is severe in the “industrial” (packaging) grades, which rely on “unconventional” raw material such as waste paper and partly agro residues. This division generally comprises of units with an average size of about 10000 MTPA and contributes to 45% of the output of paper and paper boards in the country. Although the other divisions in the Indian paper industry are also fragmented by international standards, the degree of fragmentation is less severe.

“Newsprint” till about 1995, was the sole preserve of large public sector units and was well protected by high import tariff barriers. Nevertheless, imports contributed to about 50% of the domestic consumption. Since then, new domestic capacity with private investment has been allowed to be created. This growth has relied namely on De-inked waste paper as a source of raw material. Currently import duty on newsprint is about 5% and domestic manufacture of newsprint is exempted from excise duty. This tariff structure for newsprint has seen Indian newsprint price closely mapping international prices. Imports still constitute about 10% of the total production of paper and paperboards. The number of players in the newsprint segment is relatively limited and manufacturing capacities are larger than in the packaging grades segment.

Historically, the bulk of the output of “Cultural” grades – comprising of writing, printing, office stationery paper and specialty paper has been the preserve of “large” producers, who use forest based raw material in the integrated pulping facilities augmented by imported pulp. This segment has been consistently taxed at higher rates due to its size and use of “conventional” forest based raw material. Investment in plant has also been higher. With relatively smaller number of players and high import tariff protection, prices of end products, generally perceived to be higher quality, have been high.

Import tariff levels, although much lower now, still continues a significant barrier to imports. The high investment levels required and limited “conventional” fiber resources are the major deterrents to growth in this segment for both existing players as well as new entrants. “Lower end cultural grades” manufactured by smaller players using unconventional raw materials in low investment, low tech plants cater to consumers in the price sensitive sub-segment of this market. This sub segment depends significantly on the tariff differential based on size and raw material for its viability.

The Indian Paper Industry is going through substantial changes. Global demand for paper is expected to grow at about 8% which will result in increase of demand by 30 Lakh tones approximately over the next 5 years. It is expected that customs duty on import of paper will decrease from the current level to the level of 10% over a period of time due to WTO compulsions. The import of raw material for paper including pulp, waste paper and newsprint is likely to increase by at least 15% to 20% in 2007-08 to keep up with growing demand for paper in the domestic market.

Despite to the constraints like over crowded market and limitation in procuring the desired quality of waste paper, there are indicators of a revival in the Indian Paper Industry. In the current year, selling price has marginally increased and enabled the industry to partially offset the rise in cost of inputs, fuel & labour.

Demand and Supply gap in paper industry:

Indian paper industry is the 15th largest in the world, with a turnover of Rs. 16,000 crores per annum and provides employment to 1.3 million people in the country contributing Rs. 25 bn to the Government. The Industry has recorded a volume growth of CAGR of 5.47% over the last 3 years. In 2004 - 05, it recorded a volume growth of 5.7% in the line with the GDP growth. Indian paper industry has a 1:1 correlation with the economy. The demand for paper is linked to the GDP growth. The Government is planning to target a GDP Growth of about 10% in 2-3 years. With this increase in the GDP growth the paper sector is expected to record a similar growth rate.

The Indian Paper Industry has an installed capacity of 6.7mn tons while, the effective capacity is estimated to be lower at 6.15mn tons. The industry produced 5.26mn tons of paper in 2003-04. Newsprint capacity in India is estimated at 1.12mn tons however, domestic production is only 0.59mn tons, while consumption of newsprint is 1.1mn tons.

Favorable Demand – Supply Scenario to Keep Prices Firm

The demand for paper is influenced by various macro-economic factors like national economic growth, industrial production, promotional expenditure, population growth and the Government's allocation for the educational sector. Domestic demand for paper is expected to grow at a CAGR of 6 – 7%. India's paper demand is expected to touch 8mn tpa by 2010.

Business Summary of the Company

Simplex Papers Limited (formerly known as Simplex Paper & Pulp Limited) was incorporated in the year 1994 presently having its Registered office situated at 30, Keshavrao Khadye Marg, Sant Gadge Maharaj Chowk, Mumbai-400 011. The main object of the company is to carry on activities relating to Manufacturing, Selling, Distributing, exporting, importing and otherwise dealing in all kinds of paper etc.

The Company has been vested with the Paper Division of Simplex Realty Limited (formerly known as The Simplex Mills Company Limited) w.e.f. 02nd October 2004 as per the Scheme of Arrangement sanctioned by the Hon'ble High Court of Judicature at Mumbai vide their order dated 01st July 2005.

The Company has its plant at Gondia (Maharashtra) with the installed capacity of 9,000 MT per annum. Main products of the company are Super Copier paper, Super Print paper, Maplitho paper, and Super Ledger paper. The Company has good marketing network through its dealers in all over India. However, due to non-availability of raw materials and other factors, presently, the paper factory is not in operation. The Company is planning to restart its operation after expansion of its installed capacity with use of alternate raw materials to make the unit viable.

HISTORY

Simplex Papers Limited (SPL) was originally incorporated on 3rd May 1994 under the Companies Act, 1956 in the name of Simplex Paper & Pulp Limited. It obtained the Certificate for Commencement of Business on 1st June, 1994. The name of the Company was changed to its present name Simplex Papers Limited on 15th December 2005.

The objects for which the SPL has been established are set out in its Memorandum of Association. The Main Object of the Company is:

1. To carry on the business of manufacturing, selling, distributing, exporting, importing and otherwise dealing in all kinds of paper, including white printing paper, maplitho paper, craft paper, bond paper, ledger paper, tissue papers, cards of all kinds, card boards and card board papers, packing papers and any other kinds of special paper.

Change in Memorandum of Association since the Company's inception:

Date of Change	Particulars
14 – 09 – 1995	Increase in Authorised Share Capital from Rs. 1,00,000/- to Rs. 15,00,00,000/-
15 – 12 – 2004	Alteration in Object Clause
15 – 12 – 2005	Change of name of the Company from Simplex Paper & Pulp Limited to Simplex Papers Limited

Change in Statutory Auditors:

Date of Change	Particulars
27 – 03 – 2008	M/s. Vijay Rungta & Co., Chartered Accountants were appointed as Statutory Auditors of the Company due to sudden death of Mr. Bharat Bhuta, proprietor of M/s. Bharat Bhuta & Co., Chartered Accountants.

MANAGEMENT

BOARD OF DIRECTORS

The following table sets forth details regarding the Board of Directors:

Name of Directors, Age in years, Father's name, Designation, Occupation and Address	Other Directorships
<p>Mr. S. M. Soni S/o Shri Mulchand Soni Age: 74 yrs. Designation: Director Occupation: Service Address: 38, Tagore Road, 25, Subhodguru, Santacruz (West), Mumbai – 400 054</p>	<p>Simplex Mills Limited</p>
<p>Mr. R. L. Saboo S/o Late Mr. Jaynarayanji Saboo Age: 70 yrs. Designation: Director Occupation: Service Address: B-507, Alka Chambers Premises Co-op. Society Ltd., S. V. Road, Andheri (West), Mumbai-400058</p>	<p>Simplex Mills Company Limited</p>
<p>Mr. O. D. Purohit S/o Late Shri. Jamnadas Purohit Age: 80 yrs. Designation: Director Occupation: Practicing Company Secretary Address: 49/5, Venus Apartments, Worli Sea Face (South), Mumbai-400018</p>	<p>1.Lotus Properties Pvt. Ltd. 2.Shreelekha Global Finance Ltd. 3.The Nav Bharat Refrigeration & Industries Ltd. 4..Simplex Mills Company Ltd.</p>
<p>Mr. Kashiprasad C. Murarka S/o Late Shri Chiranjilal Muraka Age: 62 yrs. Designation : Director Occupation : Industrialist Address: 703, Panchsheel, General A. K. Vaidya Marg, Gokul Dham, Film City Road, Goregaon (E), Mumbai- 400063</p>	<p>1. Simplex Mills Company Ltd. 2. Shreelekha Global Finance Limited</p>
<p>Mr. Dinesh C. Shrimali S/o : Mr. Kanhayalal N. Shrimali Age : 55 yrs. Designation : Director Occupation : Service Address : Opposite Bidi Kamgar Dawakhana Poona Toli, Gondia – 411 614 (Maharashtra)</p>	<p>Nil</p>

Brief profile of the Directors:

Mr. S. M. Soni

Mr. S. M. Soni is M. Com., LLB, LTI by qualification, he has more than 51 years experience in Textile Industries

Mr. R. L. Saboo

Mr. R. L. Saboo has more than 43 years of experience in the field of Accountancy, Finance and Banking.

Mr. O. D. Purohit

Mr. O. D. Purohit is Fellow member of The Institute of Company Secretaries of India having more than 43 years of experience in the field of Company Law, Taxation and legal matters.

Mr. K. C. Murarka

Mr. K. C. Morarka has more than 38 years of experience in the field of chemical industry and marketing.

Mr. Dinesh C. Shrimali

Mr. D. C. Shrimali, a Commerce graduate, has more than 36 years of experience in the commercial and related fields.

COMPENSATION TO MANAGING/ WHOLETIME DIRECTORS

SPL does not have any Managing Director or Whole Time Director at present.

CORPORATE GOVERNANCE

The provisions of the clause 49 of the listing agreement with respect to corporate governance will be applicable to SPL upon the listing of its Equity Shares on the Stock Exchange.

The Board of Directors of SPL is consisting of independent directors and has also constituted the Audit Committee and the Investors Grievances Committee as required by Clause 49 of the listing agreement to be entered into with the Stock Exchanges.

Details of the Board and its committees are as follows:

a) The Board of Directors:

Sr. No.	Name of the Director	Executive / Non-Executive / Independent
1.	Mr.S. M. Soni	Non- Executive Director
2.	Mr. R. L. Saboo	Non- Executive Director
3.	Mr. O. D. Purohit	Non- Executive & Independent Director
4.	Mr. K. C. Murarka	Non- Executive & Independent Director
5.	Mr. Dinesh C. Shrimali	Non- Executive Director

b) The Audit Committee:

Sr. No.	Name of the Director	Executive / Non-Executive / Independent
1.	Mr. O. D. Purohit (Chairman)	Non- Executive & Independent Director
2.	Mr. K. C. Murarka	Non- Executive & Independent Director
3.	Mr. R. L. Saboo	Non-Executive Director

c) The Investors Grievance Committee:

Sr. No.	Name of the Director	Executive / Non-Executive / Independent
1.	Mr. O. D. Purohit (Chairman)	Non- Executive & Independent Director
2.	Mr. K. C. Murarka	Non- Executive & Independent Director
3.	Mr. R. L. Saboo	Non-Executive Director

SPL undertakes to adopt the Corporate Governance Code as per Clause 49 of the listing agreement to be entered into with the Stock Exchanges prior to listing.

SHAREHOLDING OF DIRECTORS:

Name of the Director	No. of shares
Mr. S. M. Soni	Nil
Mr. R. L. Saboo	112
Mr. O. D. Purohit	24
Mr. K. C. Murarka	Nil
Mr. Dinesh C. Shrimali	Nil

The Articles of Association of the Company do not require the Directors to hold any qualification shares.

INTEREST OF PROMOTERS AND DIRECTORS

All the directors may be deemed to be interested only 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.

The Directors may also be regarded as interested in the shares held and subscribed by and allotted/transferred to 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 Simplex 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.

Further, the Directors are interested to the extent of Equity Shares that they are holding and are allotted to them pursuant to the arrangement, if any, and also to the extent of any dividend payable to them and other distributions in respect of the Equity Shares.

Except as stated otherwise in this Information Memorandum, our Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of the Information Memorandum in which the Directors are directly or indirectly interested.

Change in the Board of Directors during the last three years

The changes in the Board of Directors during the last three years is as under:

Sr. No	Name of the Director	Date of appointment	Date of Resignation	Remarks
1.	Mr. Nandan S Damani	03/05/1994	30/09/2005	
2.	Mr. Surendra kumar Somany	03/05/1994	30/09/2005	
3.	Mr. Dhruva N Ghosh	18/08/1995	07/03/2003	
4.	Dr. J. P. Semwal	17/06/2000	15/01/2007	
5.	Mr. Rameshwarlal Saboo	29/09/2005	-	
6.	Mr. Omdutt J. Purohit	29/09/2005	-	
7.	Mr. Kashiprasad Murarka	29/09/2005	-	
8.	Mr. S. M. Soni	01/12/2006	-	
9.	Mr. Dinesh C. Shrimali	15/01/2007	-	

Date of expiration of current term of Office of Directors

The Directors are subject to retirement by rotation.

KEY MANAGEMENT PERSONNEL

The company is managed, controlled and directed by the Board of Directors.

Name & Designation	Age (years)	Qualification	Total no. of years of experience	Remuneration per month (Rs.)	Shares of the company held
Mr. D. C. Shrimali Director	54	B. Com.	36	Nil	Nil

EMPLOYEES

As on date, the Company has no employees.

PROMOTERS

Prior to the Scheme, the Company was a wholly owned subsidiary of Simplex Realty Limited (formerly known as The Simplex Mills Company Limited). Pursuant to the Scheme of Arrangement, the Company has allotted equity shares to Simplex Realty Limited and the shareholders of Simplex Realty Limited.

Simplex Realty Limited and Shri Nandan S. Damani are the promoters of the Company.

Nandan S. Damani - Family Trust, Smt. Shreelekha N. Damani, Smt. Kamla Devi Bagri, Smt. Nalini Somany, Smt. Shashi A Patodia, Smt. Sunita Somany, Shri Surendra Kumar Somany, Shreelekha Global Finance Limited, New Textiles Limited, and Lucky Vyapaar & Holdings Pvt. Limited are part of the 'Promoter Group' and are the Persons Acting in Concert with the Promoters.

Details of Promoters

Mr. Nandan S. Damani

Shri Nandan S. Damani, aged 54 is a Science Graduate from Mumbai University. He is presently the Managing Director of Simplex Realty Limited a Company Listed with the Bombay Stock Exchange Limited and having more than 28 years of experience in the running of Textile and Paper Industry. He is also on the Board of Graphite India Limited.

Simplex Realty Limited (SRL) (formerly known as The Simplex Mills Company Limited)

Simplex Realty Limited (formerly known as The Simplex Mills Company Limited) was incorporated on 6th November 1912 under the Indian Companies Act VI of 1882.

The principle business of the Company is Real Estate Development.

Shareholding pattern of SRL as on 31st March 2008

	Category	No. of Shares Held	% of Shareholding
A	Promoter Holding	13,54,194	45.27
B	Non-Promoter Holding	16,37,188	54.73
	Total	29,91,382	100.00

Board of Directors of SRL

The Board of Directors of SRL consists as follows:

Shri Nandan S. Damani – Chairman & Managing Director

Shri M. P. Jatia

Shri V. B. Haribhakti

Shri S. K. Somany

Smt. Anna Malhotra

Smt. Gopa Ray

Financial Performance of SRL

Particulars	2007 – 2008 (Rs. in Millions)
Sales & Other Income	767.75
PAT	237.23
Equity Capital	29.93
Reserves	144.24
EPS (Rs.)	79.30
Book Value (Rs.)	58.18

SRL is listed on Bombay Stock Exchange Limited.

Details of listing and Highest & Lowest market price during the preceding six months:

Month	High	Low
January 2008	379.00	207.35
February 2008	227.90	180.15
March 2008	238.35	123.75
April 2008	189.00	148.40
May 2008	245.50	161.55
June 2008	232.20	179.00

We confirm that the PAN and bank account details of the Promoters have been submitted to Bombay Stock Exchange Limited, on which shares are proposed to be listed, at the time of filing this Information Memorandum with them.

CURRENCY OF PRESENTATION

In this Information Memorandum all references to “Rupees” and “Rs.” are to Indian Rupees, the legal currency of the Republic of India.

DIVIDEND POLICY

Dividend is intended to be declared based on the quantum and availability of profits and will be disbursed based on shareholders' approval based on the recommendation of the Board of Directors.

The Company has not paid any dividend in the past.

FINANCIAL INFORMATION

The Board of Directors

Simplex Papers Limited
30, Keshavrao Khadye Marg,
Sant Gadge Maharaj Chowk,
Mumbai – 400 011

Re: Public listing of Simplex Papers Limited (Formerly known as Simplex Paper & Pulp Limited)

Dear Sirs,

1. We have examined the financial information of Simplex Papers Limited (formerly known as Simplex Paper & Pulp Limited) ('the Company'), as attached to this report stamped and initialed by us for identification and as approved by the Board of Directors of the Company, which has been prepared in accordance with Part II of Schedule II of the Companies Act, 1956 ('the Act') and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 as amended from time to time ('the SEBI Guidelines') issued by the Securities and Exchange Board of India ('SEBI') on January 19, 2000 in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related clarifications, and in accordance with your instructions dated 19.06.2008 requesting us to carry out work in connection with the listing of fully paid Equity Shares of the Company.
2. In accordance with the requirements of Paragraph B (1) of Part II of Schedule II to the Act, the SEBI Guidelines and our terms of reference with the Company dated 19.06.2008 requesting us to make this report for the purpose of the Information Memorandum as aforesaid, we report that:

The restated assets and liabilities of the Company as at March 31, 2004, 2005, 2006, 2007 and 2008 are as set out in Annexure 1 to this report after making such adjustments and regrouping as in our opinion are appropriate and more fully described in the notes appearing in Annexure 4 to this report.

The restated profits of the Company for the financial years ended March 31, 2004, 2005, 2006, 2007 and 2008 are as set out in Annexure 2 to this report. These profits have been arrived at after charging all expenses including depreciation and after making such adjustments and regrouping as in our opinion are appropriate and more fully described in the notes appearing in Annexure 4 to this report.

The restated cash flows of the Company for the financial years ended March 31, 2004, 2005, 2006, 2007 and 2008 are as set out in Annexure 3 to this report. These cash flows have been arrived at after making such adjustments and regrouping as in our opinion are appropriate and more fully described in the notes appearing in Annexure 4 to this report.

3. 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:
 - i. Accounting ratios as appearing in Annexure 5 to this report.
 - ii. Capitalization statement as at March 31, 2008 as appearing in Annexure 6 to this report.
 - iii. Statement of tax shelters as appearing in Annexure 7 to this report.

- iv. Statement of details of secured loans as appearing in Annexure 8 & 9 to this report.
 - v. Statement of details of unsecured loans as appearing in Annexure 10 to this report.
 - vi. Statement of details of investments as appearing in Annexure 11 to this report.
 - vii. Statement of details of sundry debtors as appearing in Annexure 12 to this report.
 - viii. Statement of details of loans and advances as appearing in Annexure 13 to this report.
 - ix. Statement of details of 'Other Income' as appearing in Annexure 14 to this report.
4. This report is being issued by us for the purpose of incorporating the same in the Information Memorandum to be issued to the Bombay Stock Exchange in connection with the listing of shares of the Company.

For Vijay Rungta & Co.
Chartered Accountants

Ajay Rungta
Partner
Membership No.: 40333

Mumbai: 25.06.2008

ANNEXURE 1

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. in Million)

Particulars	As at				
	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008
A Fixed Assets					
Gross Block	-	282.84	284.69	284.72	284.20
Less: Depreciation	-	6.26	18.27	30.30	40.34
Net Block	-	276.58	266.42	254.42	243.86
Capital Work in Progress	-	0.50	0.41	0.47	0.48
Total fixed assets (A)	-	277.08	266.83	254.89	244.34
B Investments (B)	-	0.06	14.26	14.26	0.01
C Current assets, loans and advances					
Inventories	-	32.54	44.99	20.58	27.46
Sundry debtors	-	17.82	10.12	2.12	0.21
Cash and bank balances	0.02	7.17	7.07	0.62	0.64
Loans, advances & other current assets	-	9.13	8.67	7.93	3.41
Total (C)	0.02	66.66	70.85	31.25	31.72
D Liabilities and provisions					
Secured loans	-	58.88	57.11	46.31	-
Unsecured loans	0.74	4.76	4.76	4.76	137.05
Deferred tax liability	-	8.06	4.34	1.11	-
Current liabilities	0.01	92.69	111.21	117.74	19.89
Provisions	-	4.39	5.38	4.74	0.41
Total (D)	0.75	168.78	182.80	174.66	157.35
E Net Worth (A+B+C-D)	(0.73)	175.02	169.14	125.74	118.72
F Represented by:					
1 Share Capital					
Equity share capital	0.54	15.84	30.04	30.04	30.04
2 Reserves and Surplus	-	193.46	193.46	193.46	193.46
3 Miscellaneous expenditure	0.15	0.07	-	-	5.22
4 Debit balance in Profit and Loss A/c	1.12	34.21	54.36	97.76	99.56
Net Worth (1+2-3-4)	(0.73)	175.02	169.14	125.74	118.72

ANNEXURE 2

SUMMARY STATEMENT OF PROFIT AND LOSS, AS RESTATED

(Rs. in Million)

Particulars	For the year ended				
	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008
Income					
Sales	-	159.89	265.08	145.85	0.03
Other Income	-	1.95	1.24	4.15	14.55
(Decrease)/Increase in Stock	-	(6.07)	13.25	(11.63)	7.41
Total	-	155.77	279.57	138.37	21.99
Expenditure					
Cost of Raw Material consumed	-	56.10	70.22	41.08	-
Manufacturing Expenses	-	87.32	153.14	82.27	0.67
Excise Duty	-	17.88	26.08	11.87	(0.01)
Employee costs	-	9.62	17.82	21.88	8.04
Administration and other expenses	0.10	4.22	7.64	4.75	2.87
Selling & Distribution expenses		5.54	8.43	5.21	0.02
Total	0.10	180.68	283.33	167.06	11.59
Profit/(loss) before interest, depreciation and tax	(0.10)	(24.91)	(3.76)	(28.69)	10.40
Depreciation/amortization	-	6.26	12.01	12.05	11.42
Profit/(loss) before interest and tax	(0.10)	(31.17)	(15.77)	(40.74)	(1.02)
Finance costs	-	3.74	7.96	6.24	1.83
Profit/(loss) before tax	(0.10)	(34.91)	(23.73)	(46.98)	(2.85)
Provision for taxes on income					
- Current Tax	-	-	-	-	-
- Fringe Benefit Tax	-	-	0.14	0.09	0.06
- Deferred Tax	-	1.82	(3.72)	(3.23)	(1.11)
Prior Period Income	-	-	-	0.44	-
Profit/(loss) after tax for the year	(0.10)	(33.09)	(20.15)	(43.40)	(1.80)
Net Profit/(loss) as restated	(0.10)	(33.09)	(20.15)	(43.40)	(1.80)
Profit/(loss) brought forward from previous year	(1.02)	(1.12)	(34.21)	(54.36)	(97.76)
Amount available for appropriation	-	-	-	-	-
Balance carried to balance sheet, as restated	(1.12)	(34.21)	(54.36)	(97.76)	(99.56)

ANNEXURE 3

CASH FLOW STATEMENTS, AS RESTATED

(Rs. in Million)

Particulars	For the year ended				
	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008
A. CASH FLOW FROM OPERATING ACTIVITIES					
Profit before tax, as restated	(0.10)	(34.91)	(23.73)	(46.98)	(2.85)
<u>Adjustments for</u>					
Depreciation	-	6.26	12.01	12.05	10.12
Loss on sale of asset	-	0.23	-	-	0.07
Dividend Income	-	-	-	-	-
Interest expenses	-	4.09	8.61	7.49	2.25
Interest income	-	(0.35)	(0.65)	(1.25)	(0.42)
Miscellaneous expenditure written off	0.08	0.44	0.14	-	-
Deferment of Retrenchment Compensation	-	-	-	-	(5.22)
Operating Income before working capital changes	(0.02)	(24.24)	(3.62)	(28.69)	3.95
<u>Adjustments for:</u>					
Decrease/(Increase) in inventories	-	18.28	(12.45)	24.41	(6.88)
Decrease/(Increase) in trade debtors	-	7.80	8.10	9.01	6.56
Increase/(decrease) in current liabilities and provisions	-	6.44	19.50	5.81	(52.32)
Cash generated from (used in) operations	(0.02)	8.29	11.53	10.54	(48.69)
Taxes paid	-	-	(0.14)	(0.29)	(0.11)
Prior Period Adjustments	-	-	-	0.45	-
Net cash flow from operating activities	(0.02)	8.29	11.39	10.70	(48.80)
B. CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of fixed assets	-	(0.48)	(1.75)	(0.17)	(0.03)
Sale of fixed assets	-	0.62	-	0.05	0.39
Purchase of investments	-	-	(14.20)	-	-
Sale of investments	-	-	-	-	14.25
Interest received	-	0.28	0.65	1.25	0.42
Net cash used from Investing Activities	-	0.42	(15.30)	1.13	15.03
C. CASH FLOW FROM FINANCING ACTIVITIES					
Interest paid	-	(4.09)	(8.61)	(7.48)	(2.25)
Proceeds from issue of share capital	-	-	14.20	-	-
(Decrease)/Increase in loans and advances	(0.02)	(5.81)	(1.78)	(10.80)	36.04
Proceeds from borrowings	-	-	-	-	-

Repayment of borrowings	-	-	-	-	-
Net cash flow from financing activities	0.02	(9.90)	3.81	(18.28)	33.79
Net increase/(decrease) in cash and cash equivalents (A+B+C)	-	(1.19)	(0.10)	(6.45)	0.02
Cash and cash equivalents at beginning of the year	0.02	0.02	7.17	7.07	0.62
Cash and cash equivalent taken over on de-merger	-	8.34	-	-	-
Cash and cash equivalents at end of the year	0.02	7.17	7.07	0.62	0.64

ANNEXURE 4

NOTES TO RESTATED PROFIT AND LOSS AND RESTATED ASSETS AND LIABILITIES AND CASH FLOW STATEMENTS FOR THE YEAR ENDED MARCH 31, 2008

I **Significant Accounting Policies:**

The accounts have been prepared in accordance with the accounting principles generally accepted in India and are in line with the relevant laws and generally accepted accounting principles prevailing in India.

(a) System of Accounting

The Company adopts the accrual basis in the preparation of the accounts except insurance claims and sales tax refunds.

(b) Fixed Assets:

All fixed assets (including assets taken on hire purchase) are carried at cost. The cost of fixed assets includes expenses incidental to acquisition. Interest on specific borrowings, obtained for the purposes of acquiring fixed assets is capitalized upto the date of commissioning of the assets.

(c) Capital Work-in-progress:

Capital Work-in-progress is carried at cost, comprising of direct cost, related incidental expenses and interest on borrowings there against.

(d) Investments:

Long Term Investments are valued at cost less provision for permanent diminution (if any) in the value of such investments.

(e) Inventories:

Stores and spare parts are valued at cost. Process stock is valued at estimated cost. Raw materials are valued at cost or market rate, whichever is lower. Finished products are valued at cost or market rate whichever is lower. Plantations that have grown up and are in saleable condition (i.e. ready to sale) as on the balance sheet date have been recognized as stock in trade and valued at market rate.

(f) Revenue Recognition:

Sales of goods are recognized on dispatch of goods to customers, or when substantial risks and rewards of ownership are transferred by the Company. Sales are inclusive of excise duty and exclude sales tax.

(g) Borrowing Costs:

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

(h) Export Sales:

Export sales in foreign currency are accounted at the exchange rates prevailing on the dates of the transactions.

(i) Foreign Exchange Transactions:

Transactions in foreign currency are recorded at the exchange rate prevailing at the time of the transaction. As at the balance sheet date, monetary assets and liabilities denominated in foreign currency are reported at closing rates. Gains or losses on settlement / restatement of foreign currency transactions are recognized in the Profit and Loss account in the period in which they arise.

(j) Depreciation:

Depreciation has been provided on all fixed assets (excluding Furniture, Fixtures and Equipments) on straight-line method and on Furniture, Fixtures and Equipments on the written down value basis at rates prescribed in Schedule XIV to the Companies Act, 1956.

(k) Retirement Benefits:

The liability on account of gratuity and leave encashment is based on estimation.

(l) Deferred Taxation:

Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets are recognized only to the extent there is a reasonable certainty of realization, except for unabsorbed depreciation and business loss, in respect of which deferred tax asset is recognized only if the Company is virtually certain of having sufficient taxable income in future against which the loss/depreciation can be set off.

(m) Impairment of Assets:

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

(n) Miscellaneous Expenditure (to the extent not written off or adjusted):

Retrenchment Compensation paid to workers is treated as deferred revenue expenditure and amortised over a period Five Years.

II NOTES TO THE ACCOUNTS

1. Contingent liabilities not provided for

- (a) Claims against the Company not acknowledged as debts Rs. 185.13 millions (including Excise Rs. 175.45 millions). (Previous year Rs. 178.88 millions - including Excise Rs.175.45 millions).

- (b) Bills discounted, Letters of Credit, Letters of Guarantee Rs. 0.22 millions (Previous year Rs. 1.07 millions).
2. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 1.07 millions (net of advances) (Previous year Rs.1.07 millions).
 3. The Company has not received any intimation from “suppliers” regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been given.
 4. Production at company's Gondia unit is under suspension since 5th September, 2006 due to non-availability of required raw materials. During the year, the company has decided to terminate services of staff and workers to avoid further cash losses on account of salaries and wages and accordingly terminated their services by settling all dues on 4th June, 2007. The management is evaluating various alternative viz. different raw materials mix and the modernisation of the plant and hope to start the production at the earliest.
 5. Company continues to carry the inventory of Plantations that have grown up and are in saleable condition (i.e. ready to sale) as on the balance sheet date have been recognized as stock in trade and valued at market price amounting to Rs.19.66 millions (Previous year Rs.12.22 millions).
 6. Break-up of deferred tax liability (net): (Rs. in millions)

Deferred Tax effect of	31-Mar-08 Deferred Tax Asset/ (Liability)	31-Mar-07 Deferred Tax Asset/ (Liability)
1 Difference between books and tax depreciation	0.30	(2.64)
2 Provision for Gratuity	0.66	1.41
3 Provision for Leave Encashment	0.19	0.13
Deferred tax Assets/(Liability) - net	1.14*	(1.11)

* Deferred tax asset for the year ended 31st March 2008 has not been recognised in accordance with the accounting policy.

7. Earning Per Share		2007-08	2006-07
(a)	Numerator used for calculating basic and diluted earnings per share – Profit/(Loss) after taxation	(1,805,102)	(43,837,266)
(b)	Weighted average number of shares used as denominator for calculating basic and diluted earning per share	3,001,475	3,001,475
(c)	Nominal value of shares (Rs. per share)	10/-	10/-
(d)	Basic / Diluted earning per share- Rs.	(0.60)	(14.61)

8. The Company's activities are classified as belonging to a single business segment of manufacture and trading in Paper products. The Company's operations are largely limited to India.

9. Related Party Disclosure (As identified by the management)

(a) Realated Party Relationship during the year

Controlling Company Simplex Realty Limited

(b) Transaction with Related Party

(Rs. in Millions)

Type of Related Party	Description of the nature of the transaction	Volume of transactions during 2007-08	Volume of transactions During 2006-07	As on 31-Mar-08 Receivable / (Payable)	As on 31-Mar-08 Receivable / (Payable)
Controlling Company	Loan	(82.36)	(22.91)	(132.29)	(49.93)

10. Additional information pursuant to the provisions of paragraphs 3 & 4 of part II of Schedule VI to Companies Act, 1956 as certified by the Management.

	Unit	Quantity	<u>For the Year ended 31st March 2008</u>		<u>For the Year ended 31st March 2007</u>	
			Value Rs.	Quantity	Value Rs.	Quantity
(a) Turnover*:						
Paper	Kgs.	1,693	30,467	4,260,326	145,852,295	
			30,467		145,852,295	
* including excise duty						
(b) Raw Materials Consumed :						
Waste Paper	M.T.	-	-	1,181	23,642,949	
Bagasse/Straw	M.T.	-	-	8,755	15,162,110	
Others	M.T.	-	-	86	2,277,251	
			-		41,082,310	
(c) (i) Opening stock of Finished Goods						
Paper	Kgs.	6,753	177,218	250,238	8,410,563	
Plantation	Nos.	103,000	12,214,715	105,000	12,420,000	
			12,391,933		20,830,563	
(ii) Closing stock of Finished Goods:						
Paper	Kgs.	5,060	146,929	6,753	177,218	
Plantation	Nos.	101,500	19,660,000	103,000	12,214,715	
			19,806,929		12,391,933	
(d) 1. CIF Value of direct imports:						
Raw Materials			Rs.		Rs.	
Spare Parts			-		262,969	
			-		-	
			Value Rs.	% of Total Consumption	Value Rs.	% of Total Consumption
2. (i) Value of Raw Materials consumed:						
(a) Imported		-	-	20,804,793	50.64	
(b) Indigenously obtained		-	-	20,277,517	49.36	
		-	-	41,082,310	100.00	

(ii) Value of Stores, Spare Parts
and Components consumed:

(a) Directly imported	-	-	-	-
(b) Indigenously obtained	-	-	50,290,147	100.00
	-	-	50,290,147	100.00

	<u>For the Year ended 31st March 2008</u>	<u>For the Year ended 31st March 2007</u>
	Rs.	Rs.
(e) Earnings in Foreign Exchange	NIL	NIL

(f) Licensed and installed capacity and Production (as certified by the management and accepted
accepted by Auditors, it being a technical matter).

		<u>For the Year ended 31st March 2008</u>		<u>For the Year ended 31st March 2007</u>	
(i) Capacity:	Unit	Licensed	Installed	Licensed	Installed
(a) Pulp	M.T.	12,000	9,000	12,000	9,000
(b) Paper & Paper board	M.T.	12,000	9,000	12,000	9,000
 (ii) Packed Production :					
Paper	Kgs.	-	-	-	4,016,841

ANNEXURE 5

STATEMENT OF ACCOUNTING RATIOS

(Rs. in Million)

Particulars	As at				
	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008
Net Profit Before extraordinary items but after tax, as restated (A)	(0.10)	(33.08)	(20.15)	(43.84)	(1.80)
Less: Preference dividend including tax on dividend	-	-	-	-	-
Net profit after preference dividend (B)	(0.10)	(33.08)	(20.15)	(43.84)	(1.80)
Net Worth excluding share application and revaluation reserve at the end of the year (C)	(0.73)	175.02	169.15	125.75	118.73
Net Worth excluding share application and revaluation reserve and preference share capital at the end of the year (D)	(0.73)	175.02	169.15	125.75	118.73
Weighted average number of equity shares outstanding during the year (E) Nos.	51000	51000	1607009	3001475	3001475
Add: Effect of share Suspense Account	-	1530475	-	-	-
Weighted average number of equity shares outstanding during the year (F) Nos- Dilutive	51000	51000	1607009	3001475	3001475
Total Number of Equity shares outstanding at the end of the year (G) Nos.	51000	1581475	3001475	3001475	3001475
Earnings Per Share					
-- Basic (B/E)	(1.94)	(648.71)	(12.54)	(14.47)	(0.60)
--Diluted (B/F)	(1.94)	(648.71)	(12.54)	(14.47)	(0.60)
Return on Net Worth (%) (A/C)	N.A.	(18.91%)	(11.91%)	(34.86%)	(1.52%)
Net Asset Value/ Book Value per share (Rs.) (D/G)	(14.42)	110.67	56.35	41.92	39.56

ANNEXURE 6**CAPITALIZATION STATEMENT AS AT MARCH 31, 2008**

Particulars	(Rs. in Million)	
	Pre Issue	Post Issue
Debt		
Short term debt	0.74	137.05
Long term debt	Nil	Nil
Total Debt	0.74	137.05
Shareholders Funds		
Equity Share Capital	0.54	30.04
Preference Share Capital	Nil	Nil
Reserves and Surplus	Nil	193.46
Less: Misc. Expenditure / Dr. Balance of Profit & Loss A/c	1.28	104.77
Total Shareholders Funds	(0.74)	118.73
Debts/ Shareholders' Funds	-	1.15:1

Note : Pre issue figures are taken of before the appointed date i.e. 2nd October 2004. Post issue figures are as on March 31, 2008.

ANNEXURE 7

STATEMENT OF TAX SHELTERS

(Rs. in Million)

Particulars	As at				
	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008
Profit Before current and deferred taxes, as restated	(0.10)	(34.91)	(23.73)	(46.98)	(2.85)
Tax rate%	35.875%	36.5925%	33.66%	33.99%	33.99%
Normal	-	-	-	-	-
Tax impact at applicable tax rate on restated profits (A)	-	-	-	-	-
Adjustments	-	-	-	-	-
Permanent differences	-	-	-	-	-
Total (B)	-	-	-	-	-
Temporary Differences	-	-	-	-	-
Difference between book base and tax base of fixed assets	-	(26.07)	(18.12)	(7.77)	-
Others	-	4.04	5.23	4.50	-
Total(C)	-	(22.03)	(12.89)	(3.27)	-
Net Adjustments (B+C)	-	(22.03)	(12.89)	(3.27)	-
Tax saving thereon (D)	-	(8.06)	(4.34)	(1.11)	-
Net Tax payable	-	-	-	-	-

ANNEXURE 8**SECURED LOANS, AS RESTATED****(Rs. in Million)**

Particulars	As at				
	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008
Working capital loans from a bank	-	58.60	57.11	46.31	-
Vehicle Loan	-	0.28	-	-	-
Total	-	58.88	57.11	46.31	-

ANNEXURE 9**PRINCIPAL TERM OF SECURED LOANS AND ASSETS CHARGED AS SECURITY****(Rs. in Million)**

Sr. No.	Particulars	Rate of Interest /Repayment Terms	Amount Outstanding as at March 31, 2008	Details of security
	Nil	N.A.	Nil	N.A.
	Total			

ANNEXURE 10

UNSECURED LOANS, AS RESTATED

(Rs. in Million)

Particulars	As at				
	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008
From group/ associate companies	0.74	-	-	-	132.29
From others	-	4.76	4.76	4.76	4.75
Total	0.74	4.76	4.75	4.75	137.04
Above amount includes transactions with following related parties:					
Holding company	-	-	-	-	-
Simplex Realty Limited (formerly The Simplex Mills Company Limited)	0.74	-	-	-	132.29
Total	0.74	-	-	-	132.29

ANNEXURE 11**INVESTMENTS, AS RESTATED****(Rs. in Million)**

Particulars	As at				
	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008
National Saving Certificates	-	0.06	0.06	0.06	0.01
5% Non-Convertible Debentures of Simplex Realty Limited	-	-	14.20	14.20	-
Total	-	0.06	14.26	14.26	0.01

ANNEXURE 12**SUNDRY DEBTORS, AS RESTATED****(Rs. in Million)**

Particulars	As at				
	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008
Debts outstanding for a period exceeding six months	-	1.42	1.83	2.09	0.21
Others	-	16.40	8.29	0.03	-
Total	-	17.82	10.12	2.12	0.21

ANNEXURE 13

LOANS AND ADVANCES, AS RESTATED

(Rs. in Million)

Particulars	As at				
	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008
Accrued interest on investments	-	0.07	0.07	-	-
Deposits with various authorities	-	5.78	5.78	5.88	1.97
Balance with Excise Authorities	-	0.46	0.01	0.05	0.21
Advances (Recoverable in cash or in kind for value to be received)	-	2.82	2.57	1.58	0.69
Advance payment of Income tax/ Fringe Benefit Tax	-	-	0.14	0.42	0.54
Total	-	9.13	8.67	7.93	3.41

ANNEXURE 14**OTHER INCOME****(Rs. in Million)**

Particulars	For the year ended				
	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008
Recurring					
Sales, Services & others	-	-	-	-	-
Interest Income	-	-	-	-	-
Total (A)					
Non-recurring					
Insurance Claims	-	-	-	0.01	-
Misc. Income	-	1.95	1.24	4.14	4.55
Total (B)	-	1.95	1.24	4.15	4.55
Total (A+B)	-	1.95	1.24	4.15	4.55

CHANGES IN ACCOUNTING POLICIES DURING THE LAST THREE YEARS

There was no significant change in accounting policies during last three years.

FINANCIAL DETAILS OF SUBSIDIARY COMPANIES

The company does not have any subsidiary company.

FINANCIAL DETAILS OF GROUP COMPANIES

1. Simplex Mills Company Limited (formerly known as Gaalaxy Garments Limited)

Simplex Mills Company Limited (SMCL) was originally incorporated on 21st September 1998 in the name 'Lupercal Finance And Investments Pvt. Limited. The name of the Company was changed to Galaxy Garments Pvt. Limited w.e.f. 13th May 2002. The name of the Company was further changed to Gaalaxy Garments Pvt. Limited. w.e.f. 9th August 2004. The status of the Company from Private Limited to Limited was changed w.e.f. 24th January 2005. Further, the name of the Company was changed to Simplex Mills Company Limited w.e.f. 14th December 2005.

The main object of the Company was altered w.e.f. 15th June 2002 to enable the Company to pursue business in textile industry.

The Board of Directors of SMCL consist 4 directors, namely Shri S. M. Soni, Shri R. L. Saboo, Shri O. D. Purohit, and Shri K. P. Murarka.

Share holding pattern of SMCL as on 31.03.2008 is as follows:

	No. of Shares	Holding (%)
Promoter Holding	21,61,179	72.03
Non – Promoter Holding	8,39,296	27.97

The Company is proposed to be listed on Bombay Stock Exchange Ltd.

Financial parameters of SMCL are as follows:

Particulars	As on March 31, 2008 (Rs. In Millions)
Sales	194.31
Profit After Tax (PAT)	(10.21)
Equity Capital	30.00
Reserve & Surplus	130.36
Earning per share (Rs.)	(3.40)
Book Value (Rs.)	47.59

2. Shreelekha Global Finance Limited

Shreelekha Global Finance Limited (SGFL) was originally incorporated on 16.11.1994 in the name Shreelekha Investments & Finance Limited. Certificate for Commencement of Business was received on 12.01.1995. Thereafter, w.e.f. 01.06.1995, the name of the Company was changed to Shreelekha Global Finance Limited. SGFL was incorporated with main object to pursue investment business.

The Board of Directors of SGFL consist 8 directors, namely Shri S. K. Somany, Smt. Shreelekha Damani, Shri N. S. Damani, Shri O. D. Purohit, Shri G. L. Damani, Shri A. Agarwal, Shri K. P. Murarka and Shri Sudhir Merchant.

Share holding pattern of SGFL as on 31.03.2008 is as follows :

	No. of Shares	Holding (%)
Promoter Holding	10,00,000	100
Non – Promoter Holding	Nil	Nil

The Company is not listed at any stock exchange.

Financial parameters of SGFL are as follows:

Particulars	As on March 31, 2008 (Rs. in Millions)
Income from operations	1.0
Profit After Tax (PAT)	0.42
Equity Capital	10
Reserve & Surplus	Nil
Earning per share (Rs.)	0.42
Book Value (Rs.)	10.46

3. New Textiles Limited

New Textiles Limited (NTL) was incorporated on 02.05.1951. The Company's status was changed to Private Limited and Fresh Certificate of Incorporation dated 14.06.1979 was received in the name of New Textiles Pvt. Limited. The status of NTL was further changed to Public Limited and Fresh Certificate of Incorporation dated 09.07.1985 was received in the name of New Textiles Limited. The Company was incorporated with main object to pursue business to provide agency services in the textile industry.

The Board of Directors of NTL consist 3 directors, namely Shri N. S. Damani, Smt. Shreelekha Damani, Smt. Prasann A. Somany.

Share holding pattern of NTL as on 31.03.2008 is as follows:

	No. of Shares	Holding (%)
Promoter Holding	2375	100
Non – Promoter Holding	Nil	Nil

The Company is not listed at any stock exchange.

Financial parameters of NTL are as follows:

Particulars	As on March 31, 2008 (Rs. in Millions)
Income from operations	Nil
Profit After Tax (PAT)	(0.02)
Equity Capital	2.38
Reserve & Surplus	7.16
Earning per share (Rs.)	(7.52)
Book Value (Rs.)	40.17

4. Lucky Vyapaar And Holdings Pvt. Limited.

Lucky Vyapaar And Holding Pvt. Limited (LVHL) was incorporated on 21.02.1994 with main object to pursue investment business.

The Board of Directors of LVHL consist 3 directors, namely Shri N. S. Damani, Smt. Shreelekha Damani and Shri Kantilal Shah.

Share holding pattern of LVHL as on 31.03.2008 is as follows :

	No. of Shares	Holding (%)
Promoter Holding	7,59,900	100
Non – Promoter Holding	Nil	Nil

The Company is not listed at any stock exchange.

Financial parameters of LVHL are as follows:

Particulars	As on March 31, 2008 (Rs. in Millions)
Income from operations	3.43
Profit After Tax (PAT)	0.36
Equity Capital	7.60
Reserve & Surplus	5,68
Earning per share (Rs.)	0.47
Book Value (Rs.)	17.48

5. The Nav Bharat Refrigeration and Industries Limited.

The Nav Bharat Refrigeration and Industries Limited. (NBRI) was originally incorporated on 12.10.1950 in the name "The Nav Bharat Cold Storage & Ice Mills Limited". Thereafter, the name of the company was changed to "The Nav Bharat Refrigeration and Industries Limited" w.e.f. 20.12.1963. The main object of the company is to pursue the business of ice manufacturers and cold storage keepers.

The Board of Directors of NBRI consist 7 directors, namely Shri S. K. Somany, Shri N. S. Damani, Shri O. D. Purohit, Shri G. G. Damani, Shri B. K. Binani, Smt. Shreelekha Damani and Shri G. L. Damani. Smt. Shreelekha Damani is Managing Director and Shri G. L. Damani is Whole-time Director of the company.

Share holding pattern of NBRI as on 31.03.2008 is as follows :

	No. of Shares	Holding (%)
Promoter Holding	1,33,510	66.76
Non – Promoter Holding	66,490	33.24

The Company is listed on Delhi Stock Exchange.

Financial parameters of NBRL are as follows:

Particulars	As on March 31, 2008 (Rs. in Millions)
Income from operations	17.56
Profit After Tax (PAT)	1.79
Equity Capital	2.00
Reserve & Surplus	36.66
Earning per share (Rs.)	8.94
Book Value	193.28

6. Shrinathji Flour Mills Pvt. Limited.

The Shrinathji Flour Mills Pvt. Limited (SF MPL) was incorporated on 13.09.1988. The main object of the company is to pursue the business of millers in all its branches and to set up mills for milling wheat, gram, other grains etc.

The Board of Directors of SF MPL consist 2 directors, namely Shri Shivnarayan Daga and Smt. Sitalaxmi Narayanan.

Share holding pattern of SF MPL as on 31.03.2008 is as follows :

	No. of Shares	Holding (%)
Promoter Holding	7,000	100
Non – Promoter Holding	-	-

The Company is not listed at any stock exchange.

Financial parameters of SF MPL are as follows:

Particulars	As on March 31, 2008 (Rs. in Millions)
Income from operations	(0.00)
Profit After Tax (PAT)	(0.01)
Equity Capital	0.70
Reserve & Surplus	-
Earning per share (Rs.)	-
Book Value (Rs.)	92.37

MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion of our Company's financial condition and results of operations should be read together with the audited financial statements for the Financial Year 2004, 2005, 2006 and 2007 and 2008 including the Schedules, Annexure and Notes thereto and the Reports thereon, which appear in this Information Memorandum. These financial statements are prepared in accordance with Indian Accounting Standards, the Companies Act, and the SEBI Guidelines as described in the Auditor's Report of Vijay Rungta & Co., Chartered Accountants dated 25.06.2008 in the section with the title 'Financial Information'.

1. Overview of the Business of SPL

Overview of business of SPL has been given earlier in this Information Memorandum at page no. 28.

2. Significant Developments subsequent to last financial year

In the opinion of the Board of Directors there are no material developments after the date of the latest balance sheet save and except as stated elsewhere in this document, that are likely to materially affect the performance and the prospects of the Company. The company has not discontinued any of its existing business nor commenced any new business subsequent to last financial year.

3. Factors that may affect the Results of Operations

Kindly refer to section on "Risk Factors" given earlier in this Information Memorandum.

4. A summary of past financial results after adjustments as given in the auditors report for the past three years containing significant items of income and expenditure.

(Rs in Million)			
Particulars	2005-06	2006-07	2007-08
Income from operation	265.08	145.85	0.03
Other Income	1.24	4.15	14.55
Interest	7.96	6.24	1.83
Depreciation	12.00	12.05	10.12
Misc. expenditure w/off	0.14	0.08	-
PBDIT	(3.11)	(27.44)	7.27
PROFIT AFTER TAX (PAT)	(20.15)	(43.40)	(1.80)
Earning Per Share (In Rs.)			
- Basic	(12.54)	(14.61)	(0.60)
- Diluted	(12.54)	(14.61)	(0.60)

5. An analysis of reasons for the changes in significant items of income and expenditure on comparison of results of recent financial year with previous financial years (3 years) on major heads of the Profit & Loss Statement:

a. Unusual or infrequent events or transactions

The paper factory of the Company situated at Gondia has been closed since September 2006 due to non-availability of raw materials and other factors. There was no production during the year 2007-08. However, the Management is planning to re-start the plant by implementing expansion plan with use of alternate raw materials.

b. Significant economic changes

There are no significant economic changes that affected the industry.

c. Known trends or uncertainties that have had or are expected to have a material adverse impact on income from operations

The company's product range has not been affected by the vagaries of seasons or sudden surges in the market.

d. Future relationship between costs and revenues

The profitability of the company will be affected in case of events such as increase in labour or material costs or prices of the product.

e. Total revenue of the industry segment in which the Company operates

The company operates only in one industry segment i.e. manufacturing of paper and the total revenue of the company represents revenue derived from that segment only.

f. Status of any publicly announced new products or business segment

Presently company has not announced any new product.

g. Seasonality of business

The company being in the cyclical industry, 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 revenue and cost and consolidation in the paper industry, effect of seasonality, availability of raw materials, change in 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 the company's operating results may vary from the expectations.

h. Dependence on single or few customers

The company is not dependent on single or few customers.

i. Competitive conditions

There has not been any major changes in income / expenditure on account of competitive conditions.

LEGAL AND OTHER INFORMATION

Except as stated herein below, there is no outstanding or pending litigation, suit, criminal or civil prosecution, proceeding initiated for offence (irrespective of whether specified in paragraph (l) of Part I of Schedule XIII of the Act), or litigation for tax liabilities against the Company, its promoters, or directors, and there are no defaults, non-payment or overdue of statutory dues, institutional or bank due, or dues towards holder of debentures, bonds and fixed deposits and arrears of preference shares, other than unclaimed liabilities of the Company or its subsidiaries and no disciplinary action has been taken by SEBI or any Stock Exchanges against the Company, its subsidiaries, promoters, or directors.

OUTSTANDING LITIGATIONS INVOLVING THE COMPANY

a. Claims against the Company

Claims against the Company has been made by various authorities for an amount of Rs. 1,851.33 lakhs (including Excise Rs. 1,754.47 lakhs). The company has disputed the same with appropriate authorities.

b. Pending litigations filed by the Company

There are no disputes pending in any court in India filed by the Company.

c. Pending litigation involving our Promoters and Directors

There are no disputes pending in any court in India against the promoters and directors.

d. Pending litigation involving Group Companies

Against - Simplex Mills Company Limited. - the Excise Department has raised a claim on the Company of Rs. 551.43 lakhs. The company has disputed the same with appropriate authorities.

GOVERNMENT APPROVALS

The Company has received following registration certificates / licenses with respect to the its business:

1. Sales tax Registration
2. Excise Registration
3. Factory Licenses

These approvals are valid as on date.

The Company has also received the following Government approvals /licenses / permissions:

Incorporation and other statutory compliances

1. Certificate of incorporation No. 11-078137 dated 3rd May 1994 issued by Registrar of Companies, Mumbai to Simplex Paper & Pulp Limited.
2. Certificate for Commencement of Business dated 1st June 1994 issued by Registrar of Companies, Mumbai to Simplex Paper & Pulp Limited.
3. Certificate of Registration of Special Resolution passed on 15th December 2004 for Alteration of Object Clause dated 24th January 2005.
4. Fresh Certificate of Incorporation dated 15th December 2005 consequent to change in the name from "Simplex Paper & Pulp Limited" to "Simplex Papers Limited".
5. Professional Tax Registration No. PTR/4/7/1/186 issued by the Profession Tax Officer.

Income Tax:

1. Permanent Account No. AABCS6910M issued by the Director of Income Tax (Systems), Income Tax Department.
2. Tax Deduction Account Number NGPS06793D issued by DCIT (TDS), Mumbai.

In view of the approvals listed above, we can undertake our current business activities and no further material approvals are required to continue such activities.

APPROVALS APPLIED FOR:

Our Company has received all the necessary consents, licenses, permissions and approvals from the Government/RBI and various government agencies required for its present business and no further approvals are required for carrying on the present business of our Company. It must, however, be distinctly understood that in granting the above consents/licenses/permissions/approvals, the Government does 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.

REGULATORY AND STATUTORY DISCLOSURES

AUTHORITY FOR THE SCHEME

The Honorable High Court of Judicature at Bombay, vide its Order dated 1st July 2005, has sanctioned the Scheme of Arrangement between Simplex Realty Limited (formerly known as The Simplex Mills Company Limited), Simplex Papers Limited (formerly known as Simplex Paper & Pulp Limited) and Simplex Mills Company Limited (formerly known as Gaalaxy Garments Limited) and their respective shareholders.

PROHIBITION BY SEBI

Our Company, our directors, any of our Associates or Group Companies, and Companies with which the directors of issuer are associated, as directors or promoters, have not been prohibited from accessing the capital market under any order or directions passed by SEBI.

Caution

The Company accepts no responsibility for statements made otherwise than in the Information Memorandum or in the advertisements to be published in terms of Clause 8.3.5.4 of SEBI (DIP) Guidelines, 2000 or any other material issued by or at the instance of the Company and anyone placing reliance on any other source of information would be doing so at his or her own risk.

All information shall be made available by SPL to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner.

Disclaimer Clause of BSE

As required, a copy of this Information Memorandum has been submitted to BSE. The BSE has vide its letter no. DCS/SMG/RRP/2005/503229 dated June 30, 2005 has approved the said Scheme under Clause 24(f) of the Listing Agreement and by virtue of that approval the BSE's name in this Information Memorandum has been incorporated on which the Company's securities are proposed to be listed.

The BSE does not in any manner:

- warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; or
- warrant that SPL's securities will be listed or will continue to be listed on the BSE; or
- take any responsibility for the financial or other soundness of SPL, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed to mean that this Information Memorandum has been cleared or approved by the BSE. Every person who desires to apply for or otherwise acquire any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Filing

Copies of this Information Memorandum have been filed with the BSE in due compliance with the directive issued by BSE.

Listing

Applications will be made to BSE for permission to deal in and for an official quotation of the Equity Shares of the Company.

The Company shall ensure that all steps for the completion of necessary formalities for listing and commencement of trading at the BSE.

Demat Credit

SPL has executed Agreements with NSDL and CDSL for admitting its securities in demat form. The Company shall ensure all steps for the completion of necessary formalities for listing and commencement of trading at the Stock Exchange.

Expert Opinions

Save as stated elsewhere in this Information Memorandum, we have not obtained any expert opinions.

Particulars Regarding Previous Public or Rights Issues

Except 48,000 Equity Shares of Rs. 10/- each issued on Right basis on 22.03.2003 SPL has not made any public or rights issue since incorporation.

Commission and brokerage on previous issues

Since the Company has not issued shares to the public in the past, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since its inception.

Company under the Same Management

Following companies are under the same management within the meaning of erstwhile Section 370(1B) of the Companies Act:

1. Simplex Realty Limited (Formerly known as The Simplex Mills Company Limited);
2. Simplex Mills Company Limited (Formerly known as Gaalaxy Garments Limited);
3. Shreelekha Global Finance Limited;
4. New Textiles Limited;
5. Lucky Vyapaar and Holdings Pvt. Limited.
6. The Navbharat Refrigeration & Industries Limited.
7. Shrinathji Flour Mills Pvt. Limited.

Promise vis-à-vis performance

This is for the first time the Company is getting listed on the Stock Exchange.

Outstanding debentures or bonds and redeemable preference shares and other instruments issued by the Company

There are no outstanding debentures or bonds and redeemable preference shares and other instruments issued by the Company.

Stock Market Data for Equity Shares of SPL

Equity Shares of the Company are not listed on any stock exchanges. The Company is seeking approval for listing of its shares through this Information Memorandum.

Disposal of Investors Grievances

Amtrac Management Services Limited (Amtrac) is the Registrar and Share Transfer Agents of the Company. All investors grievance would be redressed within 7 days of receipt by the Company or its Share Transfer Agent.

Investors can contact the Company's Share Transfer Agent or the Compliance Officer or the Secretarial Department of the Company in case of any share transfer related problem. The addresses and contact numbers are given elsewhere in this Information Memorandum. For quicker response, investors are requested to mention their contact numbers and email addresses while communicating their grievances.

The Company has appointed Mr. R. L. Kachhawa, as the Compliance Officer of the Company and he may be contacted in case of any problems. He can be contacted at the following address:

Mr. R. L. Kachhawa
Simplex Papers Limited
30, Keshavrao Khadye Marg,
Sant Gadge Maharaj Chowk,
Mumbai 400 011.
Tel. No. (022) 23082951 - 54
Fax No. (022) 23072773
Email : simplex_realty@rediffmail.com

MAIN PROVISIONS OF THE ARTICLE OF ASSOCIATION

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association of Simplex Papers Limited are detailed below:

Main Provisions of the Articles Of Association

Transfer and Transmission of Shares

Register of Transfers	78.	The Company shall keep a "Register of Transfer" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share in the material form.
Form of Transfer	79.	A Common Form of Transfer shall be used.
	80.	The instrument of transfer shall be in writing and all the provisions of Section 108 of the Act, and or any statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and their restrictions thereof.
Execution and Registration of transfer etc.	81.	The Instrument of transfer duly stamped and executed by the Transferor and the Transferee shall be delivered to the Company in accordance with the provisions of the Act. The Instrument of Transfer shall be accompanied by such evidence as the Board may require to prove the title of Transferor and his right to transfer the shares and every registered Instrument of Transfer shall remain in the custody of the Company until destroyed by order of the Board. The Transferor shall be deemed to be the holder of such shares until the name of the Transferee shall have been entered in the Register of Members in respect thereof. Before the registration of a transfer, the certificate or certificates of the shares must be delivered to the Company.
Closure of Register of members of Debenture holders	82.	The Board shall have power on giving not less than seven days' previous notice by advertisement in some newspaper circulating in the district in which the office of the Company is situate to close the Transfer Books, the Register of Members or Register of Debenture-holder at such time or times and for such period or periods, not exceeding in the aggregate forty-five days in each year, and thirty days at one time.
Director's power to refuse to register a transfer	83.	Subject to the provisions of Section 111A of the Act, the Board may, at its own absolute and uncontrolled discretion and without assigning any reason, decline to register or acknowledge any transfer of shares (whether fully paid or not and notwithstanding that the proposed Transferee be already a member), but in such case it shall, within two months from the date on which the instrument of transfer was lodged with the Company, send to the Transferee and the Transferor notice of the refusal to register such transfer provided that the registration of a transfer shall not be refused on the ground that the Transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except a lien on shares.
Notice of application when to be given	84.	Where, in the case of partly paid share, an application for registration is made by the transferor, the company shall give notice of the application to the Transferee in accordance with the provisions of Section 110 of the Act.

Death of one or more joint-holders of shares	85.	In the case of the death of any one or more of the persons named in the Register of Members as the joint holders of any share, the survivor or survivors shall be the only persons recognised by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint- holder from an liability on shares held by him jointly with any other person.
Title to shares of deceased holders	86.	In absence of a nomination recorded in accordance with Section 109A of the Act, read with Section 109B of the Act, which shall, in any event, have precedent, the executors or administrators of holders of a Succession Certificate or the legal representatives of a deceased member (not being one or two or more joint-holders) shall be the only persons recognised by the Company as having any title to the shares registered in the name of such Member and the Company shall not be bound to recognise such executors or administrators or holders of a Succession Certificate or the legal representatives unless such executors or administrators or legal representatives shall have first obtained Probate or Letters of Administration or Succession Certificate as the case may be, from a duly constituted court in the Union of India; provided that in any case where the Board in its absolute discretion thinks fit, the Board may dispense with production of Probate or Letters of Administration or Succession Certificate, upon such terms as to indemnify or otherwise as the Board in its absolute discretion may think necessary and under Article 87 register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member, as a Member.
Restriction of transfer	87.	No share shall in any circumstances be transferred to any minor, insolvent or person of unsound mind.
Transmission Clause	88	Subject to the provisions of the Act and Articles 84 and 85, any person becoming entitled to share in consequence of the death, lunacy, bankruptcy, insolvency of any Member or by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the share or elect to have some person nominated by him and approved by the Board registered as such holder; provided nevertheless, that if such person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an Instrument of Transfer in accordance with the provisions herein contained, and until he does so, he shall not be freed from any liability in respect of the shares. This clause is hereinafter referred to as the "transmission clause".
	89.	A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends or money as hereinafter provided, be entitled to receive, and may give a discharge for, any dividends or other moneys payable in respect of the share.
	90.	There shall be no fee paid to the Company, in respect of the transfer or transmission of any number of shares, registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.

The Company is not liable for disregard of notice prohibiting registration of transfer

91. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto, in any book of the Company, and the Company shall not be bound to be required to regard or attend to give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

92. The Directors shall have the same right to refuse to register a person entitled by transmission to any shares or his nominee as if he were the transferee named in the case of a transfer of shares presented for registration.

Right of successors

93. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividend and other advantages to which he would be entitled if he were the registered holder of the shares, except that he shall not, before being registered as a Member in respect of the shares, be entitled to exercise any right conferred by membership in relation to meetings of the Company provided that the directors shall, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the shares and if the notice is not complied with within ninety days, the directors may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the shares until the requirements of the notice have been complied with.

Directors

Provision to appoint ex-officio Directors

171. Whenever the Company/ directors enter into a contract with any Government, Central, State or Local, any bank or financial institution or any person or persons (hereinafter referred to as the "appointer") for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or for underwriting or enter into any other arrangement whatsoever, the Directors shall have, subject to the provisions of Section 255 of the Act, the power to agree that such appointer shall have the right to appoint or nominate, by a notice in writing addressed to the Company, one or more Directors on the Board for such period and upon such conditions as may be mentioned in the agreement and that such Director or Directors may not be liable to retire by rotation nor be required to hold any qualification shares. The Directors may also agree that any such Director or Directors may be removed from time to time by the appointer entitled to appoint or nominate them and the appointer may appoint another or others in his or their place and also fill in any vacancy, which may occur as a result of any such Director or Directors ceasing to hold that office for any reason whatsoever. The Directors appointed or nominated under this Article shall be entitled to exercise and enjoy all or any of the rights and privileges exercised and enjoyed by the Directors of the Company including payment of remuneration and travelling expenses to such Director or Directors as may be agreed by the Company with the appointer.

Appointment of Alternate Directors	of	181.	The Board may appoint an Alternate Director to act for a Director (hereinafter called “the Original Director”) during his absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held. An Alternate Director appointed under this Article shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to that State. If the term of office of the original Director is determined before he so returns to that State, any provisions in the Act or in these Articles for the automatic reappointment of retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director.
Directors power to add to the Board	to	182.	<p>(a) Subject to the provisions of Section 260 of the Act, the Board shall have power, at any time and from time to time, to appoint any other qualified person to be an Additional Director, but so that the total number of Directors shall not, at any time, exceed the maximum strength fixed for the Board under the Article 167. Any such additional Director shall hold office only upto the next Annual General Meeting.</p> <p>(b) Subject to the provisions of Sections 262, 264 and 284 of the Act, the Board shall have power, at any time and from time to time, to appoint any other qualified person to be a Director to fill a casual vacancy. Any person so appointed shall hold office only upto the date upto which the Director in whose place he is appointed would have held office if it had not been vacated by him.</p>
Qualification of Directors	of	183.	A Director shall not be required to hold any equity shares to qualify him to act as a Director of the Company.
Remuneration of Directors	of	184.	<p>(a) Subject to the provisions of Sections 198,309 and 310 of the Act, a Managing Director or Directors, who is in the whole-time employment of the Company may be paid remuneration either by way of monthly payment or at specified percentage of the net profits of the Company or partly by one way and partly by the other.</p> <p>(b) Subject to the provisions of the Act, a Director who is neither in the whole time employment nor a Managing Director may be paid remuneration either;</p> <p style="padding-left: 40px;">(i) by way of monthly, quarterly or annual payment with the approval of the Central Government; or</p> <p style="padding-left: 40px;">(ii) by way of Commission if the Company by a special resolution authorised such payment.</p>
Fees payable to a Director for attending a meeting		185.	The fees payable to a Director for attending a meeting of the Board or committee/s thereof shall be such sum as may be decided by the Board from time to time, subject to such limit as may be prescribed in that behalf, from time to time, by the Central Government under or pursuant to the Act.

- Special remuneration of Director performing extra service
186. If any Director is called upon to perform extra services or special exertion or efforts (which expression shall include work done by a Director as a member of any Committee/s formed by the Directors), the Board may arrange with such Director, for such special remuneration, for such extra services or special exertion or efforts either by a fixed sum or otherwise as may be determined by the Board and the said remuneration may be either in addition to or in substitution of his remuneration elsewhere specified in the Articles.
- Travelling expenses incurred by Director not a bonafide resident or by Director going out on Company's business
187. The Board may allow and pay to any Director, who travels for the purpose of attending and returning from meetings of the Board of Directors or any Committee/s thereof or General Meetings, or in connection with the business of the Company, his traveling and hotel and other expenses incurred by him in consequence or for the purpose of his attendance, and in connection with the business of the Company in addition to his fees for attending such meetings as above specified and other remuneration payable to him.
- Provided that if so desired by the Corporation appointing a Corporation Director, the Company may instead reimburse the Corporation appointing such Director any sums that may be paid by it to that Director in respect of his attendance at the meeting of the Board.
- Directors may act notwithstanding any vacancy
188. The continuing Directors may act, notwithstanding any vacancy in their body, but if and so long as their number is reduced below the quorum fixed by the Act . The continuing Directors, not being less than two, may act for the purpose of increasing the number of Directors to that number, or of summoning a General Meeting but for no other purpose.
- When the office of Director may become vacant
189. Subject to Section 283 (2) of the Act, the Office of a Director shall become vacant if :
- (a) he is found to be of unsound mind by a Court of competent jurisdiction; or
 - (b) he applies to be adjudicated an insolvent; or
 - (c) he is adjudged an insolvent or
 - (d) he fails to pay any call made on him in respect of shares of the Company held by him, whether alone or jointly with others, within six months from the last date fixed for the payment of such call unless the Central Government has by notification in the Official Gazette removed the disqualification incurred by such failure; or
 - (e) he absents himself from three consecutive meetings of the Directors or from all meetings of the Directors for a continuous period of three months, whichever is longer, without leave of absence from the Board; or
 - (f) he becomes disqualified by an order of the Court under Section 203 of the Act; or
 - (g) he is removed in pursuance of Section 284; or

- (h) he (whether by himself or by any person for his benefit or on his account) or any firm in which he is a partner or any private company of which he is a director accepts a loan or any guarantee or security for a loan from the Company in contravention of Section 295 of the Act; or
- (i) he acts in contravention of Section 299 of the Act; or
- (j) he is convicted by a court of an offence involving moral turpitude and is sentenced in respect thereof to imprisonment for not less than six months; or
- (k) having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company; or
- (l) he resigns his office by a notice in writing addressed to the Company.

Director may contract with Company

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- (a) A Director or his relative, firm in which such Director or relative is a partner, or any other partner in such firm or a private company of which the Director is a member or Director, may enter into any contract with the Company for the sale, purchase or supply of any goods, materials or services or for underwriting the subscription of any shares in or debentures of the Company, provided that the sanction of the Board and the previous approval of the Central Government, if and as may be required, shall be obtained in accordance with Section 297 of the Act.
- (b) No sanction shall, however, be necessary for -
 - (i) any purchase of goods and materials from the Company, or the sale of goods or materials to the Company by any such Director, relative, firm, partner or private company as aforesaid for such cash at prevailing market prices; or
 - (ii) any contract or contracts between the Company on, one side and any such Director, relative, firm, partner or private company on the other for sale, purchase or supply of goods, materials and services in which either the Company or the Director, relative, firm, partner or private company, as the case may be regularly trades or does business, where the value of the goods and materials or the cost of such services does not exceed Rs. 5,000/- in the aggregate in any year comprised in the period of the contract or contracts.

Provided that in circumstances of urgent necessity, a Director, relative, firm, partner or private company as aforesaid may, without obtaining the consent of the Board, enter into any such contract with the Company for the sale, purchase or supply of any goods, materials or services even if the value of such goods or the cost of such services exceeds Rs. 5,000/- in the aggregate in any year comprised in the period of the contract, if the consent of the Board shall be obtained to such contract or contracts at a meeting within three months of the date on which the contract was entered into.

Every consent of the board required under this article shall be accorded by resolution passed at a meeting of the board and not otherwise; and the consent of the Board required under clause (i) above shall not be deemed to have been given within the meaning of that clause unless the consent is accorded before the contract is entered into or within three months of the date on which it was entered into.

If consent is not accorded to any contract under this article, anything done in pursuance of the contract shall be voidable at the option of the Board.

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| Disclosure of interest | 191. | A Director of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into by or on behalf of the Company, shall disclose the nature of his concern or interest at a meeting of the Board in the manner provided in Section 299(2) of the Act;. Provided that it shall not be necessary for Director to disclose his concern or interest in any contract or arrangement entered into or to be entered into between two companies where any of the Directors of the Company or two or more of them together holds or hold not more than two per cent of the paid-up share capital in any such other company. |
| General notice of interest | 192. | A General notice given to the Board by the Director, to the effect that he is a director or member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be a sufficient disclosure of concern or interest in relation to any contract or arrangement so made. Any such general notice shall expire at the end of the financial year in which it is given but may be renewed for a further period of one financial year at a time by a fresh notice given in the last month of the financial year in which it would have otherwise expired. No such General notice and no renewal thereof shall be of effect unless, either it is given at a meeting of the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given. |
| Interested Directors not to participate or vote in Board's proceedings | 193. | <p>No Director shall as a Director, take any part in the discussion of, or vote on any contract or arrangement entered into or to be entered into by or on behalf of the Company, if he is in any way, whether directly or indirectly, concerned or interested in such contract or arrangement, nor shall his presence be counted for the purpose of forming a quorum at the time of any such discussion or vote, and if he does vote, his vote shall be void, provided however that nothing herein contained shall apply to :</p> <ul style="list-style-type: none">(a) any contract of indemnity against any loss which Directors, or any one or more of them, may suffer by reason of becoming or being a surety or sureties for the Company.(b) any contract or arrangement entered into or to be entered into with a Public Company or a Private Company which is a subsidiary of Public Company in which the interest of the Director consist solely in his being : |

- (i) a director of such company, and
- (ii) the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a Director thereof, he having been nominated as such director by the Company.
- (iii) in his being a member holding not more than 2% of its paid-up share capital.

This article is subject to the provisions of section 300 (2)(c) of the Act.

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| Register of Contracts in which Directors are interested | 194. | The Company shall keep a Register in accordance with Section 301(1) and shall, within the time specified in Section 301(2), enter therein such of the particulars as may be relevant having regard to the application thereto of Section 297 or Section 299 of the Act as the case may be.. The Register aforesaid shall also specify, in relation to each Director of the Company, the names of the bodies corporate and firms of which notice has been given by him under Article 188. The Register shall be kept at the office of the Company and shall be open to inspection at such office, and extracts may be taken therefrom and copies thereof may be required by any member of the Company to the same extent, in the same manner, and on payment of the same fee as in the case of the Register of Members of the Company and the provisions of Section 163 of the Act shall apply accordingly. |
| Directors may be Directors of Companies promoted by the Company | 195. | A Director may be or become a Director of any company promoted by the Company, or in which it may be interested as a vendor, shareholder, or otherwise and no such Director shall be accountable for any benefit received as director or shareholder of such company except in so far Section 309(6) or Section 314 of the Act may be applicable. |
| Retirement and rotation of Directors | 196. | At every Annual General Meeting of the Company, one-third of such of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three, the number nearest to one-third shall retire from Office of Directors. The non-retiring Directors, Ex-Officio Directors/Nominee Directors and Debentures Directors, if any, shall not be subject to retirement under this clause and shall not be taken into account in determining the rotation of retirement or the number of Directors to retire. |
| Ascertainment of directors retiring by rotation and filing of vacancies | 197. | Subject to provisions of the Act, the Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day, those who are to retire, shall in default of and subject to any agreement among themselves, be determined by lot. |
| Eligibility for Re-election | 198. | A retiring Director shall be eligible for re-election. |
| | 199. | Subject to Section 258 of the Act, the Company, at the General Meeting at which a Director retires in the manner aforesaid, may fill up the vacated office by electing a person thereto. |

- Provisions in default of appointment 200. (a) If the place of the retiring Director is not so filled up and the Meeting has not expressly resolved not to fill the vacancy, the Meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place.
- (b) If at the adjourned Meeting also, the place of the retiring Director is not filled up and that Meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been reappointed at the adjourned Meeting unless :
- (i) at the Meeting or at the previous Meeting, resolution for the re- appointment of such Director has been put to the Meeting and lost;
- (ii) the retiring Director has, by notice in writing addressed to the Company or its Board, expressed his unwillingness to be so appointed;
- (iii) he is not qualified or is disqualified for appointment;
- (iv) a resolution, whether special or ordinary, is required for the appointment or re-appointment by virtue of any provisions of the Act, or
- (v) the proviso to sub-section (2) of Section 263 of the Act is applicable to the case.
- Company may increase or reduce the number of Directors 201. Subject to Section 259 of the Act, the Company may, by Ordinary Resolution from time to time, increase or reduce the number of Directors within the limits fixed in that behalf by these Articles, and may alter their qualifications and the Company may (subject to the provisions of Section 284 of the Act) remove any Director before the expiration of his period of office and appoint another qualified person in his place. The person so appointed should hold office during such time as the Director in whose place he is appointed would have held the same if he had not been removed.
- Notice of candidature and consent 202. (a) No person not being a retiring Director, shall be eligible for appointment to the office of Director at any General Meeting unless he or some other Member intending to propose him has, not less than fourteen days before the Meeting, left at the office of the Company a notice in writing under his hand signifying his candidature for the office of Director or the intention of such Member to propose him as a candidate for that office.
- (b) The Company shall inform its members of the candidature of a person for the office of Director or the intention of member to propose such person as a candidate for that office, by serving individual notices on the members not less than seven days before the meeting:

Provided that it shall not be necessary for the Company to serve individual notices upon the members as aforesaid if the Company advertises such candidature or intention not less than seven days before the meeting in at least two newspapers circulating in the place where the registered office of the Company is located, of which one is published in the English language and the other in the regional language of that place.

- (c) Every person (other than a Director retiring by rotation or otherwise or a person who has left at the office of the Company a notice under Section 257 of the Act signifying his candidature for the office of a Director) proposed as candidate for the office of a Director shall sign and file with the Company the consent in writing to act as a Director, if appointed.
- (d) A person, other than a Director re-appointed after retirement by rotation or immediately on the expiry of his term of office or an Additional or Alternate Director, or a person filling a casual vacancy in the office of a Director under Section 262 of the Act, appointed as a Director or re-appointed as an Additional or Alternate Director, immediately on the expiry of his term of office, shall not act as a Director of the Company, unless he has within thirty days of his appointment signed and filed with the Registrar his consent in writing to act as such Director.

Register of Directors etc. and notification of change to registrars

- 203. (a) The Company shall keep at its office a Register containing the particulars of its Directors, Manager, Secretary and other persons mentioned in Section 303 of the Act, and shall otherwise comply with the provisions of the said Section in all respects.
- (b) The Company shall, in respect of each of its Directors, also keep at its office a Register, (as required by sub-section (1) of Section 307 of the Act), and shall otherwise comply with the provisions of the said Section.

Disclosure by Directors of appointment to any other body corporate

- 204. (a) Every Director (including a person deemed to be a Director by virtue of the Explanation to sub-section (1) of Section 303 of the Act), Managing Director, Manager or Secretary of the Company shall, within twenty days of his appointment to any of the above offices to any other body corporate, disclose to the company the particulars relating to his office in the other body corporate which are required to be specified under sub-section (1) of Section 303 of the Act.
- (b) Every Director and every person deemed to be a Director of the Company by virtue of sub-section (1) of Section 307 of the Act, shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of that Section.

- Restriction on Management 205. The Managing Director or Managing Directors shall not exercise the power to :
- (a) make calls on shareholders in respect of money unpaid on the shares in the Company,
 - (b) issue debentures,
- and except to the extent mentioned in the resolution passed at the Board meeting under Section 292 of the Act, shall also not exercise the power to :
- (c) borrow moneys, other than on debentures,
 - (d) invest the funds of the company and
 - (e) make loans.
- Certain persons only to be appointed Managing / Wholetime Directors 206. The Company shall not appoint or employ, or continue the appointment or employment of a person as its Managing or Whole-time Director who -
- (a) is an undischarged insolvent, or has at any time been adjudged an insolvent.
 - (b) suspends, or has at any time suspended, payment to his creditors, or makes, or has at any time made, a composition with them, or
 - (c) is or has at any time been convicted by a Court of an offence involving moral turpitude.
207. A Managing Director shall not, while he continues to hold that office, be subject to retirement by rotation and if he ceases to hold the office of Director, he shall ipso facto and immediately cease to be a Managing Director.

Proceedings and Powers of the Board of Directors

- Meeting of Directors 208. The Directors may meet together as a Board for the dispatch of business from time to time and shall so meet at least once in every three months and at least four such meetings shall be held in every year. The Directors may adjourn and otherwise regulate their meetings, as they think fit.
- The Board may, if the circumstances so require, meet by means of telephone, television or through any other audio-visual links. The provisions relating to notice, agenda, quorum and minutes stated hereinafter shall mutates mutandis apply to the meetings held through such audio visual media.
- Notice of Directors Meeting 209. Notice of every meeting of the Board shall be given in writing to every Director whether in or outside India, and otherwise regulate their meetings, as they think fit.

Quorum of Board Meeting	210.	Subject to Section 287 of the Act, the quorum for a meeting of the Board shall be one-third of its total strength (excluding Directors, if any, whose places may be vacant at the time and any fraction contained in that one-third being rounded off as one) or two Directors, whichever is higher, provided that where at any time the number of interested Directors exceeds or is equal to two-third of the total strength, the number of the remaining Directors, that is to say, the number of Directors who are not interested, present at the meeting being not less than two, shall be the quorum during such meeting.
Adjournment of meeting for want of quorum	211.	If a meeting of the Board could not be held for want of a quorum then, the meeting shall stand adjourned to such other date and time (if any) as may be fixed by the Chairman.
When meeting to be convened	212.	The Secretary shall, as and when directed by any Director to do so, convene a meeting of the Board by giving a notice in writing to every other Director.
Chairman and Vice – Chairman of the Board	213.	If at any meeting of the Board, the Chairman is not present within fifteen minutes after the time appointed for holding the same, the Directors present may choose one of their number to be Chairman of the meeting.
Questions at Board meetings how to be decided	214.	Questions arising at any meeting of the Board of Director or a committee or sub-committee thereof or in resolution to be passed by circular shall be decided by a majority of votes and in the case of a equality of votes, the Chairman shall have a second or casting vote.
Powers of Board in Meetings	215.	A meeting of the Board, for the time being at which a quorum is present, shall be competent to exercise all or any of the authorities, powers, and discretions which by or under the Act or the Articles of the Company are for the time being vested in or exercisable by the Board generally.
Directors may appoint Committees	216.	Subject to the restrictions contained in Section 292 of the Act, the Board may delegate any of their powers to one or more Committees of the Board consisting of such member or members of its body as it thinks fit, and it may from time to time revoke and discharge any such Committee of the Board either wholly or in part, and either as to persons or purposes; but every Committee of the Board so formed shall, in the exercise of the powers so delegated, conform to any regulations that may, from time to time, be imposed on it by the Board. All acts done by any such Committee of the Board shall be in conformity with such regulations and in fulfilment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board. Provided that every such Committee shall have, as one of its member, the Director referred to in Article 209 or his alternate Director.
Meeting of Committee how to be governed	217.	The meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article; provided that no resolution shall be deemed to have been passed by the Committee unless the Director referred to in the proviso to Article 209 or his Alternate Director has voted in favour of the Resolution.

- Resolution circulation by 218. No resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors or all the members of the Committee, then in India (not being less in number than the quorum fixed for a meeting of the Board, or a Committee, as the case may be), and to all other Directors or Members of the Committee at their usual address in India and has been approved by such of the Directors or Members as are then in India, or by a majority of such of them, as are entitled to vote on the resolution. The provisions of this Article shall be subject to the provision of Article 209.
- Acts of Board or Committee valid notwithstanding informal defect in appointment 219. All acts done by any meeting of the Board or by a Committee of the Board, or by any person acting as a Director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director and had not vacated his office or his appointment had not been terminated; provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.
- Minutes of proceedings of the Board 220. (a) The Company shall cause minutes of all proceedings of every meeting of the Board and Committee thereof to be kept by making within thirty days of the conclusion of every such meeting entries thereof in books kept for that purpose with their pages consecutively numbered.
- (b) Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the next succeeding meeting.
- (c) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
- (d) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
- (e) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.
- (f) The minutes shall also contain -
- (i) The name of the Directors present at the meeting and
- (ii) In the case of each resolution passed at the meeting, the name of the Directors, if any, dissenting from or not concurring in the resolution.
- (g) Nothing contained in sub-clause (1) to (6) shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting -

- (i) is, or could reasonably be regarded as defamatory of any person,
 - (ii) is irrelevant or immaterial to the proceedings; or
 - (iii) is detrimental to the interest of the Company.
- (h) The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this sub-clause.
- (i) Minutes of meetings kept in accordance with the aforesaid provisions shall be evidence of the proceedings recorded therein.

Powers of the Board

221. The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other Act or by the Memorandum or by the Articles of the Company required to be exercised by the Company in General Meeting, subject nevertheless to these Articles, to the provisions of the Act, or any other Act and to such regulations being not inconsistent with the aforesaid regulations, as may be prescribed by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made. Provided that the Board shall not, except with the consent of the Company in General Meeting :-

- (a) sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking;
- (b) remit, or give time for the repayment of, any debt due by a Director,
- (c) invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;
- (d) borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose;
- (e) Provided further that the powers specified in Section 292 of the Act shall subject to these Articles be exercised only at meetings of the Board, unless the same be delegated to the extent therein stated; or

- (f) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five per cent of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial years immediately preceding whichever is greater.

Certain powers to be exercised by board only at meeting

222 The board of directors of the company shall exercise the following powers on behalf of the company and it shall do so only by means of resolution passed at meetings of the Board.

- (a) the power to make calls on shareholders in respect of money unpaid on their shares
- (b) the power to issue debentures;
- (c) the power to borrow money otherwise than on debenture ;
- (d) the power to invest the funds of the Company; and
- (e) the power to make loans.

Provided that the Board may by a resolution passed at a meeting, delegate to any committee of Directors, the Managing Director, if any, the manager or any other principal officer of the Company or in the case of a branch office of the Company, a principal officer of the Branch office, the powers specified in clause (c). (d) and (e) of this Article to the extent specified in sub-sections (2) (3) and (4) respectively of Section 292 of the Act. on such conditions as the Board may prescribe. In respect of dealings between the Company and its bankers the exercise by the Company of the power specified in clause (c) shall mean the arrangement made by the Company with its bankers for the borrowing of money by way of overdraft or cash credit or otherwise and not the actual day-to-day operation on overdraft, cash credit of other accounts by means of which the arrangement so made is actually availed of.

Certain powers of the Board

223. Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the last preceding Article, it is hereby declared that the Directors shall have the following powers, that is to say, power :

- (a) To pay the cost, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company;
- (b) To pay and charge to the capital account of the Company commission or interest lawfully payable thereout under the provisions of Section 76 and 208 of the Act;

- (c) Subject to Sections 292, 293 and 297 of the Act, to purchase or otherwise acquire for the Company any property, right or privileges which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition, to accept such title as the Directors may believe or may be advised to be reasonably satisfied;
- (d) At their discretion and subject to the provisions of the Act, to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially in cash or in share, bonds, debentures, mortgages, or otherwise securities of the Company, and any such shares may be issued either as fully paid-up or with such amount credited as paid-up thereon as may be agreed upon and any such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged;.
- (e) To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit;
- (f) To accept from any Member, as far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed;
- (g) To appoint any person to accept and hold in trust for the Company any property belonging to the Company, in which it is interested, or for any other purpose and to execute and do all such deeds and things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees;
- (h) To institute, conduct, defend, compound, or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due and of any claim or demands by or against the Company and to refer any differences to arbitration and observe and perform any awards made thereon;
- (i) To act on behalf of the Company in all matters relating to bankrupts and insolvents.;
- (j) To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company;

- (k) Subject to the provisions of Sections 292, 293(1)(a) 295, 370, 372 and 372A,373 of the Act, to invest and deal with any moneys of the Company not immediately required for the purposes thereof upon such security (not being shares of this Company), or without security and in such manner as they may think fit, and from time to time vary or realise such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name;
- (l) To execute, in the name and on behalf of the Company, in favour of any Director or other person who may incur or be about to incur any personal liability, whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon;
- (m) To determine, from time to time, who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose;
- (n) To distribute by way of bonus amongst the staff of the Company a share or shares in the profits of the Company and to give to any office or other person employed by the Company a commission on the profits of any particular business or transaction, and to charge such bonus or commission as part of the working expenses of the Company;
- (o) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwelling or chawls, or by grants of moneys, pension, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing provident and other associations, institutions, funds or trusts and by providing or subscribing or contributing towards place of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit, and to subscribe or contribute or otherwise to assist or to guarantee any charitable, benevolent, religious, scientific, national or other institutions or object which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of public and general utility or otherwise;

- (p) Before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to depreciation fund, or to an insurance fund, or as Reserve Fund or any special fund to meet contingencies or to repay debentures or debentures stock, or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purpose referred to in the preceding clause), as the Board may, in their absolute discretion, think conducive to the interest of the Company and subject to Section 292 of the Act, to invest several sums so set aside or so much thereof as required to be invested, upon such investments (other than shares of the Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expend all or any such part thereof for the benefit of the Company, in such a manner and for such purposes as the Board in their absolute discretion, think conducive to the interest of the Company notwithstanding that the matters to which the Board apply or upon which they expend the same or any part thereof, may be matters to or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the Reserve Fund into such special funds as the Board may think fit with full power to transfer the whole or any portion of Reserve Fund or division of a Reserve Fund and with full power to employ assets constituting all or any of the above funds, including the depreciation fund, in the business of the Company or in the purchase or repayment of debentures or debenture stock, and without being bound to pay interest on the same with power however, to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper;
- (q) To appoint and at their discretion, remove or suspend, such general managers, managers, secretaries, assistants, supervisors, clerks, agents and servants for permanent, temporary or special services as they may, from time to time, think fit and to determine their powers and duties, and fix their salaries or emoluments or remuneration, and to require security in such instances and to such amount as they may think fit. And also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think and the provisions contained in the four next following sub-clauses shall be without prejudice to the generally conferred by this sub-clause;
- (r) From time to time and at any time to establish any local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any person to be members of such local Boards, and to fix their remuneration;

- (s) Subject to Section 292 of the Act, from time to time and at any time to delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Board, other than their power to make calls or to make loans or borrow money, and to authorise the members for the time being of any such Local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made on such terms and subject to such terms and subject to such conditions as the Board may think fit, and Board may at any time remove any person so appointed, and may annul or vary any such delegation;
- (t) At any time and from time to time by Power of Attorney under the Seal of the Company, to appoint any person or persons to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and subject to the provisions of Section 292 of the Act) and for such period and subject to such conditions as the Board may from time to time think fit; and any such appointment may (if the Board think fit) be made in favour of any company, or the shareholders, directors, nominees, or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and such Power of Attorney may contain such Powers for the protection or convenience of persons dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers authorities and discretions for the time being vested in them;
- (u) Subject to Section 294, 297 and 300 of the Act, for or in relation to any of the matters aforesaid or, otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts deeds and things in the name and on behalf of the Company as they may consider expedient;
- (v) From time to time to make, vary and repeal by laws for the regulations of the business of the Company, its officers and servants;
- (w) To comply with the requirements of any local law which in their opinion it shall, in the interest of the Company, be necessary or expedient to comply with.

Winding-up

- Liquidator may divide assets in specie
265. The Liquidator on any winding-up (whether voluntary, under supervision or compulsory) may, with the sanction of a Special Resolution, but subject to the rights attached to any preference share capital, divide among the contributories in specie any part of the assets of the Company and may with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered in the ordinary course of business carried on by our Company or entered into more than two years before the date of the Information Memorandum) which are or may be deemed material have been entered or to be entered into by our Company.

Copies of the following documents will be available for inspection at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on any working days, (i.e. Monday to Friday and not being a bank holiday in Mumbai) upto seven days from the date of filing of this Information Memorandum.

MATERIAL CONTRACTS AND DOCUMENTS

1. Memorandum and Articles of Association, as amended till date.
2. Certificate of Incorporation dated 3rd May 1994.
3. Certificate of Commencement of Business dated 1st June 1994.
4. New Certificate of Incorporation of the company dated 15th December 2005 consequent upon change of name.
5. Copy of Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956 between Simplex Realty Limited (formerly known as The Simplex Mills Company Limited), Simplex Papers Limited (formerly known as Simplex Paper & Pulp Limited) and Simplex Mills Company Limited (formerly known as Gaalaxy Garments Limited) and their respective shareholders as sanctioned by the High Court of Judicature at Bombay on 1st July 2005.
6. Copy of the order dated 1st July 2005 of the Hon'ble High Court of Judicature at Bombay sanctioning the Scheme of Arrangement.
7. Certificate dated 25.06.2008, from M/s. Vijay Rungta & Co., Auditors of the Company detailing tax benefits.
8. Copy of Auditor's report dated 25.06.2008 included in the Information Memorandum.
9. Copy of Listing Application filed with Bombay Stock Exchange Limited on 14th August 2006.
10. Copy in-principle listing approval received from Bombay Stock Exchange Limited vide its letter no. DCS/SMG/RRP/2005/503229 dated June 30, 2005.
11. Tripartite Agreement dated 13th March 2006 between the Company, Amtrac Management Services Ltd. and NSDL.
12. Tripartite Agreement dated 28th May 2007 between the Company, Amtrac Management Services Ltd. and CDSL.

DECLARATION

To the best knowledge and belief of the Board of Directors of the Company, all statements made in this Information Memorandum are true and correct.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS

FOR SIMPLEX PAPERS LIMITED

DIRECTOR

Place : Mumbai
Date : 18.07.2008