



COSBOARD INDUSTRIES LIMITED

Our Company was originally incorporated as “Central Orissa Straw Board Private Limited” in Cuttack Orissa as a Private Limited Company under the provisions of the Companies Act, 1956 vide certificate of incorporation dated 30th December, 1980 and the constitution of the Company has been changed to a limited company vide fresh certificate of incorporation dated 20th May, 1993 and name of the Company was changed to “Cosboard Industries Limited”. For further details in relation to the changes to the name of our Company, please refer to the section titled “Our History and Certain Corporate Matters” beginning on page 89 of this Draft Letter of offer.

Registered Office: Phase II, New Industrial Estate, Jagatpur, Cuttack, Orissa-754021, India
Corporate Office: 411/412 No. 127/1, 2nd Floor, Srikrupa Market, Malakpet, Hyderabad-500036, India
Contact Person: Ms. Alka Jain, Company Secretary and Compliance Officer
Tel. No.: + 91 671 2491966 | **Fax No.:** +91 671 2491295

Website: www.cosboard.com | **E-Mail ID:** cosboardind@yahoo.co.in | **Corporate Identification Number:** L21015OR1980PLC000916

PROMOTERS: MR. SHIV SHANKAR TAPARIA AND MR. ANIL KUMAR GILRA

| FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF COSBOARD INDUSTRIES LIMITED (THE “COMPANY” OR THE “ISSUER”) ONLY |
|---|
| <p>ISSUE OF UP TO 42,93,800 EQUITY SHARES OF FACE VALUE OF Rs. 10 EACH OF OUR COMPANY (THE “EQUITY SHARES”) FOR CASH AT A PRICE OF Rs. 35 PER EQUITY SHARE (INCLUDING A PREMIUM OF Rs. 25 PER EQUITY SHARE) NOT EXCEEDING Rs. 1502.83 LAKHS ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF 1 (ONE) EQUITY SHARES FOR EVERY 1 (ONE) FULLY PAID-UP EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●], 2018 (THE “ISSUE”). FOR FURTHER DETAILS, SEE “TERMS OF THE ISSUE” BEGINNING ON PAGE 156.</p> |
| GENERAL RISKS |
| <p>Investments in equity and equity related securities involve a high degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The securities being offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”) nor does SEBI guarantee the accuracy or adequacy of the Draft Letter of Offer. Investors are advised to refer to the section titled “Risk Factors” on page 14 of the DLOF before making an investment in the Issue.</p> |
| ISSUER’S ABSOLUTE RESPONSIBILITY |
| <p>Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter of Offer contains all information with regard to our Company and the Issue, which is material in the context of this Issue; that the information contained in this Draft Letter of Offer is true and correct in all material aspects and is not misleading in any material respect; that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Letter of Offer as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.</p> |
| LISTING |
| <p>The existing Equity Shares of our Company are listed on BSE Limited (“BSE”). Our Company has received “in-principle” approval from BSE for listings of the Equity Shares to be allotted pursuant to the Issue vide their letter dated [●], 2018. For the purpose of this Issue, the Designated Stock Exchange will be the BSE Limited (“BSE”).</p> |



| LEAD MANAGER TO THE ISSUE | | REGISTRAR TO THE ISSUE | |
|---|--|---|---|
|  | <p>Mark Corporate Advisors Private Limited <i>CIN: U67190MH2008PTC181996</i> 404/1, The Summit Business Bay, Sant Janabai Road (Service Lane), Off W. E. Highway, Vile Parle (East), Mumbai-400 057.</p> <p>Contact Person: Mr. Manish Gaur Tel. No.: +91 22 2612 3207/08 E-Mail ID: info@markcorporateadvisors.com SEBI Regn No.: INM000012128 Investor Grievance Email: investorgrievance@markcorporateadvisors.com</p> |  | <p>Bigshare Services Private Limited 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri (E), Mumbai - 400 059 Contact person: Mr. Srinivas Dornala Tel: +91-22-6263 8200; Fax: +91-22-6263 8299 E-Mail: rightsissue@bigshareonline.com Website: www.bigshareonline.com SEBI Regn No: INR000001385 Investor Grievance Email: investor@bigshareonline.com</p> |
| ISSUE PROGRAMME | | | |
| ISSUE OPENS ON | | LAST DATE OF RECEIVING REQUEST FOR SPLIT APPLICATION FORMS | ISSUE CLOSES ON |
| [.] | | [.] | [.] |



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SECTION I: GENERAL INFORMATION

DEFINITIONS AND ABBREVIATIONS

In the Draft Letter of Offer, unless the context otherwise indicates, requires or implies, the terms defined and abbreviations expanded below shall have the same meaning as stated in this section. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto.

General Terms:

| Term(s) | Description |
|--|---|
| ‘Our Company’ or ‘The Company’ or ‘the Issuer’ | Cosboard Industries Limited, a company registered under the Companies Act, 1956 and having its registered office at New Industrial Estate, Phase II Jagatpur, Cuttack: 754021, Orissa |
| ‘we’, ‘us’ or ‘our’ | Unless the context otherwise indicates or implies, refers to our Company |

Company related terms

| Term | Description |
|---|--|
| AOA / Articles / Articles of Association | Unless the context otherwise requires, refers to the Articles of Association of our Company, as amended from time to time |
| Auditors / Statutory Auditors / Statutory and Peer Reviewed Auditor | The statutory auditors of our Company, M/s B R R & Associates, Chartered Accountants |
| Audit Committee | The audit committee constituted by our Board of Directors |
| Bankers to our Company | Cosmos Co-operative Bank Limited |
| Board / Board of Directors / Our Board | The Board of Directors of our Company or a committee authorized to act on their behalf, as duly constituted from time to time including any committees thereof |
| Director(s) | The Directors of our Company, unless the context required otherwise |
| Equity Shares | Equity Shares of Our Company of face value of Rs. 10 each |
| Equity Shareholders | The holders of Equity Shares of our Company |
| Group Companies or Group Entities | Such companies/entities as covered under the applicable accounting standards and such other companies as considered material by the Board For details, please refer “ <i>Our Promoter, Promoter Group and Group Companies</i> ” on page 104 of this Draft Letter of Offer |
| Key Managerial Personnel / KMP | Key managerial personnel of our Company in terms of the SEBI (ICDR) Regulation, 2009 and the Companies Act, 2013 For details, please refer “Our Management” on page no.92 of this Draft Letter of Offer |
| MOA / Memorandum / Memorandum of Association | The Memorandum of Association of our Company of our Company, as amended from time to time |
| Non-Resident | A person resident outside India, as defined under FEMA Regulations |
| Non-Resident Indian/NRI | A person resident outside India, who is a citizen of India or a Person of Indian Origin as defined under FEMA Regulations, as amended |
| Promoter | Promoter of our Company i.e. Mr. Anil Kumar Gilra and Mr. Shiv Shankar Taparia For details, please refer “Our Promoters and Promoter Group” on page 102 of this Draft Letter of Offer |
| Promoter Group | Unless the context otherwise requires, refers to such persons and entities which constitute the Promoter Group of the Company in terms of Regulation 2(1)(zb) of the ICDR Regulations |



| Term | Description |
|-------------------|--|
| | For details, please refer “ <i>Our Promoter, Promoter Group and Group Companies</i> ” on page no. 104 of this Draft Letter of Offer. |
| Registered Office | Phase II, New Industrial Estate, Jagatpur, Cuttack, Orissa, 754021, India |
| ROC / RoC | Registrar of Companies located at Corporate Bhawan, 3 rd Floor, Plot No. 9 (P), Sector 1, CDA, Cuttack-753014 |

Issue related terms

| Term | Description |
|---|--|
| Abridged Letter of Offer | The abridged letter of offer to be sent to Eligible Equity Shareholders of our Company with respect to this Issue in accordance with the provisions of ICDR Regulations and the Companies Act, 2013. |
| Allot/Allotment/Allotted | The allotment of Rights Equity Shares pursuant to the Issue whether by way of CAF or on a plain paper. |
| Allottee(s) | Persons to whom Rights Issue Equity Shares will be allotted pursuant to the Issue. |
| Application | Unless the context otherwise requires, refers to an application for Allotment of Equity Shares in the Issue |
| Application Money | Aggregate amount payable in respect of the Securities applied for in the Issue at the Issue Price |
| Application Supported by Blocked Amount/ ASBA | An application, whether physical or electronic, used by ASBA Applicant to make an Application authorising an SCSB to block the Application Amount in the specified Bank Account maintained with such SCSB. ASBA is mandatory for QIBs (except Anchor Investors) and Non-Institutional Applicants participating in the Issue |
| ASBA Account | Account maintained by an ASBA Applicant with a SCSB which will be blocked by such SCSB to the extent of the Application Amount of the ASBA Applicant |
| ASBA Investor | An applicant who: (a) holds the Equity Shares of our Company in dematerialized form as on the record date and has applied for Entitlements and / or additional shares in dematerialized form; (b) has not renounced his / her Entitlements in full or in part; (c) is not a Renouncee; (d) is applying through a bank account maintained with SCSBs. |
| ASBA Applicant(s) | Prospective investors in this Issue who apply through the ASBA process. Pursuant to SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011, Non- Retail Investors i.e. QIBs and Non-Institutional Investors participating in this Issue are required to mandatorily use the ASBA facility to submit their Applications. |
| ASBA Location(s) / Specified Cities | Location(s) at which ASBA Application can be uploaded by the Brokers, namely Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Baroda and Surat |
| ASBA Public Issue Account | An Account of the Company under Section 73 of the Act, where the funds shall be transferred by the SCSBs from the bank accounts of the ASBA Investors |
| Banker(s) to the Issue/ Escrow Collection Bank(s) | The banks which are Clearing Members and registered with SEBI as Banker to an issue with whom the Escrow Account(s) will be opened and in this case being [•] |
| Business Day | Monday to Friday (except public holidays) |
| CAN / Confirmation of Allocation Note | The note or advice or intimation sent to each successful Applicant indicating the Equity Shares which will be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange |
| Composite Application Form / CAF | The form used by an Investor to make an application for allotment of the Rights Equity Shares in the Issue. |
| Collection Centre | As defined in SEBI (Issue Of Capital And Disclosure Requirements) Regulations, 2009, and mentioned in the CAF. |



| Term | Description |
|------------------------------|---|
| Controlling Branches | Such Branches of the SCSBs which co-ordinate Applications by the ASBA Applicants with the Registrar to the Issue and the Stock Exchanges and a list of which is available at http://www.sebi.gov.in or at such other website as may be prescribed by SEBI from time to time. |
| Designated Stock Exchange | BSE Limited |
| Demographic Details | The demographic details of the Applicants such as their Address, PAN, Occupation and Bank Account details |
| Depositories | NSDL and CDSL |
| Depositories Act | The Depositories Act, 1996, as amended from time to time |
| Depository Participant or DP | A Depository Participant as defined under the Depositories Act |
| Depositories Regulations | The SEBI (Depository and Participant) Regulations, 1996, as amended from time to time |
| Designated Branches | Such Branches of the SCSBs which shall collect the Application Forms used by the Applicants applying through the ASBA process and a list of which is available on http://www.sebi.gov.in/pmd/scsb.pdf |
| Designated Date | The date on which funds are transferred by the Escrow Collection Bank(s) from the Escrow Account or the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Issue Account or the Refund Account, as appropriate, after the Letter of Offer is filed with the RoC, following which the Board of Directors shall allot Equity Shares to successful Applicants in the Issue |
| Draft Letter of Offer | The draft letter of offer dated 23 rd April, 2018 filed with the SEBI |
| Eligible NRIs | NRIs from jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom the Letter of Offer constitutes an invitation to subscribe to the Equity Shares Allotted herein |
| Eligible QFIs | QFIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Letter of Offer constitutes an invitation to purchase the Equity Shares offered thereby and who have opened demat accounts with SEBI registered qualified depository participants |
| Eligible Equity Shareholders | The Equity Shareholders of our Company as on the Record Date |
| Equity Shares | Equity Shares of our Company having a face value of Rs. 10 each |
| Equity Shareholders | The Equity Shareholders of our Company |
| Escrow Account(s) | An Account opened with the Escrow Collection Bank(s) and in whose favour the Applicants (excluding the ASBA Applicants) will issue cheques or drafts in respect of the Application Amount when submitting an Application |
| Escrow Agreement | The agreement to be entered into among our Company, the Registrar to the Issue, the LM, the Escrow Collection Bank(s) and the Refund Bank for collection of the Application Amounts and where applicable, remitting refunds of the amounts collected to the Applicants (excluding the ASBA Applicants) on the terms and conditions thereof |
| Investors | The Eligible Equity Shareholders of our Company as on the Record Date and the Renouncees |
| Issue / Issue size | Issue of 42,93,800 Rights Equity Shares of face value Re. 10/- each at a premium of Rs. 25 aggregating upto Rs. 1502.83 Lakhs to the Eligible Equity Shareholders of our Company on rights basis in the ratio of 1 (One) Rights Equity Share for every 1 (One) Equity Share held on the Record Date [●] |
| Issue Closing Date | [●]The date on which the Issue opens for subscription |
| Issue Opening Date | [●]The date on which the Issue closes for subscription |
| Issue Price | The price at which the Equity Shares are being issued by our Company under this Letter of Offer being Rs. 35 |
| Issue Period | The period between the Issue Opening Date and the Issue Closing Date inclusive of |



| Term | Description |
|--|---|
| | both days and during which prospective Applicants may submit their application |
| Issue Proceeds | The proceeds of the Issue. For further information about use of the Issue Proceeds please see the chapter titled “ <i>Objects of the Issue</i> ” beginning on page 53 of this Draft Letter of Offer |
| Lead Manager/LM | Lead Manager to the Issue being Mark Corporate Advisors Private Limited |
| Letter of Offer | Letter of Offer dated [●] as filed with the Stock Exchanges after incorporating SEBI comments on this Draft Letter of Offer |
| Listing Agreement | The uniform equity listing agreement signed between our Company and the Stock Exchange |
| Non-Institutional Applicant | All Applicants, including Eligible QFIs, sub accounts of FIIs registered with SEBI which are foreign corporates or foreign individuals, that are not QIBs or Retail Individual Applicants and who have applied for Equity Shares for an amount of more than Rs. 2,00,000 but not including NRIs other than Eligible NRIs) |
| Non-Resident | A person resident outside India, as defined under FEMA and includes Eligible NRIs, Eligible QFIs, FIIs registered with SEBI and FVCIs registered with SEBI |
| Public Issue Account | Account opened with Bankers to the Issue for the purpose of transfer of monies from the Escrow Account on or after the Issue Opening Date |
| Qualified Foreign Investors / QFIs | Non-resident investors other than SEBI registered FIIs or sub-accounts or SEBI registered FVCIs who meet ‘know your client’ requirements prescribed by SEBI |
| Qualified Institutional Buyers / QIBs | As defined under Regulation 2(1)(zd) of the SEBI Regulations, and includes Public Financial Institutions as specified in Section 4A of the Companies Act, 1956, Scheduled Commercial Banks, Mutual Funds registered with SEBI, FIIs and Sub-accounts registered with SEBI (other than a sub-account which is a foreign corporate or foreign individual), Multilateral and Bilateral Development Financial Institutions, Venture Capital Funds registered with SEBI, foreign venture capital investors registered with SEBI, State Industrial Development Corporations, Insurance Companies registered with IRDA, Provident Funds with minimum corpus of Rs. 250 million, Pension Funds with minimum corpus of Rs250 million, the National Investment Fund set up by the Government of India, Insurance Funds set up and managed by army, navy or air force of the Union of India and Insurance Funds set up and managed by the Department of Posts, India |
| Refund Account(s) | The account opened with Refund Banker(s), from which refunds (excluding refunds to ASBA Applicants), if any, of the whole or part of the Application Amount shall be made |
| Refund Bank | [●] |
| Refunds through electronic transfer of funds | Refunds through NECS, Direct Credit, NEFT, RTGS or the ASBA process, as applicable |
| Registrar to the Issue | Bigshare Services Private Limited |
| Retail Individual Applicants | Individual Applicants (including HUFs applying through their Karta and Eligible NRIs) who have not applied for Equity Shares for an amount of more than Rs 2,00,000 in any of the Application options in the Issue |
| Record Date | [●] |
| Renouncee(s) | Any person(s) who has / have acquired Rights Entitlements from the Eligible Equity Shareholders |
| Rights Entitlement | The number of Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to his / her shareholding in our Company as on the Record Date |
| Rights Equity Shares | The Equity Shares being offered to the Eligible Equity Shareholders of our Company in this Issue |
| SAF | Split Application Form ,The application form(s) used in case of renunciation in part by an Eligible Equity Shareholder in favour of one or more Renouncees |
| Stock Exchange(s) | The BSE Limited where the Equity Shares of our Company are listed and where the Rights Equity Shares are proposed to be listed |
| Self-Certified Syndicate | The banks which are registered with SEBI under the SEBI (Bankers to an Issue) |



| Term | Description |
|-------------------------------------|---|
| Bank(s) or SCSB(s) | Regulations, 1994 and offers services of ASBA, including blocking of bank account and a list of which is available on http://www.sebi.gov.in/pmd/scsb.pdf |
| SEBI (ICDR) Regulations, 2009 | Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009 as amended from time to time |
| Takeover Code | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 read with amendments issued subsequent to that date |
| TRS / Transaction Registration Slip | The slip or document issued by a member of the Syndicate or an SCSB (only on demand), as the case may be, to the Applicant, as proof of registration of the Application |
| U.S. Securities Act | U.S. Securities Act of 1933, as amended |
| Working Day | All days other than 2nd and 4th Saturdays of the month, Sundays or public holidays, on which commercial banks in Mumbai are open for business provided however, for the purpose of the period between the Issue Closing Date and listing of the securities on the Stock Exchanges, "Working Days" shall mean all days excluding 2nd and 4th Saturday, Sundays and bank holidays in Mumbai, in accordance with the SEBI circular no. CIR/CFD/DIL/3/2010 dated April 22, 2010 |

Conventional, General and Industry Terms or Abbreviations

| Term /Abbreviation | Description / Full Form |
|--------------------------------|---|
| "Rs." / "₹" / "Rupees" / "INR" | Indian Rupees |
| "AGM" | Annual General Meeting |
| "AIF" | Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 |
| "AS/ Accounting Standards" | Accounting standards as notified under the Companies (Accounts) Rules, 2014 |
| "BSE" | BSE Limited |
| "CCI" | Competition Commission of India |
| "CDSL" | Central Depository Services (India) Limited |
| "CESTAT" | Customs, Excise & Service Tax Appellate Tribunal |
| "Central Government" | Central Government of India |
| "CIN" | Corporate identity number |
| "Companies Act, 1956" | Companies Act, 1956, and the rules, regulations, modifications and clarifications made thereunder, as the context requires and to the extent not repealed |
| "Companies Act, 2013" | Companies Act, 2013 and the rules, regulations, modifications and clarifications thereunder, to the extent notified |
| "Companies Act" | Companies Act, 1956 to the extent in force, and/ or the Companies Act, 2013 to the extent notified |
| "Depositories Act" | Depositories Act, 1996 |
| "Depository" | A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 |
| "DIN" | Director identification number |
| "DP ID" | Depository participant identity |
| "EPS" | Earnings per share |
| "Factories Act" | The Factories Act, 1948 |
| "FDI" | Foreign direct investment |
| "FEMA Regulations" | Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 |
| "FEMA" | Foreign Exchange Management Act, 1999, read with rules and regulations Thereunder |
| "FII" | Foreign institutional investor as defined under Regulation 2(1)(g) of the SEBI FPI |



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|------------------------------------|--|
| | Regulations |
| “Financial Year” / “FY” / “Fiscal” | Period of 12 months ended March 31 of that particular year, unless otherwise stated |
| “FPI” | Foreign Portfolio Investors as defined under the SEBI FPI Regulations. |
| “GAAP” | Generally Accepted Accounting Principles |
| “Government” | Central Government and / or the State Government, as applicable |
| “GST” | Goods and service tax |
| “HUF” | Hindu undivided family |
| “ICAI” | Institute of Chartered Accountants of India |
| “IND AS” | Indian Accounting Standards |
| “Indian GAAP” | Generally accepted accounting principles followed in India including the accounting standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 as applicable. |
| “ISIN” | International securities identification number allotted by the Depository |
| “IT Act” | Income Tax Act, 1961 |
| “MCA” | Ministry of Corporate Affairs, Government of India |
| “Mutual Fund” | Mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 |
| “NACH” | National Automated Clearing House |
| “NEFT” | National electronic fund transfer |
| “NR” | Non-resident or person(s) resident outside India, as defined under the FEMA |
| “NRE Account” | Non-resident external account |
| “NRI” | A person resident outside India who is a citizen of India as defined under the Foreign Exchange Management (Deposit) Regulations, 2016 or is an ‘Overseas Citizen of India’ cardholder within the meaning of Section 7(A) of the Citizenship Act, 1955 |
| “NRO Account” | Non-resident ordinary account |
| “NSDL” | National Securities Depository Limited |
| “Net worth” | Paid up Equity Share Capital plus reserves and surplus minus revaluation reserve |
| “OCB” / “Overseas Corporate Body” | A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA |
| “PAN” | Permanent account number |
| “PAT” | Profit after tax |
| “PBT” | Profit before tax |
| “RBI” | Reserve Bank of India |
| “RoC” | Registrar of Companies, Cuttack, located at Corporate Bhawan, 3rd Floor, Plot No. 9 (P), Sector - 1, CDA, Cuttack – 753014, Odisha, India |
| “RTGS” | Real time gross settlement |
| “SCRA” | Securities Contracts (Regulation) Act, 1956 |
| “SCRR” | Securities Contracts (Regulation) Rules, 1957 |
| “SEBI Act” | The Securities and Exchange Board of India Act, 1992 |
| “SEBI FPI Regulations” | The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended |
| “SEBI ICDR Regulations” | The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended |
| “SEBI Listing Regulations” | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 |
| “SEBI” | The Securities and Exchange Board of India |
| “Securities Act” | United States Securities Act of 1933 |
| “State Government” | Government of a State of India |



| | |
|------------------------|--|
| “Takeover Regulations” | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended |
| “Year”/“Calendar Year” | Unless context otherwise requires, shall refer to the twelve-month period ending December 31. |

The words and expressions used but not defined herein shall have the same meaning as is assigned to such terms under the Companies Act, SCRA, the SEBI ICDR Regulations, the Depositories Act and the rules and regulations made thereunder.

Notwithstanding the foregoing, terms in “Main Provisions of the Articles of Association of our Company”, “Statement of Tax Benefits”, “Key Industry Regulations and Policies”, “Outstanding Litigations and Defaults” and “Financial Statements” on pages 188, 60, 79, and 111 respectively, shall have the meanings given to such terms in these respective sections.



NOTICE TO OVERSEAS INVESTORS

The distribution of this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer or CAF and the issue of Equity Shares on Rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer or CAF may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue on Rights basis to the Eligible Equity Shareholders and Eligible Employees as on the Record Date of the Company and will dispatch the Letter of Offer / the Abridged Letter of Offer and CAFs only to Eligible Equity Shareholders who have provided a registered Indian address. Those overseas shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to dispatch the Letter of Offer / Abridged Letter of Offer and CAFs, shall not be sent the Letter of Offer / Abridged Letter of Offer and CAFs.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Draft Letter of Offer has been filed with SEBI for observations. Accordingly, the rights or Equity Shares may not be offered or sold, directly or indirectly, and the Draft Letter of Offer/ Letter of Offer / Abridged Letter of Offer and CAFs may not be distributed in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, under those circumstances, this Draft Letter of Offer must be treated as sent for information only and should not be copied or redistributed.

Accordingly, persons receiving a copy of this Draft Letter of Offer should not, in connection with the Issue of the rights or Equity Shares, distribute or send the same in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If this Draft Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the rights or Equity Shares referred to in this Draft Letter of Offer. Envelopes containing a CAF should not be dispatched from any jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Equity Shares in this Issue must provide an Indian address.

Any person who makes an application to acquire rights and the Equity Shares offered in this Issue will be deemed to have declared, represented, warranted and agreed that he is authorized to acquire the rights and the Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction. The Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company reserves the right to treat any CAF as invalid where they believe that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements and we shall not be bound to allot or issue any Equity Shares or Rights Entitlement in respect of any such CAF. Neither the delivery of this Draft Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in the Company's affairs from the date hereof or that the information contained herein is correct as at any time subsequent to the date of this Draft Letter of Offer.

The contents of this Draft Letter of Offer should not be construed as legal, tax or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of the Equity Shares. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of the Rights Equity Shares. In addition, neither our Company nor the Lead Manager is making any representation to any offeree or purchaser of the Equity Shares regarding the legality of an investment in the Equity Shares by such offeree or purchaser under any applicable laws or regulations.

NO OFFER IN THE UNITED STATES

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the United States Securities Act, 1933, as amended ("Securities Act"), or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof ("United States" or "U.S.") or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act ("Regulation S")), except in a transaction exempt from the registration requirements of the Securities Act. The Rights Entitlements referred to in this Letter of Offer are being offered in India, but not in the United States. The offering to which this Letter of Offer and Abridged Letter of Offer relates is not, and under no



circumstances is to be construed as, an offering of any securities or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said securities or rights. Accordingly, the Draft Letter of Offer / Letter of Offer / Abridged Letter of Offer and the enclosed CAF should not be forwarded to or transmitted in or into the United States at any time.

Neither our Company nor any person acting on behalf of our Company will accept subscriptions or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on behalf of our Company has reason to believe, is in the United States when the buy order is made. Envelopes containing CAF should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under this Letter of Offer, no payments for subscribing for the Rights Equity Shares shall be made from US bank accounts and all persons subscribing for the Rights Equity Shares and wishing to hold such Equity Shares in registered form must provide an address for registration of the Equity Shares in India. Our Company is making this issue of Equity Shares on a rights basis to the Eligible Equity Shareholders of our Company and this Letter of Offer, Abridged Letter of Offer and CAF will be dispatched to Eligible Equity Shareholders who have an Indian address. Any person who acquires Rights Entitlement and the Rights Equity Shares will be deemed to have declared, represented, warranted and agreed, (i) that it is not and that, at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made, (ii) does not have a registered address (and is not otherwise located) in the United States, and (iii) is authorised to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws, rules and regulations.

Our Company reserves the right to treat as invalid any CAF which: (i) does not include the certification set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in the United States and is authorised to acquire the Rights Entitlement and the Rights Equity Shares in compliance with all applicable laws and regulations; (ii) appears to our Company or its agents to have been executed in or dispatched from the United States; (iii) where a registered Indian address is not provided; or (iv) where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements; and our Company shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such CAF.



PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Certain Conventions

All references herein to ‘India’ are to the Republic of India and its territories and possessions and the ‘Government’ or ‘GoI’ or the ‘Central Government’ or the ‘State Government’ are to the Government of India, Central or State, as applicable. Unless otherwise specified or the context otherwise requires, all references in this Letter of Offer to the ‘US’ or ‘U.S.’ or the ‘United States’ are to the United States of America and its territories and possessions. A reference to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable. A reference to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable.

Financial Data

Unless the context otherwise requires, our financial data in this Draft Letter of Offer is derived from the restated financial information of our Company, which have been prepared in accordance with Indian GAAP, applicable standards and guidance notes specified by the Institute of Chartered Accountants of India, applicable accounting standards prescribed by the Institute of Chartered Accountants of India, Companies Act, as applicable and other applicable statutory and / or regulatory requirements and restated in accordance with the SEBI ICDR Regulations.

Our financial year commences on April 1 of each calendar year and ends on March 31 of the following calendar year, so all references to a particular “fiscal year” or “Fiscal” or “Financial Year” or “FY” are to the 12 months period ended on March 31 of that year.

Indian GAAP differs in certain significant respects from IFRS. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures based on the Indian GAAP financials presented in this Draft Letter of Offer should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data. Certain figures contained in this Draft Letter of Offer, including financial information, have been subject to rounding adjustments. All decimals have been rounded off to two decimal places. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Unless otherwise specified, all financial numbers in parenthesis represent negative figures.

Currency of Presentation

All references to “Rs.” or “INR” or “Rupees” refer to Indian Rupees, the lawful currency of India. Any reference to “USD” or “US\$” or “\$” refers to the United States Dollar, the lawful currency of the United States of America. Unless stated otherwise, throughout this Draft Letter of Offer, all figures have been expressed in Rupees in lakhs. In this Draft Letter of Offer, our Company has presented certain numerical information in “million” and “crore” units. One million represents 10,00,000, one crore represents 1,00,00,000 and one billion represents 1,00,00,00,000.

Market and Industry Data

Unless stated otherwise, industry and market data used in this Draft Letter of Offer have been obtained or derived from publicly available information as well as industry publications and sources. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decision should be made on the basis of such information. Although we believe that industry data used in this Draft Letter of Offer is reliable, it has not been independently verified and neither we, nor the Lead Manager nor any of their affiliates, jointly or severally, make any representation as to its accuracy or completeness. The extent to which the market and industry data used in this Draft Letter of Offer is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may



vary widely among different industry sources. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in the section “*Risk Factors*” on page 14.



FORWARD – LOOKING STATEMENTS

Certain statements in the Draft Letter of Offer are not historical facts but are “forward-looking” in nature. Forward looking statements appear throughout the Draft Letter of Offer, including, without limitation, under the chapters “Risk Factors”. Forward-looking statements include statements concerning our plans, objectives, goals, strategies, future events, future revenues or financial performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, our competitive strengths and weaknesses, our business strategy and the trends we anticipate in the industry and the political and legal environment, and geographical locations, in which we operate, and other information that is not historical information.

Words such as “aims”, “anticipate”, “believe”, “could”, “continue”, “estimate”, “expect”, “future”, “goal”, “intend”, “is likely to”, “may”, “plan”, “predict”, “project”, “seek”, “should”, “targets”, “would” and similar expressions, or variations of such expressions, are intended to identify forward looking statements but are not the exclusive means of identifying such statements.

By their nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved.

These risks, uncertainties and other factors include, among other things, those listed under “Risk Factors”, as well as those included elsewhere in the Draft Letter of Offer. Prospective investors should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited, to:

- General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
- Increasing competition or other factors affecting industry segments in which Company operates;
- Changes in laws and regulations relating to the industries in which we operate;
- Our ability to meet our capital expenditure requirements and/or increase in capital expenditure;
- Fluctuations in operating costs and impact on the financial results;
- Our ability to attract and retain qualified personnel;
- Changes in political and social conditions in India or in countries that we may enter, the monetary policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices.

For a further discussion of factors that could cause our actual results to differ, please refer to “Risk Factors” on page 14 of the Draft Letter of Offer. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither we nor the Lead Manager make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. Neither we nor the Lead Manager nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI / Stock Exchanges requirements, we and Lead Manager will ensure that the Eligible Equity Shareholders are informed of material developments until the time of the grant of listing and trading permissions by the Stock Exchanges.



SECTION II: RISK FACTOR

An investment in our Equity Shares involves a high degree of financial risk and you should carefully consider all information disclosed in this Draft Letter of Offer, including the risks and uncertainties described below, before making an investment in our Equity Shares. The risk factors set forth below may not be exhaustive and may not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purchase, own or dispose of the Equity Shares. This section addresses general risks associated with the industry in which we operate and specific risks associated with our Company. If any, or some combination, of the following risks actually occurs, our business, prospects, results of operations and financial condition could suffer, the trading price of our Equity Shares could decline and you may lose all or part of your investment. In making an investment decision, prospective investors must rely on their own examination of our Company and the Offer, including the merits and risks involved. Additional risks and uncertainties, whether known or unknown, may in the future have material adverse effect on our business, financial condition and results of operations, or which we currently deem immaterial, may arise or become material in the future. Unless specified or quantified in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other risks mentioned herein. Investors are advised to read the risk factors carefully before making an investment in this Offer. Investors should not invest in this Offer unless they are prepared to accept the risk of losing all or part of their investment, and they should consult their tax, financial and legal advisors about the particular consequences to you of an investment in the Equity Shares.

This Draft Letter of Offer also contains forward-looking statements that involve risks and uncertainties. We have described the risks and uncertainties that our management believes are material, but these risks and uncertainties may not be the only ones we face in future. Our actual results could differ materially from those anticipated in these forward- looking statements as a result of certain factors, including events described below and elsewhere in this Draft Letter of Offer. Unless otherwise stated, the financial information used in this section is derived from and should be read in conjunction with restated financial statements of our Company for the Financial Year 2013, 2014, 2015, 2016, 2017 and Nine months' period ended on 31st December, 2017, including the schedules, annexure and notes thereto.

To obtain a better understanding of our business, you should read this section in conjunction with other chapters of the Draft Letter of Offer, including the chapters titled "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and section titled "Financial Information of our Company" beginning on pages 70, 132 and 35 respectively of this Draft Letter of Offer, together with all other financial information contained in the Draft Letter of Offer.

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

- 1.) Some risks may not be material individually but may be material when considered collectively.*
- 2.) Some risks may have material impact qualitatively instead of quantitatively.*
- 3.) Some risks may not be material at present but may have a material impact in the future.*

INTERNAL RISK FACTORS:

- 1. There are certain outstanding legal proceedings involving our Company, our Directors our Promoters and Promoter Group Company. Any failure to defend these proceedings successfully may have an adverse effect on our business prospects, financial condition, result of ongoing operations and reputation.**

Our Company, Group Companies and Corporate Promoter are parties to certain legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts, tribunals and forums.

Mentioned below are the details of the proceedings pending against our Company, Promoters and Promoter Group as on the date of this Draft Letter of offer along with the amount involved, to the extent quantifiable:

| | No. of Cases | Approximate Aggregate Claim Amount (Rs. in Lakhs) |
|--------------------------------------|--------------|---|
| Company (against our Company) | | |
| Indirect Tax Litigation | 2 | 38.97 |



| | | |
|--|----|--------|
| Other Material Pending Litigation | 10 | 200.02 |
| Company (by our Company) | | |
| Indirect Tax Litigation | 1 | Nil |
| Other Material Pending Litigation | 4 | 213.46 |
| Directors (against our Directors) | | |
| Criminal Proceedings | 1 | Nil |
| Labour Litigations | 2 | 0.09 |

The amounts mentioned above may be subject to additional interest rates/ penalties being levied by the concerned authorities for delay in making payment or otherwise. Amount of interest/penalty that may be levied is unascertainable as on the date of this Draft Letter of Offer.

There can be no assurance that these litigations will be decided in our favour or in favour of our Promoter and consequently it may divert the attention of our management and Promoters and waste our corporate resources and we may incur significant expenses in such proceedings and may have to make provisions in our financial statements, which could increase our expenses and liabilities. If such claims are determined against us and our Promoters, there could be a material adverse effect on our reputation, business, financial condition and results of operations, which could adversely affect the trading price of our Equity Shares. We may incur significant expenses and management time in such legal proceedings. Any adverse ruling in any of the above proceedings or consequent levy of penalties by any statutory authorities may render our Company / Promoters / Promoter Group/Directors liable to penalties and may have a material adverse effect on our reputation, business, financial condition and results of operations, which could adversely affect the trading price of our Equity Shares. For further details, see chapter titled “Outstanding Litigations and Material Developments” beginning on page 140 of this Draft Letter of Offer.

2. Our Company had filed a reference to BIFR u/s 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1885 in the year 2004 and was declared sick by BIFR in the year 2005.

Our Company had filed a reference to BIFR u/s 15 (1) of the Sick Industrial Companies (Special Provisions) Act, 1885 in the year 2004. Consequently, our Company was declared as Sick Industrial Company on 30th November, 2005. The Draft Rehabilitation Scheme (DRS), according to which the reason for sickness was cash losses incurred during FY 2002-03, 2003-04 and 2004-05 due to operational problems in 3rd Plant and mainly provided for Technical and Financial Restructuring, was sanctioned on 7th March, 2011 for necessary revival of our Company. As per the DRS, Promoters inducted additional working capital that made the unit running and further committed to bring in additional funds required to achieve the projected level of operations from Strategic Investor/ Unsecured Loan/ Cosmos Co-operative Bank Ltd./ Placement of Equity/ Convertible Warrants/ VAT Exemption/ Internal Generation. Thereafter, our Company ceased to be a Sick Industrial Company u/s 3(1)(o) under SICA and was discharged from the purview of SICA/BIFR vide BIFR minutes dated 20th March, 2013 with a positive net-worth.

The Terms of DRS and compliances are detailed below:

(Amount in Lakhs)

| Bank/ Financial Institutions | Amount of Loan Outstanding | | | Amount settled and paid | Waiver |
|------------------------------|----------------------------|---------------|----------------|-------------------------|----------------|
| | Principal | Interest | Total | | |
| S.B.I. | 1270.00 | 513.37 | 1783.37 | 290.00 | 1493.37 |
| IPICOL | 250.00 | 288.52 | 538.52 | 265.50 | 273.02 |
| OFC | 46.83 | 33.92 | 80.75 | 43.80 | 36.95 |
| TOTAL | 1566.83 | 835.81 | 2402.64 | 599.30 | 1803.34 |

Further, we cannot assurance that we will be able to generate enough cash flow from operations and we will be able to obtain enough capital to service our debt.

3. Trading in Equity Shares of our Company was suspended by BSE due to non-compliance of the Listing Agreement in the year 2004.

Due to financial crisis during the year 2004, our Company could not comply with requirements of the Listing Agreement because of which trading in Equity Shares of our Company was suspended by BSE. However, the



suspension in trading of equity shares of the Company revoked w.e.f. May 4, 2010 after complying with requirement of the Listing Agreements.

We cannot assure that there will be no non-compliance with respect to requirements under Listing Agreement and other statutory requirements in future. In the event of there being a non-compliance, there may be consequential action undertaken by BSE, SEBI or other statutory authority and the same may have an adverse impact on the Shareholders of our Company.

4. Our Registered Office, Manufacturing Unit and Corporate Office are on leasehold and rental basis.

We operate from our Registered Office cum Manufacturing Unit situated at New Industrial Estate, Phase II Jagatpur, Cuttack, Orissa, 754021 and Corporate Office situated at 411/412 No.127/1, 2nd Floor Srikrupa Market, Malakpet, Hyderabad 500036, which is not owned by our Company. Our Company has been occupying the Registered Office, Manufacturing Unit on leasehold and corporate office on rental basis through:

- Lease Deed for Deferred Payment for Industrial Plot entered into by our Company as a Lessee with Orissa Industrial Infrastructure Development Corporation as a Lessor under Lessee Deed for deferred payment of Industrial plot dated March 21, 1993 for a period of 90 years for 5 Acres.
- Lease Deed for Out Right Payment for Industrial Plot entered into by our Company as a Lessee, with Orissa Industrial Infrastructure Development Corporation as a Lessor under the Lease Deed Right Payment for Industrial Plot dated March 22, 1999 for a period of 90 years for 1.998 Acres.
- Lease Deed for Deferred Payment for Industrial Plot entered into by our Company as a Lessee with Orissa Industrial Infrastructure Development Corporation as a Lessor under the Lease Deed for Deferred Payment of Industrial Plot dated March 4, 1999 as a Lessee for a period of 90 years from March 25, 1981 for 1.62 Acres.
- The Corporate office situated at 411/412 No.127/1 2nd Floor Srikrupa Market, Malakpet, Hyderabad 500036 is on rental agreement entered by Tirupati Kagads Private Limited as a “Landlord” and Cosboard Industries Limited, as a “Tenant” for a period of 3 years.

Further, the lease and rental agreement are subject to certain terms and conditions and any non-compliance of the same may lead to the termination of the lease and rental agreement which may have a material adverse effect on our operations and there can be no assurance that the lease and or rental agreement shall be renewed. In the event the lease and/or the rental agreement are not renewed, we may be required to shift our registered office, manufacturing unit and the corporate office to a new location and there can be no assurance that the arrangement of our Company will enter into in respect of the new premises would be on such terms and conditions as the present one.

5. We have experienced negative cash flows in the past which could adversely affect our financial condition and the trading price of our Equity Shares.

The detailed break up of cash flows as restated is summarized in below mentioned table and our Company have reported negative cash flow in certain financial years and which could affect our business and growth:

(Rs. In Lakhs.)

| Particulars | Upto 31.12.2017 | FY 2017 | FY 2016 | FY 2015 | FY 2014 | FY 2013 |
|---|--------------------|----------|-----------|-----------|-----------|---------|
| Net Cash flow from Operative activities | 356.61 | (168.50) | (1171.30) | 266.19 | (497.22) | (63.58) |
| Net Cash Flow from investing activities | (25.24) | (122.41) | (304.52) | (1122.16) | (1426.18) | (93.19) |
| Net Cash Flow from Financing activities | (336.71) | 392.00 | 1481.15 | 837.81 | 2002.19 | 155.42 |
| Net Cash Flow for the Year | (5.34) | 101.09 | 4.32 | (8.61) | 87.84 | (1.34) |

6. Our trading activity contribute signification portion of our revenue from operations.

Our Company is engaged in manufacturing of paper and paper products as well as trading of papers. However, during past few years, our trading operations have scaled up significantly due to the available business opportunities. Consequently, our revenue from operations is also significantly built by turnover from trading



operations. As at Nine months' period ended on December 31, 2017 and Financial year ended March 31, 2017, 2016, 2015 our turnover from trading operations contributed to 41.48%, 37.08%, 31.15% and 10.02% respectively of our total revenue from operations. However, our Company continues to focus on increasing its manufacturing operations. As trading demand huge dependence on suppliers, our trading operation shall remain vulnerable to the extent of such dependence. Any irregularities, shortfall in supplies, delay in trading cycles, inability to procure or deliver the traded goods may adversely affect our results of operations.

7. Our Company has in the past made delayed payment of its statutory and other dues and the same has been noted by our independent auditor in its report on our Company's audited financial statements for the Nine month's period ended on 31st December, 2017.

Our Company has made delayed payment of its statutory dues and our independent auditor has in its report on our Company's audited standalone financial statements for the Financial Year ended March 31, 2017, listed the following findings in accordance with the Companies (Auditors' Report) Order, 2016, in relation to the same:

The Company is not regular in depositing undisputed dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Goods and Service Tax and any other statutory dues with the appropriate authorities. There was undisputed amount payable in respect of the above as at December 31, 2017 for a period of more than six months from the date on which they became payable are:

| Sr. No. | Particulars | Amount (Rs. in Lakhs) |
|---------|---------------------------|-----------------------|
| 1. | Central Excise | 3.96 |
| 2. | Entry Tax | 2.56 |
| 3. | Service Tax | 0.15 |
| 4. | Value Added Tax (Cuttack) | 4.80 |
| 5. | Central Sales Tax | 7.98 |
| 6. | Income Tax | 18.55 |
| | Total | 38.00 |

Further, we cannot assure you that there will be no delays in paying our statutory and other dues in the future. In the event of there being an unjustifiable delay, there may be consequential action undertaken by the relevant statutory authority and the same may have an adverse impact on our business and the results of operations.

8. We have contingent liabilities not provided for as on December 31, 2017 and our profitability could be adversely affected if any of these contingent liabilities materialize.

We had the following contingent liabilities not provided as on December 31, 2017:

| Particulars | Amount in Lakhs |
|---|-----------------|
| Central Excise matter (Case in pending before Hon'ble High Court of Orrisa) | 38.93 |
| CESCO (Case in pending before Hon'ble High Court of Orrisa) | 190.37 |
| CESCO- Electricity Duty (Electricity Duty is not payable as per BIFR Sanctioned scheme and the case in pending before Hon'ble High Court of Orrisa) | 213.46 |
| Total | 442.76 |

In the event any such contingencies mentioned above were to materialize or if our contingent liabilities were to increase in the future, our financial condition could be adversely affected. For further details, see the section entitled —*Restated Financial Statements* on page 111 of this Draft Letter of Offer.

9. We do not have access to records and data pertaining to certain historical legal and secretarial information, including with respect to issuance of shares and amendments in our MOA.

We have been unable to locate certain of our corporate records with respect to issuance of certain Equity Shares to various persons and with respect to certain amendments which have been made to our MOA. Disclosures in this Draft Letter of Offer pertaining to equity share capital history of our Company are based on the Prospectus issued by the Company for its Initial Public Offer during the financial year 1994-1995. Additionally, for the years prior to 1995, relevant records and forms filed, at that time, evidencing the amendments to our MoA, are also not available. Whilst we believe material information required for Investors to make their investment decision in this Issue has been disclosed in this Draft Letter of Offer, we are unable to



make certain disclosures required under the SEBI ICDR Regulations in this Draft Letter of Offer, such as disclosures pertaining to initial listing of Equity Shares by our Company and disclosures pertaining to issue of Equity Shares by the Company for consideration other than cash or out of revaluation reserves. For more information see Capital Structure and History and Certain Corporate Matters on pages 44 and 89 respectively.

10. Our promoters/Promoters group have pledged their major shareholding and may lose the control over the company on default of repayment of loan.

As on December 31, 2017, our Promoter and Promoter Group together hold 20,25,129 Equity Shares of Rs.10 constituting 47.16% of the total paid up share capital of the Company and out of which 12,79,524 Equity Shares have been pledged by the Promoter or Promoter Group constituting 63.18% of the shares held by them. Such shares have been pledged to the Cosmos Co-operative Bank Ltd., Hyderabad as collateral security for a loan sanctioned amounting to Rs. 7456.00 Lakhs availed by our Company which is repayable from January, 2018. If our Company would not be able to repay the loan amount, then they may lose the shares pledged and their control over the Company would be reduced which may affect the business operations and results of the Company.

11. We have in the past entered into related party transactions and may continue to do so in the future.

We have entered into transactions with our Promoters and Promoter Group. While we believe that all such transactions have been conducted on an arm's length basis, there can be no assurance that we could not have achieved more favorable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we may enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations. For further details, please refer to Financial Statements of Our Company on page no. 111

12. There may be potential conflicts of interest if our Promoters or Directors are involved in any business activities that compete with or are in the same line of activity as our business operations.

Our Group Companies such as Harishankar Paper Products (P) Ltd., Tirupati Kagadas Pvt Ltd, Abhishek Enterprises and Yash Commercial Corporation are involved in similar line of business. Further, we have not entered into any non-compete agreement with said entities. We cannot assure you that our Promoter who has common interest in said entities will not favour the interest of the said entities. As a result, conflicts of interests may arise in allocating business opportunities amongst our Company and the Promoter Group entities in circumstances where our respective interests diverge. There can be no assurance that our Promoters or our Promoter Group entities or members of the Promoter Group will not compete with our existing business or any future business that we may undertake or that their interests will not conflict with ours. Any such present and future conflicts could have a material adverse effect on our reputation, business, results of operations and financial condition which may adversely affect our profitability and results of operations.

13. Our Company has availed unsecured loans from Promoters and Promoter Group Members, which are repayable on demand. Any demand from lenders for repayment of such unsecured loans, may adversely affect the business operations and financial condition of our Company.

As on December 31, 2017, outstanding amount of interest free unsecured loan availed from the Promoters and Promoter Group Members is Rs. 1455.88 Lakhs which are repayable on demand. Our Company may not be able to generate sufficient funds at short notice to be able to repay such loans and may resort to refinancing such loans at a higher rate of interest and on terms not favourable to it. Failure to repay unsecured loans in a timely manner may have a material adverse effect on our business, cash flows and financial condition. Further, if any of lenders of these unsecured borrowings seek the accelerated repayment of any such loan, it may have a material adverse effect on our business, cash flows and financial condition. Our Promoters and some of our Promoter Group members have vide letter dated 24th January, 2018 requested our Company to adjust unsecured loan aggregating to Rs. 7,15,88,319/- against their entitlement pursuant to the Issue, including additional subscription, if any. For further details, please see "Objects of the Issue" and "Financial Statements" on page 53 and 111 respectively.

14. Changes in the cost or availability of raw materials and energy could affect our profitability.

We rely significantly on certain raw materials (industrial chemicals and pulp) and energy sources (principally water and electricity) for the manufacture of our products. In Financial Year 2016-17, raw materials comprised approximately 66.37% of our net sales and comparative details for last three financial years are disclosed as



under:

| (Rs. In Lakhs) | | | | |
|--------------------|-----------------|---------|---------|---------|
| Particulars | Upto 31.12.2017 | FY 2017 | FY 2016 | FY 2015 |
| Raw Materials | 5672.55 | 5127.77 | 4340.26 | 2603.38 |
| Net Sales | 7984.26 | 7726.22 | 6278.04 | 4151.08 |
| % of Raw Materials | 71.05% | 66.37% | 69.13% | 62.72% |

We do not have any formal long term arrangements or commitments with any of our raw material suppliers and procure such raw materials on spot basis from local traders and dealers. While we are not significantly dependent on any single raw material supplier, raw material supply and pricing can be volatile due to a number of factors beyond our control, including global demand and supply, general economic and political conditions, transportation and labour costs, labour unrest, natural disasters, competition, import duties, tariffs and currency exchange rates, and there are inherent uncertainties in estimating such variables, regardless of the methodologies and assumptions that we may use. Therefore, we cannot assure you that we will be able to procure adequate supplies of raw materials in the future, as and when we need them on commercially acceptable terms.

Further, there may be volatility in prices of our raw material and if we are not able to compensate for or pass on our increased costs to customers, such price increases could have a material adverse impact on our result of operations, financial condition and cash flows.

15. We are a listed company and are required to comply with rules and regulations imposed by the Stock Exchange and SEBI with respect to continuous listing and the Companies Act. Any failure to comply with such rules and regulations or any wrong disclosure made to the Stock Exchange or any statutory authority could result in penalties being imposed on us, which may adversely affect our business and operations.

As a listed company, we are required to comply with certain conditions for continuous listing under the SEBI Listing Regulations and other rules and regulations imposed by SEBI, which require us to make certain periodic disclosures, including disclosures about any material events or occurrences with respect to our Company, disclosure of our financial statements and disclosure of our updated shareholding pattern. Any failure to comply with these continuous disclosure requirements or any wrongful disclosure made by us to the Stock Exchange or any other statutory authority may lead to penalties being imposed on us.

There have been, on number of occasions, inadvertent late filings done by our Company to BSE. Recently, BSE, vide its communication dated September 28, 2017, has directed our Company to pay fine for late submission of various documents and our Company has paid penalty of Rs.8,01,078/- on November 13, 2017 towards the fine. While we believe, we are in compliance with rules and regulations imposed by the BSE and SEBI with respect to continuous listing, any failure to comply with such rules and regulations or any wrong disclosure made to the BSE or any statutory authority could result in penalties being imposed on us, which may adversely affect our business and operations.

Further, our Company has delayed in complying with reporting requirement under Takeover Code in respect of inter-se transfer of shares by Promoters and/or Promoter Group during FY 2015-16. However, the Company has complied with the reporting requirement to the Stock Exchange and SEBI during FY 2017-18 along with the applicable fees.

16. In past we may not have complied with certain provisions of the Companies Act and we may be subject to regulatory action for such non-compliance.

There has been some non-compliance with the provisions of the Companies Act, 1956 and the Companies Act, 2013 and provisions of SEBI Act, Regulations as enumerated below which can result in levy of penalties and which may adversely affect the results of operations:

- a) Our Board of Directors did not take consent of the Company by a special resolution for exercising power to borrow money before September 26, 2014. However, our Company has passed a special resolution at the AGM held on September 26, 2014 for increase in borrowing power of the Board upto an amount not exceeding Rs. 70 Crores. Further, our Company has passed a special resolution at the AGM held on September 28, 2017 for increase in borrowing power of the Board up to an amount not exceeding Rs. 100



Crores;

- b) Our Company did not take consent of the Board of Directors by a resolution at a board meeting for entering into the Related Party Transaction before the FY 2016-17. However, the consent of the Board of Directors have been taken for the FY 2016-17 and FY 2017-18 respectively;
- c) E-form MGT 15 has not been filed with Registrar of Companies in respect of filing of report of AGM held for FY 2014-15;
- d) Our Company has not appointed Internal Auditor;
- e) Our Company has not appointed Chief Financial Officer before May 28, 2016 and Company Secretary before June 1, 2017;
- f) Our Company has not appointed Independent Director before the FY 2009-10. Further our Company has conducted meetings of the Independent Director for the FY 2016-17 and 2017-18 respectively. Prior to which no meetings were held.
- g) Our Company has adopted new set of Article of Association in AGM held during FY 2016-17 which erroneously, inter alia, states that the Board of Directors of our Company shall consist of minimum 2 Directors whereas our Company being public company shall have minimum 3 Directors.

17. We do not have documentary proof for certain details included in the Directors' biographies under the chapter titled "Our Management".

We do not have documentary proof for certain details included in the Directors' biographies under the chapter titled "*Our Management*" beginning on page 92 of this Draft Letter of Offer. The details included in the said chapter are based on the details provided by our Directors and are supported by affidavits executed by them, certifying the authenticity of the information provided.

18. The segments of the paper industry in which we operate are highly competitive and increased competition could reduce our sales and profitability.

We compete in different markets within the paper industry on the basis of the quality of our products, customer service, product development activities, price, and distribution. The industry in which we operate is highly competitive. Factors affecting our competitive success include, among other things, price, availability of products, brand recognition, customer service, ease of use, and reliability. Our competitors vary in size, and may have greater financial, marketing, personnel and other resources than us and certain of our competitors have a longer history of established businesses and reputations in the Indian paper and packaging board market as compared with us. Competitive conditions in some of our segments have caused us to incur lower net selling prices and reduced gross margins and net earnings. These conditions may continue indefinitely. Changes in the identity, ownership structure, and strategic goals of our competitors and the emergence of new competitors in our target markets may impact our financial performance. New competitors may include foreign-based companies and commodity-based domestic producers who could enter our specialty markets. In addition to competition with different players in the paper industry, industrial paper products compete with products such as polymers, wood and steel for packaging. The writing and printing paper faces limited substitution threat from the increased tendency of storage of data in soft form, which may affect demand of our writing and printing paper products.

19. We have incurred significant indebtedness and intend to incur additional substantial borrowings in connection with the expansion of our facilities. The indebtedness incurred and the conditions and restrictions imposed by our financing arrangements could adversely impact our ability to conduct our business operations and we may not be able to meet our obligations under these debt financing arrangements.

As of December, 2017, we had total outstanding indebtedness of Rs. 7557.58 lakhs. We may incur substantial additional indebtedness in order to finance the expansion of our manufacturing facilities. The indebtedness incurred and expected to be incurred and the restrictions imposed on us by our current or future loan arrangements could adversely impact our ability to conduct our business operations and result in other significant adverse consequences. We cannot assure that we will generate sufficient cash to enable us to service our existing or future borrowings, comply with covenants or fund other liquidity needs. If we fail to meet our debt service obligations or financial covenants required under the financing documents, the relevant lenders could declare us to be in default under the terms of our borrowings, accelerate the maturity of our obligations or take over the financed project. Further, a default by us under the terms of any financing document may also constitute a cross-default under other financing documents, which may individually or in aggregate, have a



material and adverse effect on our results of operations and financial position. We cannot assure you that, in the event of any such acceleration, we will have sufficient resources to repay these borrowings. Failure to meet our obligations under the debt financing arrangements could have a material adverse effect on our cash flows, business and results of operations.

20. Orders placed by customers may be delayed, modified, cancelled or not fully paid for by our customers, which may have an adverse effect on our business, financial condition and results of operations.

We may encounter problems in executing the orders in relation to our products, or executing it on a timely basis. Moreover, factors beyond our control or the control of our customers may postpone the delivery of such products or cause its cancellation, including delays or failure to obtain necessary permits, authorizations, permissions and other types of difficulties or obstructions. Due to the possibility of cancellations or changes in scope and schedule of delivery of such products, resulting from our customers' discretion or problems we encounter in the delivery of such products or reasons outside our control or the control of our customers, we cannot predict with certainty when, if or to what extent we may be able to deliver the orders placed. Additionally, delays in the delivery of such products can lead to customers delaying or refusing to pay the amount, in part or full, that we expect to be paid in respect of such products.

In addition, even where a delivery proceeds as scheduled, it is possible that the contracting parties may default or otherwise fail to pay amounts owed. While we have not yet experienced any material delay, reduction in scope, cancellation, execution difficulty, payment postponement or payment default with regard to the orders placed with us, or disputes with customers in respect of any of the foregoing, any such adverse event in the future could materially harm our cash flow position and income.

Further, we operate in highly competitive markets in relation to our products where it is difficult to predict whether and when we will receive such awards. As a result, our results of operations can fluctuate from quarter to quarter and year to year depending on whether and when such orders are awarded to us and the commencement and progress of work under the orders placed.

21. Our business is dependent on our manufacturing facilities. The loss of or shutdown of operations at any of our manufacturing facilities may have a material adverse effect on our business, financial condition and results of operations.

Our manufacturing facilities at Odisha are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, continued availability of services of our external contractors, earthquakes and other natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities. The occurrence of any of these risks could significantly affect our operating results. Although we take precautions to minimize the risk of any significant operational problems at our facilities, including insurance coverage, our business, financial condition and results of operations may be adversely affected by any disruption of operations at our facilities, including due to any of the factors mentioned above.

22. Our Group Company, Interglobal Securities Limited has incurred losses in the previous financial years.

Sustained financial losses by our Group Companies may not be perceived positively by external parties such as customers, bankers, suppliers etc., which may affect our credibility and business operations.

Financial performance of Interglobal Securities Limited:

(Rs. in Lakhs)

| Particulars | 31 st March, 2017 | 31 st March, 2016 | 31 st March, 2015 |
|-----------------------------|------------------------------|------------------------------|------------------------------|
| Total Income | 5.23 | 2.56 | 3.04 |
| Profit/(loss) after Tax | (3.81) | 1.63 | 0.19 |
| Share Capital (Equity) | 76.82 | 76.82 | 76.82 |
| Reserves and Surplus | (22.48) | (18.66) | (20.30) |
| Earnings Per share (in Rs.) | (0.39) | 0.17 | 0.02 |



There can be no assurance that our Group Companies will not incur losses in any future periods, or that there will not be an adverse effect on our reputation or business as a result of such losses. For further details, please refer to “Our Promoter Group Entities” on Page 104 of this Draft Letter of offer.

23. Our results of operations could be adversely affected by strikes, work stoppages or increased wage demands by our or our contractors’ work force or any other kind of disputes involving our work force.

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for discharge of employees and dispute resolution and imposes financial obligations on employers upon employee layoffs. As a result of such stringent labour regulations, it is difficult for us to maintain flexible human resource policies, discharge employees or downsize, which may adversely affect our business, financial condition and results of operations.

We employ significant number of employees at our facilities. Substantial number of our permanent employees is represented by labour unions and staff associations. We cannot ensure that labour-related disputes will not arise. Further, we may not be able to satisfactorily renegotiate our wage settlement agreements when they expire and may face tougher negotiations or higher wage demands. In addition, existing labour agreements may not prevent a strike or work stoppage in the future. Such incidents or strikes and work stoppage by our employees could have an adverse effect on our business, financial operation and results of operations.

24. We require a number of approvals, licenses, registrations and permits for our business, and the failure to obtain or renew them in a timely manner may adversely affect our operations.

Our business is subject to extensive government regulation. To conduct our business, we must obtain various approvals, licenses, registrations and permits. Certain of our contractors and other counter-parties are required to obtain approvals, licenses, registrations and permits with respect to the services they provide to us. We cannot assure you that such contractors or counterparties have obtained and will maintain the validity of such approvals, licenses, registrations and permits. We cannot assure you that we or any other party will be able to obtain or comply with all necessary licenses, permits and approvals required for our business in a timely manner to allow for the uninterrupted construction or operation of our facilities, or at all.

Further, our government approvals and licenses, including environmental approvals are subject to numerous conditions, some of which are onerous and require us to incur substantial expenditure, specifically with respect to compliance with environmental laws. We cannot assure you that the approvals, licenses, registrations and permits issued to us would not be suspended or revoked in the event of noncompliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. If we fail to comply with all applicable regulations or if the regulations governing our business or their implementation change, we may incur increased costs, be subject to penalties or suffer a disruption in our operations, any of which could materially and adversely affect our business and results of operations.

Any failure to renew the approvals that have expired or apply for and obtain the required approvals, licenses, registrations or permits, or any suspension or revocation of any of the approvals, licenses, registrations and permits that have been or may be issued to us, may adversely affect our operations.

Further, our Company yet to apply for renewal of Trade License under the Hyderabad Municipal Corporation Act, 1955 to carry on Trade / Operation of our Company at our Corporate Office situated at 411/412 No. 127/1, 2nd Floor, Srikrupa Market, Malakpet, Hyderabad-500036, India which was valid for the year 2017-18.

25. Our costs of compliance with environmental laws are expected to be significant, and the failure to comply with existing and new environmental laws could adversely affect our results of operations.

Our operations are subject to national and state environmental laws and regulations, which govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from our operations. Environmental regulation of industrial activities in India may become more stringent, and the scope and extent of new environmental regulations, including their effect on our operations, cannot be predicted with any certainty. Governments may take steps towards the adoption of more stringent environmental, health and safety regulations, and we cannot assure you that we will be at all times in full compliance with these regulatory requirements. For example, these regulations can often require us to purchase and install expensive pollution control equipment or make changes to our existing operations to limit any



adverse impact or potential adverse impact on the environment or the health and safety of our employees, and any violation of these regulations, whether or not accidental, may result in substantial fines, criminal sanctions, revocations of operating permits or a shutdown of our facilities. Due to the possibility of unanticipated regulatory developments, the amount and timing of future expenditures to comply with regulatory requirements may vary substantially from those currently anticipated. If there is any unanticipated change in the environmental, health and safety regulations we are subject to, we may need to incur substantial capital expenditures to comply with such new regulations. Our costs of complying with current and future environmental, health and safety laws and our liabilities arising from failure to comply with applicable regulatory requirements may adversely affect our business, financial condition and results of operations.

We could be subject to substantial civil and criminal liability and other regulatory consequences in the event that any environmental hazards are found at the site of any of our facilities, or if the operation of any of our facilities results in contamination of the environment. We may be the subject of public interest litigation in India relating to allegations of environmental pollution by our facilities, as well as in cases having potential criminal and civil liability filed by state pollution control authorities. If such cases are determined against us, there could be an adverse effect on our business, including the suspension of our operations, and results of operations.

26. Our insurance coverage may prove inadequate to satisfy future claims against us or against all material hazards. In the event that we suffer loss or damage that is not covered by or exceeds our insurance coverage, the loss would have to be borne by us and our results of operations and financial performance could be adversely affected.

Our operations carry inherent risks of personal injury and loss of life, damage to or destruction of property, plant and equipment and damage to the environment, and are subject to risks such as fire, theft, flood, earthquakes and terrorism. We believe that we have insured our facilities, plant and equipment in a way which we believe is typical in our industry and in amounts which we believe to be commercially appropriate. See Chapter titled “*Our Business*” on beginning on page.70. However, we may become subject to liabilities against which our properties are not insured adequately or at all or cannot insure, including when the loss suffered is not easily quantifiable and in the event of severe damage to our reputation. Even if a claim is made under an existing insurance policy, due to exclusions and limitations on coverage, we may not be able to successfully assert our claim for any liability or loss under such insurance policy.

In addition, in the future, we may not be able to maintain insurance of the types or in the amounts which we deem necessary or adequate or at premiums which we consider acceptable. The occurrence of an event for which we are not adequately or sufficiently insured or the successful assertion of one or more large claims against us that exceed available insurance coverage, or changes in our insurance policies (including premium increases or the imposition of large deductible or co-insurance requirements), could have a material and adverse effect on our business, results of operations, financial condition and cash flows.

27. We cannot guarantee the accuracy or completeness of facts and other statistics under the chapter titled “Industry Overview” with respect to the Global Economy, the Indian economy and paper industry contained in this Draft Letter of Offer.

While facts and other statistics in this Draft Letter of Offer relating to the global economy, the Indian economy and the paper industry has been based on various government publications, reports from governmental organizations and publicly available industry reports that we believe are reliable, we cannot guarantee the quality or reliability of such materials. While we have taken reasonable care in the reproduction of such information, industry facts and other statistics have not been prepared or independently verified by us or any of our respective affiliates or advisors and, therefore we make no representation as to their accuracy or completeness. These facts and other statistics include the facts and statistics included in the chapter titled “*Industry Overview*” beginning on page 62 of this Draft Letter of Offer. Due to possibly flawed or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere

28. We may be unable to generate sufficient cash flow or secure sufficient credit to simultaneously fund our



operations, finance capital expenditures, and satisfy other obligations.

Our business is capital intensive and requires significant expenditures for equipment maintenance and new or enhanced equipment for environmental compliance matters, and to support our business strategies. We expect to meet all of our near-and longer-term cash needs from a combination of operating cash flows, cash and cash equivalents, our existing credit facilities or other bank lines of credit, and other long-term debt. If we are unable to generate sufficient cash flow from these sources or if we are unable to secure needed credit due to our performance or tighter credit markets, we could be unable to meet our near-and longer-term cash needs.

Further, our Operation required huge funds for which our Company is required to borrow funds for the smooth functioning of the business operations, in terms of the provisions of the Companies Act, 2013 and rules made thereunder, the Company is required to obtain the consent of Shareholders to borrow moneys apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of the aggregate of the paid-up capital and its free reserves. Our Company has taken the shareholders' approval in the Annual General Meeting held on 28th September, 2017 to borrow funds not exceeding Rs. 100 Crore. Further, any borrowing in excess of the prescribed limits may lead to non-compliance of the provisions of the Companies Act and may affect the business results of the Company.

29. If we do not continue to invest in new technologies and equipment, our technologies and equipment may become obsolete and our cost of production may increase relative to our competitors, which would have a material adverse effect on our ability to compete, results of operations, financial condition and prospects

Our profitability and competitiveness are in large part dependent on our ability to maintain a low cost of production and upgrade our facilities with the latest technology. Changes in technology may require us to make additional capital expenditures to upgrade our facilities to remain competitive. We need to continue to invest in new and more advanced technologies and equipment to enable us to respond to emerging technology, standards and practices in a cost-effective and timely manner that is competitive with our existing and potential competitors. If we are unable to adapt in a timely manner to changing market conditions, customer requirements or technological changes, our business and financial performance could be adversely affected.

30. We may raise additional equity capital which may dilute your existing shareholding.

Our growth and business strategies may require us to raise additional capital which may be met through further issue of equity shares, or securities convertible into Equity Shares. Any issuance of Equity Shares to persons other than the existing equity shareholders will dilute your existing equity shareholding. Further, we may obtain funding from our Promoters through an equity infusion. This will also dilute your shareholding.

31. Investors in the Rights Equity Shares may not be able to enforce a judgment of a foreign court against our Company.

Our Company is a limited liability company incorporated under the laws of India. All of the Directors and its senior management are residents of India and all or a substantial portion of the assets of our Company and such persons are located in India. As a result, it may not be possible for investors to effect service of process upon our Company or such persons in jurisdictions outside India, or to directly enforce against them judgments obtained in courts outside India. Moreover, it is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India or that an Indian court would enforce foreign judgments if it viewed the amount of damages as excessive or inconsistent with Indian public policy

32. The Objects of the Issue for which funds are being raised are based on our management estimates and any bank or financial institution or any independent agency has not appraised the same. The deployment of funds in the project is entirely at our discretion based on the parameters as mentioned in the chapter titles "Objects of the Issue."

The fund requirement and deployment, as mentioned in the "Objects of the Issue" on 53 of this Draft Letter of Offer is based on the estimates of our management and has not been appraised by any bank or financial institution or any other Independent agency. These fund requirements are based on our current business plan. We cannot assure that the current business plan will be implemented in its entirety or at all. In view of the highly competitive and dynamic nature of our business, we may have to revise our business plan from time to time and consequently these fund requirements. Since the Issue size is less than Rs. 100 Crores, there is not mandatory requirement of appointing an Independent Monitoring Agency for overseeing the deployment of



utilization of funds raised through this Issue and the deployment of the funds as stated under chapter "Objects of the Issue" is at the discretion of our Board of Directors. Further, we cannot assure that the actual costs or schedule of implementation as stated under chapter "Objects of the Issue" will not vary from the estimated costs or schedule of implementation. Any such variance may be on account of one or more factors, some of which may be beyond our control. Occurrence of any such event may delay our business plans and/or may have an adverse bearing on our expected revenues and earnings.

33. We have not yet placed any orders for any of equipment for upgradation of the plant and machineries.

We propose to acquire equipment for up gradation of plant and machinery aggregating Rs. 142.89 Lakhs out of Issue Proceeds. The expenditure on such upgradation is 25.66% of the Net Issue Proceeds. We have not yet placed any orders and any delay in placing such orders could result in time and cost overruns which may adversely affect our profitability.

34. Intellectual property rights are important to our business and we may be unable to protect them from being infringed by others which may adversely affect our business value, financial condition and results of operations.

We have obtained registration for our corporate logo and although, we believe that that our present systems are adequate to protect our confidential information and intellectual property, there can be no assurance that our intellectual property data, trade secrets or proprietary technology will not be copied, infringed or obtained by third parties. Further, our efforts to protect our intellectual property may not be adequate and may lead to erosion of our business value and our operations could be adversely affected. This may lead to litigations and any such litigations could be time consuming and costly and their outcome cannot be guaranteed. Our Company may not be able to detect any unauthorized use or take appropriate and timely steps to enforce or protect our intellectual property, which may adversely affect our business, financial condition and results of operations. For further details, pertaining to our intellectual property, please refer to the chapter titled "Our Business" beginning on page 70 of this draft Letter of Offer.

35. Our success depends largely upon the services of our Directors and Promoters and other Key Managerial Personnel and our ability to attract and retain them. Demand for Key Managerial Personnel in the industry is intense and our inability to attract and retain Key Managerial Personnel may affect the operations of our Company.

Our success is substantially dependent on the expertise and services of our Directors, Promoters and our Key Managerial Personnel. They provide expertise which enables us to make well informed decisions in relation to our business and our future prospects. Our future performance will depend upon the continued services of these persons. Demand for Key Managerial Personnel in the industry is intense. We cannot assure you that we will be able to retain any or all, or that our succession planning will help to replace, the key members of our management. The loss of the services of such key members of our management team and the failure of any succession plans to replace such key members could have an adverse effect on our business and the results of our operations.

36. We have not adopted any "Dividend Distribution Policy" and we have not paid any dividend in the last five financial years. Our ability to pay any dividends in the future will depend upon the future earnings, financial conditions, cash flow, working capital requirements and capital expenditures.

The amount of our future dividend payments, if any, will depend upon our Company's future earnings, financial condition, cash flow, working capital requirements and capital expenditure, applicable Indian legal restrictions and other factors. We do not follow any dividend policy and in the last five financial years, we have not paid any dividends. There can be no assurance that our Company will be able to pay dividends.

37. Our Company earlier filed draft letter of offer dated September 13, 2017 with SEBI, Kolkata for proposed rights issue of equity shares which was withdrawn on January 11, 2018.

Our Company earlier filed draft letter of offer dated September 13, 2017 for proposed rights issue of equity shares with SEBI, Kolkata through another Merchant Banker, viz. Navigant Corporate Advisors Limited and same was withdrawn on January 11, 2018 due to certain structural issues.

EXTERNAL RISK FACTORS



38. Changing laws, rules and regulations including policies related to tax applicable and legal uncertainties may adversely affect our Company's business and financial performance.

The business and financial performance of our Company could be adversely affected by any change in laws or interpretations of existing, or the promulgation of new laws, rules and regulations applicable to our Company and our Company's business. Our Company cannot assure that the Central Government or State Governments in India will not implement new regulations and policies which may require our Company to obtain additional approvals and licenses from the government and other regulatory bodies or impose onerous requirements and conditions on the operations of our Company. Our Company cannot predict the terms of any new policy, and cannot assure that such policies will not be onerous.

The Direct Tax Code, or DTC, proposes to replace the Income Tax Act and other direct tax laws, with a view to simplifying and rationalizing the tax provisions into one unified code. The DTC is proposed to come into effect in the near future. Various proposals related to the DTC are subject to review by the Indian parliament and as such their impact, if any, is not quantifiable at this stage.

39. Imposed of the national goods and services tax regime may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable.

The Government has proposed a comprehensive national Goods and Services Tax, as applicable in India ("GST") regime that will simplify and harmonize the indirect tax regime. The Indian Parliament, on September 8, 2016, vide a constitutional amendment has inserted Article 246A into the Constitution of India, to further enable the implementation of the GST, which has received assent from the President of India. This GST regime will subsume most of the central and state indirect tax laws and levies into one unified rate structure. While both the Government and other state governments of India have publicly announced that all committed incentives will be protected following the implementation of the GST, given the limited availability of information in the public domain concerning the GST, our Company is unable to provide any assurance as to this or any other aspect of the tax regime following implementation of the GST. The implementation of this rationalized tax structure might be affected by any disagreement between certain state governments, which could create uncertainty. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable.

40. Change in global economic conditions or economic conditions in India could adversely affect our Company's business and results of operation.

The financial condition and results of operations of our Company depend significantly on global economic conditions and the health of the Indian economy. Various factors may lead to a slowdown in the Indian or world economy which may in turn adversely affect the business, financial performance and operations of our Company.

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, including, but not limited to, macroeconomic conditions in the United States, in Europe and in certain emerging economies in Asia. Financial turmoil in Asia and elsewhere in the world in recent years has affected the Indian economy. For example, recent political events such as the proposed exit of the United Kingdom from the European Union have caused fluctuations in the global economy, including the Indian economy. Any worldwide financial instability, whether or not linked to political events, may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and its business. Although economic conditions vary across markets, loss of investor confidence in one emerging economy may cause increased volatility across other economies, including India. Financial instability in other parts of the world could have a global influence and thereby impact the Indian economy. Financial disruptions in the future could adversely affect our Company's business, future financial condition and results of operations.

The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections. The dislocation of the sub-prime mortgage loan market in the United States since September 2008, and the more recent European sovereign debt crisis, has led to increased liquidity and credit concerns and volatility in the global credit and financial markets. These and other related events have had a significant impact on the global credit and financial markets as a whole, including reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in the global credit and financial markets.

Risk management initiatives undertaken by financial institutions in order to remedy the global economic Slow



down could affect the availability of funds in the future or cause withdrawal of our Company's existing credit facilities. Further the Indian economy is undergoing many changes and it is difficult to predict the impact of certain fundamental economic changes on our Company's business. Economic conditions outside India, such as a slowdown or recession in the economic growth of other major countries, may also have an impact on the growth of the Indian economy. Additionally, an increase in trade deficit, a downgrading in India's sovereign debt rating or a decline in India's foreign exchange reserves could negatively affect interest rates and liquidity, which could adversely affect the Indian economy and our Company's business. Any downturn in the macroeconomic environment in India could also adversely affect the business, results of operations, financial condition of our Company. Further, any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely impact our Company's ability to raise additional financing, the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our Company's financial results and business prospects, its ability to obtain financing for capital expenditures and the price of its securities. Acts of terrorism, civil disturbance, communal conflicts, regional conflicts and other similar threats to security could adversely affect our Company's business, cash flows, results of operations and financial condition.

Increased political instability and regional conflicts, evidenced by the threat or occurrence of terrorist attacks, enhanced national security measures, conflicts in several countries and regions in which our Company operates, strained relations arising from these conflicts and the related decline in consumer confidence may hinder its ability to do business. Any escalation in these events or similar future events may disrupt our Company's operations or those of its customers and suppliers and could affect the availability of raw materials needed to produce its products or the means to transport those materials to its facilities and finished products to customers. These events have had and may continue to have an adverse impact on the global economy and customer confidence and spending in particular, which could in turn adversely affect our Company's revenue, operating results and cash flows. The impact of these events on the volatility of global financial markets could increase the volatility of the market price of securities and may limit the capital resources available to our Company and to its customers and suppliers.

41. Natural disasters could have a negative impact on the Indian economy and damage our company's facilities.

Our Company's manufacturing facilities are vulnerable to natural disasters. In addition, natural disasters such as floods, earthquakes, epidemics or famines have in the past had a negative impact on the Indian economy. If any such event were to occur, our Company's business could be affected due to the event itself or due to its inability to effectively manage the effects of the particular event. Potential effects include the damage to infrastructure and the loss of business continuity, business information or inventories of raw materials or finished goods. In addition, some of our Company's facilities are more suitable or possess specialized equipment necessary to work on specialized products that its other locations lack. If work at one of these facilities is disrupted due to the occurrence of any such event, it may be impractical or impossible to transfer such specialized work to another facility without significant costs and delays. Thus, any disruption in operations at a facility possessing specialized equipment could have a material adverse effect on our Company's ability to provide products to its customers, and thus materially and adversely affect our Company. In the event that our Company's facilities are affected by any of these factors, its operations may be significantly interrupted, which may have a material adverse effect on its business, results of operations, financial condition and prospects.

42. Political instability or significant changes in the economic liberalization and deregulation policies of the Government or in the government of the states where our Company operates could disrupt its business.

The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. Our Company's businesses, and the market price and liquidity of its securities may be affected by changes in exchange rates and controls, interest rates, government policies, taxation, social and ethnic instability and other political and economic developments in or affecting India.

In recent years, India has been following a course of economic liberalization and our Company's business could be significantly influenced by economic policies followed by the Government. Further, our Company's businesses are also impacted by regulation and conditions in the various states in India where it operates.

However, there can be no assurance that such policies will continue in the future. Government corruption, scandals and protests against certain economic reforms, which have occurred in the past, could slow the pace



of liberalization and deregulation. The rate of economic liberalization could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well.

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

Under current Indian tax laws and regulations, capital gains arising from the sale of shares in an Indian company are generally taxable in India. Any gain realised on the sale of listed equity shares on a stock exchange held for more than 12 months is exempted from capital gains tax in India if securities transaction tax (“STT”) has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the Shares are sold. Any gain realised on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and on which no STT has been paid, will be subject to long-term capital gains tax in India.

Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. For further details, please see section titled “Statement of *Tax Benefit*” on page 60 of this Draft Letter of Offer.

44. Public companies in India, including our Company, may be required to prepare financial statements under the Indian Accounting Standards (“IND AS”). Our Company may be adversely affected by this transition to IND AS.

The MCA, pursuant to a notification dated February 16, 2015, has issued the Companies (Indian Accounting Standards) Rules, 2015 which lay down a roadmap for companies other than insurance companies, banking companies and non-banking finance companies for the implementation of IND AS. Companies in India, having a net worth of less than Rs 50,000 Lakhs are mandatorily required to prepare annual financial statements under IND AS from the financial year ending on March 31, 2018. Our Company cannot assure investors that its financial condition, results of operations, cash flow or changes in shareholders’ equity will not appear materially different under IND AS from that under Indian GAAP. As and when our Company adopts the IND AS reporting, it may encounter difficulties in the ongoing process of implementing and enhancing its management information systems. Moreover, there is increasing competition for the small number of IND AS experienced accounting personnel available as more Indian companies begin to prepare IND-AS financial statements. Further, there is no significant body of established practice on which to draw in forming judgments regarding the new system’s implementation and application. Therefore, there can be no assurance that the adoption of IND AS will not adversely affect our Company’s reported results of operations or financial condition.

45. Our Company’s business and activities may be regulated by the Competition Act and any adverse application or interpretation of the Competition Act could materially and adversely affect its business, financial condition and results of operations.

The Competition Act seeks to prevent business practices that have or are likely to have an appreciable adverse effect on competition in India and has established the CCI. Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which has or is likely to have an appreciable adverse effect on competition is void and attracts substantial penalties. Any agreement which, directly or indirectly, determines purchase or sale prices, limits or controls the production, supply or distribution of goods and services, or shares a market by way of geographical area or number of customers is presumed to have an appreciable adverse effect on competition. Provisions of the Competition Act relating to the regulation of certain acquisitions, mergers or amalgamations, which have a material adverse effect on competition and regulations with respect to notification requirements for such combinations, came into force on June 1, 2011. The effect of the Competition Act on the business environment in India is still evolving and unclear and it is difficult to predict its impact on our Company’s growth and expansion strategies. The CCI has extra territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an appreciable adverse effect on competition in India. If our Company is affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act or any enforcement proceedings initiated by the CCI or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI, it may adversely affect its business, results of operations, financial condition or prospects.



46. Our Company's ability to raise foreign capital may be constrained by Indian law.

As an Indian company, our Company is subject to foreign exchange management regulations that regulate borrowing in foreign currencies. Such regulatory restrictions limit our Company's financing sources and hence could constrain its ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, there can be no assurance that the required approvals will be granted on favourable terms or at all. Limitations on raising foreign debt may have an adverse effect on our Company's business, financial condition and results of operations.

47. Foreign investors are subject to foreign investment restrictions under Indian law that limit our Company's ability to attract foreign investors, which may adversely affect the market price of the Equity Shares.

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the requirements specified by the RBI and other applicable governmental authorities. If the transfer of shares is not in compliance with such requirements or falls under any of the specified exceptions, then prior approval of the RBI and other applicable governmental authorities will be required. In addition, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or tax clearance certificate from the income tax authority. Additionally, the Indian government may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Indian government experiences extreme difficulty in stabilizing the balance of payments or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Indian government's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. There can be no assurance that any approval required from the RBI or any other applicable government authority can be obtained on any particular terms or at all.

Prominent Notes

1. As of 31st March, 2017 and 31st December, 2017, our net worth was Rs. 620.72 Lakhs and Rs. 679.04 Lakhs respectively as per our Company's Restated Audited Financial Information.
2. Issue of 42,93,800 Rights Equity Shares for cash at a premium of Rs. 25 per Equity Share for an amount not exceeding Rs. 1502.83 Lakhs on a rights basis to the existing Equity Shareholders of our Company in the ratio of 1 Equity Share for every 1 fully paid-up Equity Share(s) held by the existing Equity Shareholders on the record date that is on [●]. The Issue Price is 3.5 times the face value of the Equity Shares.
3. As of 31st March, 2017 and 31st December, 2017, the net asset value per Equity Share was Rs. 14.46 and Rs. 15.81 respectively as per our Company's Restated Audited Financial Information.
4. There has been no financing arrangement whereby our Promoter, Promoter Group, the Directors or their relatives have financed the purchase by any other person of securities of our Company other than in normal course of the business during the period of six months immediately preceding the date of this Draft Letter of Offer.
5. For information on changes in our Company's name, Registered Office and changes in the object clause of the MoA of our Company, please see the chapter entitled "History and Certain Other Corporate Matters" on page 89 of this Draft Letter of Offer.
6. Any clarification or information relating to the Issue shall be made available by the Lead Manager and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. Investors may contact the Lead Manager who has submitted the due diligence certificate to SEBI for any complaints pertaining to the Issue.
7. For information regarding the business or other interests of our Group Companies in our Company, see "Our Group Companies" and "Financial Statements" on pages 104 and 111 respectively.



8. For details of transactions between our Company and our Group Companies during the last Financial Year, including the nature and cumulative value of the transactions, see “Financial Statements” on page 111



SECTION III: INTRODUCTION

SUMMARY OF INDUSTRY

PAPER INDUSTRY IN INDIA

The existence of Indian paper industry can be traced back to 1812 when first paper mill was set up in Behranpur. The Industry has grown over the years both horizontally and vertically and today is the world's 12th major paper producer. Although originally started with softwood and other grasses, the technical innovations over the period of time have enabled the industry to process various kinds of raw materials. The Indian paper industry can be divided into three segments according to the use of raw materials namely wood based, agro based (biogases, wheat straw, rice straw, sarkanda, jute, grasses, etc.) and recycled fibre or waste paper based. The industry has undergone a sea change since the first paper mill was set up and today India can boast to have most modern as well as technically advanced paper mills based on annually renewable raw materials like biogases, rice straw, wheat straw, jute, etc producing eco-friendly paper which are exported in large volume.

(Source: Indian Agro & Recycled Paper Mills Association (<http://www.iarpma.org/indian-paper-industry.asp>))

The Indian paper industry accounts for about 3% of the world's production of paper. The estimated turnover of the industry is INR 50,000 crore (USD 8 billion) approximately and its contribution to the exchequer is around INR 4,500 crore. The industry provides employment to more than 0.5 million people directly and 1.5 million people indirectly. Most of the paper mills are in existence for a long time and hence present technologies fall in a wide spectrum ranging from oldest to the most modern. The mills use a variety of raw material viz. wood, bamboo, recycled fibre, bagasse, wheat straw, rice husk, etc. In terms of share in total production, approximately 24% are based on wood, 65% on recycled fibre and 11% on agro-residues. The geographical spread of the industry as well as market is mainly responsible for regional balance of production and consumption.

The per capita paper consumption in India at a little over 13 kg, is way behind the global average of 57 kg. India is the fastest growing market for paper globally and it presents an exciting scenario; paper consumption is poised for a big leap forward in sync with the economic growth. The futuristic view is that growth in paper consumption would be in multiples of GDP and hence an increase in consumption by one kg per capita would lead to an increase in demand of 1 million tonnes.

(Source: Indian Paper Manufacturers Association (IPMA) (<http://ipma.co.in/paper-industry/overview/>))



SUMMARY OF OUR BUSINESS

Our Company was originally incorporated as “Central Orissa Straw Board Private Limited” in Cuttack, Orissa as a private limited company under the provisions of the Companies Act, 1956 vide certificate of incorporation dated 30th December, 1980. Further, constitution of our Company has been changed to a limited company and name of our Company was changed to “Cosboard Industries Limited” vide fresh certificate of incorporation dated 20th May, 1993. Our Company operates in manufacturing of Paper & Paper products.

During the financial year 1994-1995, our Company came out with an Initial Public Offer of 29,85,700 Equity Shares of Rs. 10 each at a price of Rs. 14 per share including a premium of Rs. 4 per shares and the Shares of the Company were listed at Bombay Stock Exchange, Calcutta Stock Exchange, Bhubaneswar Stock Exchange, Delhi Stock Exchange and Hyderabad Stock Exchange. The object of the IPO was to setup a diversification project by installing 6600 TPA unit for manufacturing of folding cartons and similar other packaging applications. The project had been appraised by Industrial Finance Corporation of India.



In the year 2004, our Company had filed a reference to BIFR u/s 15(1) of Sick Industrial Companies (Special Provisions) Act, 1985 (“SICA”) and pursuant to the reference, our Company was declared Sick Industrial Company u/s 3(1)(o) of SICA in the year 2005. Consequently, our Company could not comply with the listing agreement clauses and thus, the trading in Equity Shares of our Company was suspended from Bombay Stock Exchange. Our Company had filed for a voluntary delisting of Equity Shares from Calcutta Stock Exchange, Bhubaneswar Stock Exchange, Delhi Stock Exchange and Hyderabad Stock Exchange pursuant to BIFR Order in the year 2011. The Draft Rehabilitation Scheme had been sanctioned by the BIFR for necessary revival of our Company in 2011 and our Company cease to be Sick Industrial Company and discharged from the purview of SICA/BIFR in the year 2013.



Our Company commenced its manufacturing operations in 1980 with an installed production capacity of 3300 tonnes per annum (TPA) with one production plant. The entire unit is located adjacent to Mahanadi River, the lifeline of Odisha, from which the plant meets its water requirements. At present, our Company is having 4 plants out of which 3 plant is running with installed capacity combined 39000 TPA.

Our Company Manufacture grey board, Kraft Paper Media, News Print Paper, High B.F. Kraft Paper, this classification of products is based on its composition which ultimately determines the usage. Under the supervision of Mr. Shiv Shankar Taparia, the manufacturing facilities were further enhanced by installation of High B.F. Plant having an annual capacity of 18,000 tons with an investment of Rs.30 Crores.

Our all Manufacturing Units are situated at New Industrial Estate, Phase II Jagatpur, Cuttack, 754021, Orissa.





Our installed Paper manufacturing capacity and production details for Nine months' period ended on 31st December, 2017, FY 2017, FY 2016 and FY 2015 have been set out below:

| | Up to Nine months' period ended on 31 st December, 2017 | | FY 2017 | | FY 2016 | | FY 2015 | |
|-------------------------------------|--|----------------------|-------------------|----------------------|-------------------|----------------------|-------------------|----------------------|
| | Installed | Utilized | Installed | Utilized | Installed | Utilized | Installed | Utilized |
| Writing, Printing & Newsprint Paper | 15000 M.T. | 11246.35 M.T. | 15000 M.T. | 13730.67 M.T. | 13200 M.T. | 13095.12 M.T. | 13200 M.T. | 12718.99 M.T. |
| Kraft/ High Bf Kraft Paper | 24000 M.T. | 4043.95 M.T. | 24000 M.T. | 4525.43 M.T. | 6600 M.T. | 2746.45 M.T. | 6600 M.T. | 653.71 M.T. |
| Grey/ Duplex Board | 6000 M.T. | Not in operation | 6000 M.T. | Not in operation | 3300 M.T. | Not in operation | 3300 M.T. | Not in operation |
| Total | 45000 M.T. | 15290.30 M.T. | 45000 M.T. | 18256.10 M.T. | 23100 M.T. | 15841.57 M.T. | 23100 M.T. | 13372.70 M.T. |

Our Company is also engaged in trading of Papers which constitutes around 41% of the Total Revenue as on December 31, 2017. Our Company's total revenue as restated in Nine months' period ended on 31st December, 2017, FY 2017, FY 2016 and FY 2015 is Rs. 7993.13 Lakhs, Rs. 7735.41 Lakhs, 6287.66 Lakhs and 4160.63 Lakhs respectively. Our Company's profit after tax as restated in Nine months' period ended on 31st December, 2017, FY 2017, FY 2016 and FY 2015 is Rs. 59.11 Lakhs, 26.92 Lakhs, Rs. 177.02 Lakhs and Rs. 220.01 Lakhs, respectively.

Competitive Strengths

We believe that the following are our core competitive strengths:

Strategic location of our manufacturing facility

This plant is located at NH-5 just near the city of Cuttack in the Jagatpur Industrial Area on the road which connects other 4 States i.e. Andhra Pradesh, West Bengal, Chhattisgarh and Bihar and which gives immense potential to increase the customer network in future. Our manufacturing facility is located in adjacent to Mahanadi River the lifeline of Odisha.

Availability and access to raw materials

The materials are abundantly available and nearby to the four connecting sources as mentioned Andhra Pradesh, West Bengal, Chhattisgarh and Bihar. The second main raw material coal is also available nearby about 150 kilometers from the site and the electricity is supplied by CESCO. Labours are locally available. The Company has also received necessary clearance from the pollution control board to run the unit.

Strong Sales and Marketing Network

The Company has a very good marketing network. The cities of Cuttack and Bhubaneswar are sufficient to consume the production of the plant. The Company has also tie up with local packaging units for purchase of its products.

Proven and experience management team

We believe that we have a strong management team led by persons with significant experience and expertise in the paper industry. Our Board comprises Directors who have extensive experience in the paper industry setting up and managing companies in the paper industries. In addition, we also have a management team of qualified professionals, who have expertise and experience in the paper industry. Our management team comprises skilled and capable professionals, who assist the Board in implementing our business strategies and identifying new opportunities for furthering the growth of our Company. For further details of our Board of Directors and our Key Managerial Personnel please see the chapter entitled 'Our Management' on page 92 of this Draft Letter of Offer.



Strong and experienced Promoter

The company is under the guidance and management of Mr. Shiv Shankar Taparia and Mr. Anil Kumar Gilra, their experience and expertise in the Paper industry and the financial stability and the reputation instills confidence in our customers and augments our brand value. Under their able management and entrepreneur skill, our Company is earning profits and it is expected that the company will scale to new heights.

Business Strategies

The key elements of our business strategy are set out below:

- **Increase in our Scale of Business Operations**

We believe there is growing trend towards buying paper from Paper trading companies in order to enjoy customised as well as readily available diversified products. Therefore, in our opinion, the total paper produced in India would directly or indirectly have the requirement of processing. Hence, we intend to seize this opportunity by increasing our order-taking appetite by expanding our operational capabilities for which we need to have access to a larger amount of liquid funds and sufficient working capital.

- **Expanding operations and our distribution network in new markets**

We are actively involved in market expansion beyond the Orissa market to ultimately have a national footprint for paper and paper products. On infusion of additional funds, we intend to capitalize on our established regional network and further expand the reach of our product portfolio in national markets.

- **Optimizing cost of operations**

We expect to reduce our operating costs as a percentage of top-line via efficient implement and optimal utilization of our resources. This will be enabled by leveraging on our existing fixed costs while simultaneously increasing our business and manpower productivity. We believe that this can be done through domestic presence and economies of scale. Increasing our penetration in existing regions with new range of products, will enable us to penetrate into new catchment areas within these regions and optimize our efficiency. As a result of these measures, our Company will be able to increase its market share and profitability.

Details of our Business Operations

- **Location Registered Office:**

New Industrial Estate, Phase II Jagatpur, Cuttack: 754021, Orissa

- **Location Corporate Office:**

411/412 No.127/1, 2nd Floor, Srikrupa Market, Malakpet, Hyderabad 500036, Andhra Pradesh

- **Location of the Manufacturing Units:**

New Industrial Estate, Phase II Jagatpur, Cuttack: 754021, Orissa



SUMMARY STATEMENT OF FINANCIAL INFORMATION

STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. in Lakhs)

| Particulars | Nine Months period ended Dec' 2017 | As at 31 March, | | | | |
|------------------------------------|------------------------------------|-----------------|----------------|----------------|----------------|----------------|
| | | 2017 | 2016 | 2015 | 2014 | 2013 |
| I. EQUITY AND LIABILITIES | | | | | | |
| (1) Shareholder's Funds | | | | | | |
| (a) Share Capital | 429.38 | 429.38 | 429.38 | 429.38 | 429.38 | 429.38 |
| (b) Reserves and Surplus | 249.64 | 191.34 | 165.5 | (10.44) | (229.36) | (251.13) |
| Sub Total (1) | 679.02 | 620.72 | 594.88 | 418.94 | 200.02 | 178.25 |
| (2) Non-Current Liabilities | | | | | | |
| (a) Long-Term Borrowings | 4351.05 | 4327.40 | 3915.34 | 3135.62 | 2179.57 | 452.16 |
| (c) Other Long Term Liabilities | 106.62 | 111.46 | 104.60 | 85.15 | 74.61 | 68.19 |
| Sub Total (2) | 4457.67 | 4438.86 | 4019.94 | 3220.77 | 2254.18 | 520.35 |
| (3) Current Liabilities | | | | | | |
| (a) Short-Term Borrowings | 3040.54 | 3035.25 | 2432.79 | 1342.64 | 566.78 | 414.45 |
| (b) Trade Payables | 402.02 | 860.92 | 350.58 | 242.02 | 621.62 | 772.16 |
| (c) Other Current Liabilities | 783.26 | 641.82 | 223.51 | 202.80 | 289.10 | 527.03 |
| (d) Short-Term Provisions | 40.84 | 23.84 | 11.09 | 3.58 | 4.33 | 5.95 |
| Sub Total (3) | 4266.65 | 4561.84 | 3009.97 | 1791.03 | 1481.83 | 1719.60 |
| Total (1+2+3) | 9403.34 | 9621.42 | 7624.79 | 5430.75 | 3936.03 | 2418.20 |
| II. ASSETS | | | | | | |
| (1) Non-Current Assets | | | | | | |
| (a) Fixed Assets | | | | | | |
| - Tangible Assets | 2764.42 | 2968.82 | 279.21 | 306.48 | 336.33 | 372.36 |
| - Intangible Assets | - | - | - | - | - | - |
| - Capital Work in Progress | 129.14 | 110.13 | 2960.18 | 2658.23 | 1531.31 | 105.84 |
| (b) Non-Current Investments | 54.63 | 14.38 | 1.88 | 0.88 | 0.75 | 0.75 |
| (c) Deferred Tax Assets (Net) | 130.93 | 155.15 | 206.81 | 210.34 | 212.83 | 211.19 |
| (d) Long Term Loans & Advances | 98.44 | 84.92 | 37.27 | 42.27 | 43.10 | 41.58 |
| Sub Total (1) | 3177.56 | 3333.40 | 3485.35 | 3218.20 | 2124.32 | 731.71 |
| (2) Current Assets | | | | | | |
| (a) Inventories | 345.85 | 980.88 | 961.02 | 789.16 | 290.57 | 353.30 |
| (b) Trade receivables | 5545.54 | 4989.67 | 2938.84 | 1273.48 | 1227.50 | 1192.16 |
| (c) Cash and Cash Equivalents | 186.88 | 192.22 | 91.13 | 86.81 | 95.42 | 7.58 |
| (d) Short-Term Loans And Advances | 140.78 | 118.13 | 143.93 | 61.87 | 121.55 | 58.64 |
| (e) Other Current Assets | 6.73 | 7.12 | 4.52 | 1.23 | 76.67 | 74.79 |
| Sub Total (2) | 6225.78 | 6288.02 | 4139.44 | 2212.55 | 1811.71 | 1686.48 |
| Total (1+2) | 9403.34 | 9621.42 | 7624.79 | 5430.75 | 3939.47 | 2418.19 |



STATEMENT OF PROFIT AND LOSS, AS RESTATED

(Rs. in Lakhs)

| Particulars | 31.12.17 | 31.03.17 | 31.03.16 | 31.03.15 | 31.03.14 | 31.03.13 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| (I) Income- | | | | | | |
| (i) Sales:- | | | | | | |
| Sales of products manufactured by the Issuer | 4672.13 | 4860.96 | 4322.63 | 3735.02 | 3422.54 | 2232.48 |
| Sales of products traded in by the Issuer | 3312.13 | 2865.26 | 1955.41 | 416.06 | - | - |
| Total | 7984.26 | 7726.22 | 6278.04 | 4151.08 | 3422.54 | 2232.48 |
| (ii) Other Income | 8.87 | 9.19 | 9.62 | 9.55 | 7.82 | 6.92 |
| Total (i+ii) | 7993.13 | 7735.41 | 6287.66 | 4160.63 | 3430.36 | 2239.40 |
| (II) Expenditure | | | | | | |
| Cost of Goods Sold | 5672.55 | 5127.77 | 4340.26 | 2603.38 | 2037.39 | 1453.62 |
| Changes in inventories of finished goods, traded goods and work-in-progress | 192.21 | (8.33) | (101.30) | (103.32) | 104.62 | (100.74) |
| Employee benefit expenses | 167.10 | 181.37 | 178.81 | 162.53 | 162.18 | 155.70 |
| Finance costs | 594.97 | 725.33 | 475.65 | 128.79 | 27.22 | 0.66 |
| Depreciation and amortization expense | 205.68 | 275.30 | 34.07 | 33.04 | 36.50 | 34.10 |
| Other Expenses | 1057.67 | 1336.86 | 1171.97 | 1113.71 | 1040.63 | 687.25 |
| Total Expenses | 7890.18 | 7638.3 | 6099.46 | 3938.13 | 3408.50 | 2230.59 |
| (III) Profit before tax (I-II) | 102.95 | 97.11 | 188.18 | 222.51 | 21.83 | 8.81 |
| Prior period items (Net) | | | | | | |
| (IV) Profit before exceptional, extraordinary items and tax (I-II) | 102.95 | 97.11 | 188.20 | 222.50 | 21.83 | 8.81 |
| (V) Exceptional items | | | | | | |
| (VI) Profit before extraordinary items and tax (IV-V) | 102.95 | 97.11 | 188.20 | 222.50 | 21.83 | 8.81 |
| (VII) Extraordinary items | | | | | | |
| (VIII) Profit before tax (VI-VII) | 102.95 | 97.11 | 188.20 | 222.50 | 21.83 | 8.81 |
| Tax expense : | | | | | | |
| (i) Current tax | (19.62) | (18.55) | (7.64) | 0.00 | 0.00 | (1.68) |
| (ii) Deferred tax (Asset)/ Liability | (24.22) | (51.65) | (3.53) | (2.49) | 1.64 | (10.95) |
| (IX) Total Tax Expense | (43.84) | (70.20) | (11.17) | (2.49) | 1.64 | (12.63) |
| Profit for the year(VIII-IX) | 59.11 | 26.92 | 177.03 | 220.01 | 23.50 | (3.82) |



STATEMENT OF CASH FLOW, AS RESTATED

(Rs. in Lakhs)

| Particulars | 31.12.17 | 31.03.17 | 31.03.16 | 31.03.15 | 31.03.14 | 31.03.13 |
|---|----------------|-----------------|------------------|-------------------|-------------------|----------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | |
| Net profit before taxes | 102.95 | 97.12 | 188.18 | 222.51 | 23.5 | 8.81 |
| Adjustment for: | | | | | | |
| Add: Depreciation | 205.68 | 275.30 | 34.07 | 33.04 | 36.495 | 34.10 |
| Add: Interest & Finance Charges | 594.97 | 725.33 | 475.65 | 128.79 | 27.22 | 0.66 |
| Interest Income | (6.60) | (6.02) | (6.31) | (6.49) | (1.54) | (1.00) |
| Sundry balance written back | - | - | - | - | - | (2.88) |
| DRI Time share W/off | - | - | - | - | - | 0.27 |
| Sundry balance written off | - | - | - | - | 1.57 | - |
| Prior Period Adjustment | - | - | - | - | - | - |
| Operating Profit before Working capital changes | 897.00 | 1091.73 | 691.59 | 377.85 | 87.245 | 39.96 |
| Adjustments for: | | | | | | |
| Decrease (Increase) in Trade & Other Receivables | (555.87) | (2050.81) | (1665.36) | (46.00) | (35.33) | (329.58) |
| Decrease (Increase) in Short Term Loans & Advances | (22.65) | (21.85) | (77.06) | 59.51 | (64.44) | (7.63) |
| Decrease (Increase) in Inventories | 635.03 | (19.86) | (171.86) | (498.59) | 62.73 | (23.26) |
| Decrease (Increase) in Other Current Assets | (13.51) | (2.6) | (3.29) | 73.77 | (0.04) | 7.69 |
| Increase (Decrease) in Trade Payables | (458.72) | 510.34 | 119.41 | 390.45 | (150.54) | 107.63 |
| Increase (Decrease) in Short Term Provisions | (4.84) | 11.36 | (0.4) | 0.54 | (1.63) | 2.53 |
| Increase (Decrease) in Other Current Liabilities | (88.07) | 320.21 | (64.33) | (91.34) | (388.96) | 140.01 |
| Increase (Decrease) in Claims | (29.53) | | | | | |
| Decrease in Other Financial Assets | 0.39 | | | | | |
| Increase in Other Provisions | (2.62) | | | | | |
| Increase in Tax Liability | 19.62 | | | | | |
| Net Changes in Working Capital | (520.77) | (1,253.39) | (1,862.89) | (111.66) | (578.21) | (102.61) |
| Cash Generated from Operations | 376.23 | (161.66) | (1171.30) | 266.19 | (490.965) | (62.65) |
| Taxes | (19.62) | (7.02) | | | (6.26) | (0.93) |
| Net Cash Flow from Operating Activities (A) | 356.61 | (168.50) | (1171.30) | 266.19 | (497.225) | (63.58) |
| CASH FLOW FROM INVESTING ACTIVITIES | | | | | | |
| Sale /(Purchase) of Fixed Assets | (21.12) | (115.93) | (309.83) | (1,129.35) | (1,427.68) | (94.14) |
| Decrease (Increase) in Investments | (10.72) | (12.50) | (1.00) | 0.70 | - | - |
| Interest Received | 6.60 | 6.02 | 6.31 | 6.49 | 1.50 | 0.95 |
| Decrease (Increase) in Other Non-Current Assets | - | - | - | - | - | - |
| Net Cash Flow from Investing Activities (B) | (25.24) | (122.41) | (304.52) | (1,122.16) | (1,426.18) | (93.19) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | | | | |
| Issue of share capital and Proceeds / (Refund) from Share Application Money | - | - | - | - | - | - |
| Increase / (Repayment) of Long Term Borrowings | 619.19 | 494.33 | 866.66 | 1427.85 | 1150.66 | (17.91) |
| Increase / (Repayment) of Short Term Borrowings | (299.66) | 602.46 | 1090.14 | 780.86 | 561.78 | - |



| | | | | | | |
|--|-----------------|---------------|----------------|---------------|----------------|---------------|
| Interest & Finance Charges | (594.97) | (725.33) | (475.65) | (128.79) | (27.22) | (0.66) |
| Decrease (Increase) in Long Term Loans & Advances | 13.52 | 20.54 | 0 | -1242.11 | 316.97 | 173.99 |
| Net Cash Flow from Financing Activities (C) | (336.71) | 392.00 | 1481.15 | 837.81 | 2002.19 | 155.42 |
| Net Increase / (Decrease) in Cash & Cash Equivalents | (5.34) | 101.09 | 4.32 | (8.61) | 87.84 | (1.34) |
| Cash and cash equivalents at the beginning of the year / Period | 192.22 | 91.13 | 86.81 | 95.42 | 7.58 | 8.92 |
| Cash and cash equivalents at the end of the year/ Period | 186.88 | 192.22 | 91.13 | 86.81 | 95.42 | 7.58 |



SUMMARY THE ISSUE

The Issue has been authorised by our Board pursuant to a resolution dated 30th August, 2017. The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the chapter titled “*Terms of the Issue*” on page 156 of this Draft Letter of Offer.

| | |
|--|--|
| Rights Equity Shares being offered by our Company | 42,93,800 Rights Equity Shares |
| Rights Entitlement | 1 (One) Rights Equity Share for every 1 (One) fully paid-up Equity Shares held on the Record Date |
| Record Date | [●] |
| Face Value per Equity Share | Rs. 10 |
| Issue Price per Rights Equity Shares | Rs. 35 |
| Issue Size | Up to Rs. 1502.83 Lakhs |
| Equity Shares issued and outstanding prior to the Issue | 42,93,800 Equity Shares |
| Equity Shares issued and outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement) | 85,87,600 Equity Shares |
| Security Codes | ISIN: INE496D01016 BSE: 530859 |
| Terms of the Issue | For details, please see chapter titled “ <i>Terms of the Issue</i> ” on page 156 of this Draft Letter of Offer. |
| Use of Issue Proceeds | For details, please see chapter titled “ <i>Objects of the Issue</i> ” on page 53 of this Draft Letter of Offer. |

Terms of the Payment

The entire Issue Price will be paid on application.



GENERAL INFORMATION

Our Company was originally incorporated as “Central Orissa Straw Board Private Limited” in Cuttack, Orissa as a private limited company under the provisions of the Companies Act, 1956 vide certificate of incorporation dated 30th December, 1980 and the constitution of our Company was changed to a public limited company and name of our Company was changed to “Cosboard Industries Limited” vide fresh certificate of incorporation dated 20th May, 1993.

Registered Office

Phase II, New Industrial Estate, Jagatpur, Cuttack,
Orissa, 754021, India.
Tel: +91 671-2491966
Fax: +910671-2491295
Email: cosboardind@yahoo.co.in
Website: www.cosboard.com
CIN: L21015OR1980PLC000916

Corporate Office

411/412 No.127/1, 2nd Floor Srikrupa Market,
Malakpet, Hyderabad 500 036
Tel: 040 64515 015
Fax: 04024555528

Address of the Registrar of Companies:

Registrar of Companies, Cuttack, Orissa

Corporate Bhawan, 2nd & 3rd Floor,
Plot No. 9 (P), Sector-1, CDA, Cuttack-753014.

Designated Stock Exchange

BSE Limited,

Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001
Tel: 91-22-22721233/4
Fax: 91-22-22721919
Email: corp.comm@bseindia.com

Board of Directors of our Company

| S. No | Name of the Director | Designation | DIN | Address |
|-------|-----------------------------|------------------------|----------|--|
| 1. | Mr. Shiv Shankar Taparia | Managing Director | 00566650 | 5-9-46/1, 2 nd Floor, Sri Sai Queen Stone Palace, Basheer Bagh, Kirloskar Hospital, Nampally, Hyderabad, Telangana 500001 |
| 2. | Mr. Anil Kumar Gilra | Whole-time Director | 00883125 | Bajrakabati Road, Cuttack, Orissa, 753001 |
| 3. | Mr. Suresh Babu Chava | Non-Executive Director | 02161692 | 7-1-621/13, 4/B/SPL/MIG, Sanjeeva Reddy Nagar, Hyderabad, Telangana 500038 |
| 4. | Mr. Akram Abu | Independent Director | 07823398 | 12-2-785/1-307, Sidhartha Aswani Apartment, Midway Colony, Retibowli, Mehdiapatnam, Hyderabad, Telangana 500028 |
| 5. | Mr. Inderpal Singh Pasricha | Independent Director | 00016273 | H-378, Vikas Puri, Delhi, 110027 |
| 6. | Mrs. Rekha Bhawsinka | Independent Director | 06625873 | W/o Om P Bhawsinka, Cantonment Road, Cuttack, Orissa 753001 |



For further details of our Directors, please see “our Management” on page 92.

Company Secretary and Compliance Officer

Ms. Alka Jain

Company Secretary

ACS No: 50528

Phase II, New Industrial Estate, Jagatpur, Cuttack, Odisha, 754021, India

Tel No : +91-671-2491966

Fax: +91-671-2491295

E-mail ID: cosboardind@yahoo.co.in

***Note:** All grievances relating to the Issue may be addressed to the Registrar to the Issue or the SCSB in case of ASBA Applicants giving full details such as folio no. / demat account no. / name and address, contact telephone / cell numbers, email id of the first applicant, number of Equity Shares applied for, CAF serial number, amount paid on application and the name of the bank / SCSB and the branch where the CAF, or the plain paper Application, as the case may be, was deposited, alongwith a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.*

Chief Financial Officer

Mr. Ashok Kumar Jena,

Phase II, New Industrial Estate, Jagatpur, Cuttack, Odisha, 754021, India

Tel No : +91-671-2491966, 2491495, 2490612

Fax: +91-671-2490944, 2491295,

E-mail ID: cosboardind@yahoo.co.in

Lead Manager to the Issue

Mark Corporate Advisors Private Limited

404/1, The Summit Business Bay, Sant Janabai Road (Service Lane),

Off W. E. Highway, Vile Parle (East), Mumbai-400057.

Tel No: +91-22-2612 3207/08

Contact Person: Mr. Manish Gaur

Email ID: info@markcorporatedvisors.com

SEBI Reg. No.: INM000012128

Website: www.markcorporateadvisors.com

Note: Investors are advised to contact the Registrar to the Issue/ Compliance Officer/Lead Manager to the Issue in case of any pre-issue/post-issue related problems such as non-receipt of Letter of Offer/Letter of Allotment/ share certificate(s)/ Refund Orders.

Legal Advisor to the Issue

RMA Legal

39, Mittal Chambers, Nariman Point, Mumbai-400021

Tel: +91-22-22020526/ 43470063

Contact Person: Meenakshi Acharya

Email: meenakshi@rmalegal.net

Website: www.rmalegal.net

Bankers to our Company

Cosmos Co-operative Bank Limited

Andhra Pradesh Regional Office, 3-5-798, Prarthima Schalass, House No.248, Street No.8, Hyderabad-500029

Tel: +91-8886666020

Contact Person: Mr. V. Bala Guruswamy, Assistant General Manager

Email: balaguru.vaddmani@cosmosbank.in

Website: www.cosmosbank.com

Experts



Except for the "Financial Statements" and the "Statement of Tax Benefits" as certified by the Statutory Auditors, beginning on pages 111 and 60 respectively of this Draft Letter of Offer, the Company has not obtained any expert opinions under the Companies Act.

Registrar to the Issue**Bigshare Services Private Limited**

1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri (E), Mumbai - 400 059

Contact person: Mr. Srinivas Dornala

Tel: +91-22-6263 8200

Fax: +91-22-6263 8299

E-Mail: rightsissue@bigshareonline.com

Website: www.bigshareonline.com

Investor Grievance Email: investor@bigshareonline.com

SEBI Regn No: INR000001385

Statutory and Peer Review Auditor of our Company**M/s. BRR & Associates, Chartered Accountants,**

FRN: 013012S

Flat No. 101, Jaysree Sadan Apartment, H No. 1-387/17, Gandhi Nagar, Hyderabad-500080

Tel: +91- 9963108932

Email: bairneniravi@gmail.com

Contact Person: B. Ravinder Rao

Bankers to the Issue

[●]

[●]

[●]

[●]

Self-Certified Syndicate Banks

The list of banks who have registered with SEBI to act as SCSB for the ASBA process as provided on website of SEBI at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35> and updated from time to time.

Inter-se Allocation of Responsibilities

Since, Mark Corporate Advisors Private Limited is the sole Lead Manager to the Issue, all the responsibilities of the Issue will be managed by them.

Trustees

As the Issue is of Equity Shares, the appointment of trustee is not required.

Monitoring Agency

There is no requirement for a monitoring agency in terms of Regulation 16(1) of the SEBI (ICDR) Regulations, 2009 since the Issue size is less than Rs. 10,000 Lakhs. However, as per SEBI Listing Regulation, the Audit Committee appointed by the Board would be monitoring the utilization of the proceeds of the Issue.

Credit rating

As the issue is of Equity Shares, there is no credit rating required for the Issue.

Book Building Process

As the Issue is a Rights Issue, the Issue will not be made through the book building process.

Issue Grading

This being a rights issue and not IPO, grading is not mandatory.

Appraising Agency



None of the purposes for which the Net Proceeds are proposed to be utilized have been financially appraised by any bank or financial institution.

Underwriting / Standby Support

Our Company has not entered into any underwriting arrangement, for the Issue.

Issue Schedule.

| | |
|---|-----|
| Issue opens on | [●] |
| Last date for request for Split Application Forms | [●] |
| Issue closes on | [●] |

Minimum Subscription

If we do not receive the minimum subscription of 90% including subscription of any unsubscribed portion by the Promoters of our Company, our Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If the subscription amount is not refunded within 15 days from the Issue Closing date, we shall be liable to pay interest for the period of delay, after such aforesaid 15 days, in accordance with the provisions of the Companies Act, 2013 and SEBI ICDR Regulations.

Principal Terms of Loans and Assets charged as security

For details in relation to the principal terms of loans and assets charged as security of our Company, please see the section “Financial Information” on page 35.



CAPITAL STRUCTURE

The share capital of the Company as at the date of this Letter of Offer, before and after the Issue, is set forth below.

(Rs. in Lakhs, except share data)

| Sr. No | Particulars | Aggregate value at face value | Aggregate value at Issue Price |
|-----------|--|-------------------------------|--------------------------------|
| A. | Authorized Share Capital | | |
| | 1,20,00,000 Equity Shares of face value of Rs. 10 each | 1200.00 | NA |
| B. | Issued, subscribed and paid-up Equity Share Capital before the Issue | | |
| | 42,93,800 Equity Shares of face value of Rs. 10 each | 429.38 | NA |
| C. | Present Issue being offered to the Equity Shareholders through the Letter of Offer | | |
| | 42,93,800 Rights Equity Shares of face value of Rs. 10 each at a premium of Rs. 25/- i.e. at an Issue Price of Rs. 35/- | 429.38 | 1502.83 |
| D. | Issued, Subscribed and Fully Paid Up Capital after the Issue (Assuming full subscription for and allotment of the rights entitlement) | | |
| | 85,87,600 Equity Shares of Rs. 10 each | 858.76 | |
| E. | Securities Premium Account | | |
| | Existing securities premium account | 119.43 | - |
| | Securities premium account after the Issue (assuming full subscription for and allotment of the Rights Entitlement) | 1192.88 | - |

- The Issue has been authorized by the Board of Directors under section 62(1) (a) of the Companies Act, 2013 in their meeting held on August 30, 2017.*
- The present Issue of Equity Shares on a rights basis is in the ratio of 1(One) Rights Equity Shares for every 1 (One) Equity Shares held by our existing equity shareholders on the Record Date i.e. [●].*

Notes to the Capital Structure

1. Change in the Authorized Share Capital of our Company

| Particulars of Change* | | Date of Shareholder's Resolution |
|---|--|--|
| From | To | |
| - | Rs. 15,00,000 divided into 15,000 Equity Shares of Rs. 100 each | 30 th December, 1980 (On Incorporation) |
| Rs. 15,00,000 divided into 15,000 Equity Shares of Rs. 100 each | Rs. 20,00,000 divided into 20,000 Equity Shares of Rs. 100 each | 13 th September, 1982 |
| Rs. 20,00,000 divided into 20,000 Equity Shares of Rs. 100 each | Rs. 25,00,000 divided into 25,000 Equity Shares of Rs. 100 each | 27 th June, 1985 |
| Rs. 25,00,000 divided into 25,000 Equity Shares of Rs. 100 each | Rs. 25,00,000 divided into 250,000 Equity Shares of Rs. 10 each | Documents not available |
| Rs. 25,00,000 divided into 250,000 Equity Shares of Rs. 10 each | Rs. 75,00,000 divided into 500,000 Equity Shares of Rs. 10 each | 30 th September, 1993 |
| Rs. 75,00,000 divided into 500,000 Equity Shares of Rs. 10 each | Rs. 5,00,00,000 divided into 500,000 Equity Shares of Rs. 10 each | 29 th June, 1994 |
| Rs. 5,00,00,000/- divided into 50,00,000 Equity Shares of Rs. 10 each | Rs. 12,00,00,000/- divided into 1,20,00,000 Equity Shares of Rs. 10 each | 28 th September, 2016 |



Note: Shareholder's resolutions were passed on 30th September, 2010 for increase in Authorised Share Capital from Rs. 5,00,00,000/- divided into 50,00,000 Equity Shares to Rs. 10,00,00,000/- divided into 1,00,00,000 Equity Shares and on 7th January, 2013 for increase in Authorised Share Capital from Rs. 5,00,00,000/- divided into 50,00,000 Equity Shares to Rs. 15,00,00,000/- divided into 1,50,00,000 Equity Shares, however our Company has not taken cognizance of these resolutions.

2. Share Capital History of our Company

| Date of allotment | No. of Equity Shares | Face Value (in Rs.) | Issue Price (in Rs.) | Consideration | Nature of Allotment | Cumulative No. of Equity Shares |
|---|----------------------|---------------------|----------------------|-------------------------------|------------------------|---------------------------------|
| 30-12-1980 | 21 | 100 | 100 | Cash | Subscription to MOA | 21 |
| 30-01-1982 | 2,650 | 100 | 100 | Cash | Further allotment | 2,671 |
| 11-08-1982 | 4,005 | 100 | 100 | Cash | Further allotment | 6,676 |
| 27-09-1982 | 2,310 | 100 | 100 | Cash | Further allotment | 8,986 |
| 30-06-1983 | 5,130 | 100 | 100 | Cash | Further allotment | 14,116 |
| 09-09-1983 | 1,000 | 100 | 100 | Cash | Further allotment | 15,116 |
| 22-10-1983 | 410 | 100 | 100 | Cash | Further allotment | 15,526 |
| 09-07-1985 | 4,744 | 100 | 100 | Cash | Further allotment | 20,270 |
| Split of Equity Shares from Face Value of Rs.100 per share to Rs.10 per share | | | | | | 2,02,700 |
| 22-03-1994 | 4,05,400 | 10 | - | Consideration other than cash | Bonus Issue | 6,08,100 |
| 23-02-1995 | 29,85,700 | 10 | 14 | Cash | Initial Public Offer | 35,93,800 |
| 19-12-2001 | 7,00,000 | 10 | 10 | Cash | Preferential Allotment | 42,93,800 |

3. Issue of Equity Shares allotted for consideration other than cash:

Except as set out below, our Company has not issued Equity Shares for consideration other than cash or out of revaluation reserves. Further, no benefits have accrued to our Company on account of allotment of Equity Shares for consideration other than cash.

| Date of allotment | No. of Equity Shares | Face Value (in Rs.) | Person to whom shares allotted | Issue Price (in Rs.) | Nature of Allotment | Benefit accrued to our Company |
|-------------------|----------------------|---------------------|---|-------------------------------|--|--------------------------------|
| 22-03-1994 | 4,05,400 | 10 | All the shareholders existing as on the date of allotment | Consideration other than cash | Bonus Issue in the ratio of 2:1 made out of revaluation reserves Rs. 40,54,000 | Nil |

4. No equity shares have been issued by Our Company during the preceding one year from the date of filing this Draft Letter of Offer with SEBI.

5. Capital Build-up of shareholding of Promoters

| MR. ANIL KUMAR GILRA | | | | | | | |
|---|---------------|----------------------|----------------------|---------------------------------------|-----------------------|-----------------------|------------------------|
| Date of Allotment/ Acquisition / Transfer | Consideration | No. of Equity Shares | Face Value per share | Acquisition/ Transfer Price per Share | Nature of Transaction | Pre-Issue Capital (%) | Post-Issue Capital (%) |



| | | | | | | | |
|--------------|------|---------------|-----------|--------|----------------------|--------------|--------------|
| 11-08-1982 | Cash | 160 | 100 | 100.00 | Further Allotment | 0.00 | 0.00 |
| 27-09-1982 | Cash | 120 | 100 | 100.00 | Further Allotment | 0.00 | 0.00 |
| 30-06-1983 | Cash | 80 | 100 | 100.00 | Further Allotment | 0.00 | 0.00 |
| 09-07-1985 | Cash | 200 | 100 | 100.00 | Further Allotment | 0.00 | 0.00 |
| - | - | 5600 | 10 | - | Share Split | 0.13 | 0.13 |
| 22-03-1994 | - | 11200 | 10 | - | Bonus Issue | 0.26 | 0.26 |
| 23-02-1995 | Cash | 2000 | 10 | 14.00 | Initial Public Offer | 0.05 | 0.05 |
| *1995-2004 | Cash | 26200 | 10 | ** | Off Market Transfer | 0.61 | 0.61 |
| 05-06-2004 | Cash | 40000 | 10 | ** | Off Market Transfer | 0.93 | 0.93 |
| 28-06-2010 | Cash | 900 | 10 | ** | Off Market Transfer | 0.02 | 0.02 |
| 12-10-2010 | Cash | 3100 | 10 | ** | Off Market Transfer | 0.07 | 0.07 |
| 04-02-2011 | Cash | (2000) | 10 | ** | Off Market Transfer | -0.05 | -0.05 |
| 11-03-2011 | Cash | (2273) | 10 | ** | Off Market Transfer | -0.05 | -0.05 |
| 10-04-2015 | Gift | 824000 | 10 | - | Off Market Transfer | 19.19 | 19.19 |
| 22-05-2015 | Cash | 37660 | 10 | 10.00 | Off Market Transfer | 0.88 | 0.88 |
| 19-02-2016 | Cash | (200) | 10 | 12.55 | Off Market Transfer | 0.00 | 0.00 |
| Total | | 946187 | | | | 22.04 | 22.04 |

*Details of shares acquired during 1995-2004 are not available with Company/Promoter

** Acquisition/sale price is not available with the Company/Promoter

| MR. SHIV SHANKAR TAPARIA | | | | | | | |
|--|----------------------|-----------------------------|-----------------------------|--|------------------------------|------------------------------|-------------------------------|
| Date of Allotment/ Acquisition / Transfer | Consideration | No. of Equity Shares | Face Value per share | Acquisition/ Transfer Price per Share | Nature of Transaction | Pre-Issue Capital (%) | Post-Issue Capital (%) |
| 09-01-2009 | Cash | 2500 | 10 | * | Off Market Transfer | 0.06 | 0.06 |
| 09-12-2011 | Cash | 60150 | 10 | 13.15 | Off Market Transfer | 1.40 | 1.40 |
| 09-12-2011 | Cash | 2650 | 10 | 13.15 | Off Market Transfer | 0.06 | 0.06 |
| 04-09-2012 | Cash | 500 | 10 | 11.79 | Open Market Transfer | 0.01 | 0.01 |
| 07-05-2015 | Cash | 524 | 10 | 8.85 | Open Market Transfer | 0.01 | 0.01 |
| 30-10-2015 | Cash | 40000 | 10 | 12.11 | Open Market Transfer | 0.93 | 0.93 |
| 15-12-2015 | Cash | 28000 | 10 | 11.43 | Open Market Transfer | 0.65 | 0.65 |
| 03-06-2016 | Cash | (10000) | 10 | 14.92 | Open Market Transfer | (0.23) | (0.23) |
| 23-12-2016 | Cash | 100 | 10 | 39.65 | Open Market Transfer | 0.00 | 0.00 |
| 03-02-2017 | Cash | 265 | 10 | 39.20 | Open Market Transfer | 0.01 | 0.01 |
| 12-05-2017 | Cash | 90 | 10 | 42.96 | Open Market Transfer | 0.00 | 0.00 |
| 29-05-2017 | Cash | 100 | 10 | 44.36 | Open Market Transfer | 0.00 | 0.00 |
| Total | | 124879 | | | | 2.91 | 2.91 |

*Acquisition price is not available with the Company/Promoter

6. Intention and extent of participation by our Promoters and Promoter Group in the Issue:

Our Promoters and the members of the Promoter Group have, by way of their letters dated 24th January, 2018, undertaken to subscribe, either through themselves or through other Promoter and/or members of the Promoter Group to subscribe to their Rights Entitlement in full in the Issue, in compliance with regulation 10(4)(a) and 10(4)(b) of the Takeover Regulations.

Any of our Promoter and/or any member of the Promoter Group, may subscribe on their own account to the extent of their rights entitlement in the Issue or renounce, any or all, of their respective rights entitlement in favour of any other Promoter and/or the member of Promoter Group. They have also confirmed that they intend to either through themselves or through other members of the Promoter and/or Promoter Group (i) subscribe to additional Equity Shares, and (ii) subscribe for unsubscribed portion in the Issue, if any such that at least minimum subscription of 90% of the Issue is achieved. Further, they reserve the right to additionally subscribe



for any unsubscribed portion over and above minimum subscription in order to achieve full subscription in the Issue. Such subscription to additional Equity Shares and the unsubscribed portion, if any, shall be in accordance with regulation 10(4) of Takeover Regulations subject to their shareholding not exceeding 75% of the issued, outstanding and fully paid up Equity Share capital in accordance with the provisions of the SEBI Listing Regulations.

Such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Any such acquisition of additional Equity Shares of the Company shall not result in a change of control of the management of the Company in accordance with provisions of the Takeover Regulations and shall be exempt in terms of Regulation 10 (4) (b) of the Takeover Regulations. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

7. None of the Equity Shares of our Company held by our Promoter or Promoter Group are locked in as of the date of the Draft Letter of Offer.
8. Except as described below, as on date of this Draft Letter of Offer, none of the Equity Shares held by any of the Promoter and Promoter Group of our Company are pledged or encumbered:

| Name of Shareholder | Number of Equity Shares held | Number of Equity Shares pledged or encumbered | Pledged or encumbered Equity Shares as a percentage of total number of Equity Shares held |
|---|-------------------------------------|--|--|
| Ram Kishore Taparia | 72,087 | 72,087 | 100.00% |
| Shiv Shankar Taparia | 1,24,879 | 65,300 | 52.29% |
| Anil Kumar Gilra | 9,46,187 | 9,46,187 | 100.00% |
| Hari Shankar Paper Products Private Limited | 1,95,950 | 1,95,950 | 100.00% |



9. Shareholding Pattern of our Company

Table I- Summary statement holdings of specified securities

| Category of Shareholder | No. of shareholders | No. of fully paid up equity shares held | Total no. of shares held | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) | Number of Shares pledged or otherwise encumbered | | No. of Equity Shares held in dematerialized form |
|------------------------------------|---------------------|---|--------------------------|--|--|---------------------------------|--|
| | | | | | No. (a) | As a % of total Shares held (b) | |
| (A) Promoter & Promoter Group | 18 | 20,25,129 | 20,25,129 | 47.16 | 12,79,524 | 63.18 | 20,24,729 |
| (B) Public | 4,369 | 22,68,671 | 22,68,671 | 52.84 | - | - | 15,62,896 |
| (C1) Shares underlying DRs | - | - | - | 0.00 | - | - | - |
| (C2) Shares held by Employee Trust | - | - | - | 0.00 | - | - | - |
| (C) Non Promoter- Non Public | - | - | - | 0.00 | - | - | - |
| Grand Total | 4,387 | 42,93,800 | 42,93,800 | 100.00 | 12,79,524 | 29.80 | 35,87,625 |

Table II – Statement showing Shareholding Pattern of the Promoter and Promoter Group

| Category of Shareholder | No. of shareholders | No. of fully paid up equity shares held | Total no. of shares held | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) | Number of Shares pledged or otherwise encumbered | | No. of Equity Shares held in dematerialized form |
|--------------------------|---------------------|---|--------------------------|--|--|---------------------------------|--|
| | | | | | No. (a) | As a % of total Shares held (b) | |
| A 1) Indian | | | | | | | |
| Individuals / HUF | 17 | 1829179 | 1829179 | 42.60% | 1083574 | 59.24% | 1680979 |
| Mahesh Periwal | 1 | 50720 | 50720 | 1.18% | - | - | 50720 |
| Suman Agiwal | 1 | 2500 | 2500 | 0.06% | - | - | 2500 |
| Ram Kishore Taparia | 1 | 72087 | 72087 | 1.68% | 72087 | 100.00% | 72087 |
| Shiv Shankar Taparia | 1 | 124879 | 124879 | 2.91% | 65300 | 52.29% | 124879 |
| Sangeeta Manoj Biyani | 1 | 42000 | 42000 | 0.98% | - | - | 42000 |
| Sarla Taparia | 1 | 239146 | 239146 | 5.57% | - | - | 239146 |
| Manju Devi Taparia | 1 | 69190 | 69190 | 1.61% | - | - | 69190 |
| Sitaram Malpani | 1 | 2500 | 2500 | 0.06% | - | - | 2500 |
| Ratan Kumar Gilra | 1 | 930 | 930 | 0.02% | - | - | 730 |
| Sarita Agarwal | 1 | 2500 | 2500 | 0.06% | - | - | 2500 |



| Category of Shareholder | No. of shareholders | No. of fully paid up equity shares held | Total no. of shares held | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) | Number of Shares pledged or otherwise encumbered | | No. of Equity Shares held in dematerialized form |
|--------------------------------------|---------------------|---|--------------------------|--|--|---------------------------------|--|
| | | | | | No. (a) | As a % of total Shares held (b) | |
| Anil Kumar Gilra | 1 | 946187 | 946187 | 22.04% | 946187 | 100.00% | 946187 |
| Suresh Babu Chava | 1 | 200 | 200 | 0% | - | - | - |
| Anju Periwal | 1 | 56150 | 56150 | 1.31% | - | - | 56150 |
| Sundeeep Periwal | 1 | 44200 | 44200 | 1.03% | - | - | 44200 |
| Krishna Periwal | 1 | 28190 | 28190 | 0.66% | - | - | 28190 |
| Sumitra Devi Gilra | 1 | 77800 | 77800 | 1.81% | - | - | 77800 |
| Manisha Gilra | 1 | 70000 | 70000 | 1.63% | - | - | 70000 |
| 2) Any Other (Company/LLP) | 1 | 195950 | 195950 | 4.56% | 195950 | 100.00% | 195950 |
| Harishankar Paper Products Pvt. Ltd. | 1 | 195950 | 195950 | 4.56% | 195950 | 100.00% | 195950 |
| Total A (1+2) | 18 | 2025129 | 2025129 | 47.16% | 1279524 | 63.18% | 2024729 |

Table III - Statement showing Shareholding Pattern of the Public shareholder

| Category of Shareholder | No. of shareholders | No. of fully paid up equity shares held | Total no. of shares held | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) | No. of Voting Rights | Total as a % of Total Voting Rights | No. of Equity Shares held in dematerialized form |
|--|---------------------|---|--------------------------|--|----------------------|-------------------------------------|--|
| B1) Institutions | - | - | - | - | - | - | - |
| Mutual Funds/ | 3 | 17000 | 17000 | 0.40% | 17000 | 0.40% | - |
| Sub Total B1 | 3 | 17000 | 17000 | 0.40% | 17000 | 0.40% | - |
| B2) Central Government/ State Government(s)/ President of India | - | - | - | - | - | - | - |
| B3) Non-Institutions | - | - | - | - | - | - | - |
| Individual Share Capital Upto Rs. 2 Lacs | 4092 | 1557177 | 1557177 | 36.27% | 1557177 | 36.27% | 1114602 |
| Individual Share Capital In Excess of Rs. 2 Lacs | 6 | 145840 | 145840 | 3.4% | 145840 | 3.40% | 145840 |
| Any Other (Specify) | 268 | 548654 | 548654 | 12.78% | 548654 | 12.78% | 302454 |



| Category of Shareholder | No. of shareholders | No. of fully paid up equity shares held | Total no. of shares held | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) | No. of Voting Rights | Total as a % of Total Voting Rights | No. of Equity Shares held in dematerialized form |
|--------------------------------|---------------------|---|--------------------------|--|----------------------|-------------------------------------|--|
| Bodies Corporate | 69 | 205159 | 205159 | 4.78% | 205159 | 4.78% | 195759 |
| Keshav Relators Private Ltd. | 1 | 51967 | 51967 | 1.21% | 51967 | 1.21% | 51967 |
| Clearing Members | 24 | 66459 | 66459 | 1.55% | 66459 | 1.55% | 66459 |
| Employees | 19 | 2000 | 2000 | 0.05% | 2000 | 0.05% | |
| NRI – Non- Repat, | 12 | 16002 | 16002 | 0.37% | 16002 | 0.37% | 16002 |
| NRI | 143 | 258334 | 258334 | 6.02% | 258334 | 6.02% | 23534 |
| Rajesh Kumar Shankar Kirpalani | 1 | 49400 | 49400 | 1.15% | 49400 | 1.15% | |
| NRI – Repatr, | 1 | 700 | 700 | 0.02% | 700 | 0.02% | 700 |
| Sub Total B3 | 4366 | 2251671 | 2251671 | 52.44% | 2251671 | 52.44% | 1562896 |
| B=B1+B2+B3 | 4369 | 2268671 | 2268671 | 52.84% | 2268671 | 52.84% | 1562896 |

Table IV - Statement showing Shareholding Pattern of the Non Promoter- Non Public shareholder

| Category & Name of the Shareholders(I) | No. of shareholder(III) | No. of fully paid up equity shares held(IV) | Total no. shares held(VII = IV+V+VI) | Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)(VIII) | Number of equity shares held in dematerialized form(XIV)(Not Applicable) |
|--|-------------------------|---|--------------------------------------|--|--|
| C1) Custodian/DR Holder | - | - | - | - | - |
| C2) Employee Benefit Trust | - | - | - | - | - |



10. The list of top ten shareholders of our Company and the number of Equity Shares held by them is as under:

a. **Particulars of the top ten shareholders as on the date of this Draft Letter of Offer:**

| Sr. No. | Name of Shareholder | No. of Equity Shares | % of total paid-up capital |
|---------|------------------------------------|----------------------|----------------------------|
| 1. | Anil Kumar Gilra | 9,46,187 | 22.04 |
| 2. | Sarla Taparia | 2,39,146 | 5.57 |
| 3. | Harishankar Paper Products (P) Ltd | 1,95,950 | 4.56 |
| 4. | Shiv Shankar Taparia | 1,24,879 | 2.91 |
| 5. | Sumitra Devi Gilra | 77,800 | 1.81 |
| 6. | Ram Kishore Taparia | 72,087 | 1.68 |
| 7. | Manisha Gilra | 70,000 | 1.63 |
| 8. | Manju Devi Taparia | 69,290 | 1.61 |
| 9. | Sangeeta Manoj Biyani | 58,142 | 1.35 |
| 10. | Anju Periwai | 56,150 | 1.31 |
| | Total | 19,09,631 | 44.47 |

b. **Particulars of the top ten shareholders ten days prior to filing of this Draft Letter of Offer:**

| Sr. No. | Name of Shareholder | No. of Equity Shares | % of total paid-up capital |
|---------|------------------------------------|----------------------|----------------------------|
| 1. | Anil Kumar Gilra | 9,46,187 | 22.04 |
| 2. | Sarla Taparia | 2,39,146 | 5.57 |
| 3. | Harishankar Paper Products (P) Ltd | 1,95,950 | 4.56 |
| 4. | Shiv Shankar Taparia | 1,24,879 | 2.91 |
| 5. | Sumitra Devi Gilra | 77,800 | 1.81 |
| 6. | Ram Kishore Taparia | 72,087 | 1.68 |
| 7. | Manisha Gilra | 70,000 | 1.63 |
| 8. | Manju Devi Taparia | 69,290 | 1.61 |
| 9. | Sangeeta Manoj Biyani | 58,142 | 1.35 |
| 10. | Anju Periwai | 56,150 | 1.31 |
| | Total | 19,09,631 | 44.47 |

c. **Particulars of the top ten shareholders two years prior to the date of filing this Draft Letter of Offer:**

| Sr. No. | Name of Shareholder | No. of Equity Shares | % of total paid-up capital |
|---------|------------------------------------|----------------------|----------------------------|
| 1. | Anil Kumar Gilra | 9,46,187 | 22.04 |
| 2. | Sarla Taparia | 2,39,146 | 5.57 |
| 3. | Harishankar Paper Products (P) Ltd | 1,95,950 | 4.56 |
| 4. | Shiv Shankar Taparia | 1,34,324 | 3.13 |
| 5. | Sumitra Devi Gilra | 77,800 | 1.81 |
| 6. | Ram Kishore Taparia | 72,087 | 1.68 |
| 7. | Manisha Gilra | 70,000 | 1.63 |
| 8. | Shriram Tibrewala | 68,943 | 1.61 |
| 9. | Manju Devi Taparia | 67,645 | 1.58 |
| 10. | Sangeeta Manoj Biyani | 58,142 | 1.35 |
| | Total | 19,30,224 | 44.95 |

11. Our Company does not have any outstanding warrants, options, debentures or any other securities convertible at a later date into Equity Shares, as on the date of the Draft Letter of Offer, which would entitle the holders to acquire further Equity Shares.
12. Except as disclosed below, none of our Promoters, Promoter Group, our Director and their immediate relatives have purchased or sold any Equity Shares during a period of six months preceding the date of filing of this Draft Letter of Offer:

| Name of the Promoter | Date of transfer | No. of Equity Shares | Nature of transaction |
|----------------------|------------------|----------------------|-----------------------|
| Shiv Shankar Taparia | 19-07-2017 | 79 | Open market transfer |



13. The outstanding balance of unsecured loans lent by our Promoters and Promoter Group members namely Anil Kumar Gilra, Shiv Shankar Taparia, Harishankar Paper Products Private Limited, Manisha Gilra and Manju Taparia is an aggregate sum of Rs. 7,15,88,319. The aforesaid loan has been used for the augmentation of existing working capital requirements as certified by Statutory Auditor, M/s BRR & Associates vide certificate dated 24th January, 2018. They have vide letter dated 24th January, 2018 requested our Company to adjust unsecured loan aggregating to Rs. 7,15,88,319 against their entitlement, including additional subscription, if any. Our Board in its meeting held on 25th January, 2018 had accepted their request and accordingly, a postal ballot notice dated 25th January, 2018 was dispatched to the shareholders of the Company for their approval for conversion of unsecured loan into equity shares. The result of the postal ballot notice was declared on 8th March, 2018 and resolution was passed with requisite majority.
14. The ex-rights price of the Equity Shares as per Regulation 10(4) (b) of the Takeover Regulations is Rs. [●] per Equity Share.
15. Our Company does not have any employee stock option scheme.
16. The present Issue being a rights issue, as per Regulation 34(c) of the SEBI ICDR Regulations, the requirements of Promoters' contribution are not applicable.
17. All the Equity Shares of our Company are fully paid-up and there are no partly paid-up Equity Shares on the date of the Draft Letter of Offer. Further, the Equity Shares when issued shall be fully paid-up.
18. Our Company, our Directors and the Lead Manager have not entered into any buy-back arrangement and / or safety net facility for purchase of Equity Shares from any person.
19. Except as stated in the chapter entitled "Our Management" at page 92 of this Draft Letter of Offer, none of our Directors and their immediate relatives or Key Managerial Personnel, our Promoter Group holds any Equity Shares.
20. As on 31st December 2017 the total numbers of members of our Company were 4369.
21. Our Company has not issued Equity Shares in the last two years preceding the date of this Draft Letter of Offer.
22. As on the date of the Draft Letter of Offer, neither the Lead Manager nor any associates of the Lead Manager hold any Equity Shares in our Company.
23. Our Company has not issued any Equity Shares pursuant to any scheme approved under the Sections 391-394 of the Companies Act, 1956/230-233 of Companies Act 2013.
24. Our Company has made below mentioned issue, after it is being listed and we confirm that relevant provisions of the regulations have been complied with:

| Sr. No. | Nature of Issue | Year |
|---------|------------------------|------|
| 1. | Preferential Allotment | 2001 |

25. Our Company presently does not intend or propose to alter the capital structure for a period of six months from the Issue Opening Date, by way of split or consolidation of the denomination of the Equity Shares, or further issue of Equity Shares whether on preferential basis or issue of bonus or rights or further public issue of specified securities or qualified institutional placement. However, if business needs of the Company so require, the Company may alter the capital structure by way of split / consolidation of the denomination of the Equity Shares / issue of Equity Shares on a preferential basis or issue of bonus or rights or public or preferential issue of Equity Shares or any other securities during the period of six (6) months from the date of opening of the Issue or from the date the application moneys are refunded on account of failure of the Issue, after seeking and obtaining all the approvals which may be required. However, if our Company enters into acquisitions, joint ventures or other arrangements, our Company may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisitions or participation in such joint ventures.



OBJECTS OF THE ISSUE

The Objects of the Issue are:

- Site development and purchase of equipment for up-gradation of existing plants and machineries;
- General corporate purposes; and
- Issue related expenses.

The main object clause of Memorandum of Association of our Company enables us to undertake the existing activities and the activities for which the funds are being raised by us through the present Issue. Further, we confirm that the activities which we have been carrying out till date are in accordance with the object clause of our Memorandum of Association.

The details of Net Proceeds are set forth in the following table:

| Particulars | Amount (in lakhs) |
|--|-------------------|
| Gross proceeds from the Issue | 1502.83 |
| Less: Adjustment of unsecured Loan against the entitlement (including additional subscription, if any) of Promoter and Promoter Group* | 715.88 |
| Less: Issue related expenses | 50.00 |
| Net Proceeds of the Issue | 736.95 |

The outstanding balance of unsecured loans lent by our Promoters and Promoter Group members namely Anil Kumar Gilra, Shiv Shankar Taparia, Harishankar Paper Products Private Limited, Manisha Gilra and Manju Taparia is an aggregate sum of Rs. 7,15,88,319. The aforesaid loan has been used for the augmentation of existing working capital requirements as certified by Statutory Auditor, M/s BRR & Associates vide certificate dated 24th January, 2018. They have vide letter dated 24th January, 2018 requested our Company to adjust unsecured loan aggregating to Rs. 7,15,88,319 against their entitlement, including additional subscription, if any. Our Board in its meeting held on 25th January, 2018 had accepted their request and accordingly, a postal ballot notice dated 25th January, 2018 was dispatched to the shareholders of the Company for their approval for conversion of unsecured loan into equity shares. The result of the postal ballot notice was declared on 8th March, 2018 and resolution was passed with requisite majority.

Requirement of Funds:

The intended use of the Net Proceeds of the Issue is as under: -

| S. No. | Particulars | Total estimated amount to be utilised (in lakhs) |
|--------|---|--|
| 1 | Site development, Building construction & repairing and purchase of equipment for up-gradation of plant & machinery | 556.95 |
| 2 | General corporate purposes | 180.00 |
| | Total | 736.95 |

Means of Finance

| Particulars | Amount (in lakhs) |
|---|-------------------|
| Gross proceeds from the Issue | 1502.83 |
| Unsecured loan received from our Promoters and Promoter Group | 715.88 |

Our Company proposes to meet the entire requirement of funds for the objects of the Issue from the Net Proceeds. Accordingly, our Company confirms that there is no requirement to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance for the aforesaid object, excluding the amount to be raised from the Issue.



The fund requirement and deployment is based on our Management estimates and has not been appraised by any bank or financial institution or any other independent agencies. The fund requirement above is based on our current business plan.

Details of the objects of the Issue

We regularly purchase plant and machinery for expansion of our business. The quantum and the nature of plants and machineries purchased depend upon a variety of factors, including modernization and adoption of cost effective technology.

Currently, we have four plants with combined capacity of 45000 MT, out of which, three plants are in operation and in order to utilize the maximum capacity of plants and to start production in paper board plant, we intend to utilise Rs.142.89 Lakhs towards purchase of equipment for up-gradation of existing plant and machinery such as rewinder and sheet cutter for the upgrading of the quality of the finish product, control panel driver for saving electricity cost, press roll and other rolls are required for dynamic balancing and the modification of deinking plant by adding plc system for control of pulp loss and bag filters and diffuser system for enhancing the quality of air and disposal water which are required as per the policy defined by the Central and State Pollution Control Board for the clean air and disposal of waste water.

Our Company intends to deploy part of the funds from the Issue to develop the concrete platform and to develop the boundary walls to maintain the goods properly and to protect the same from theft & other losses.

We intend to utilise Rs. 556.95 Lakhs from the net proceeds for Site Development, Building and purchase of equipment for up-gradation and the details are as under:

| Particulars | Estimated Amount (Rs. in Lakhs) |
|--|------------------------------------|
| Purchase of equipment for up-gradation of existing Plant and Machineries | 142.89 |
| Site Development | 79.97 |
| Building Construction and Repairing | 334.04 |
| Total | 556.95 |

| Details of Equipment for up-gradation | Numbers | Estimated Amount* (Rs. in Lakhs) |
|--|---------|-------------------------------------|
| Details of Equipment for Plant-I Paper Board | | |
| Dryer with Stand (Size- 1830MM X 1220MM) | 4 | 23.20 |
| Turbo 600 | 1 | 0.95 |
| Expendor Roll | 2 | 2.78 |
| Re-Rubberisation | | 2.42 |
| | | |
| Details of Equipment to be used in Plant II to Plant IV | | |
| Rewinder | 1 | 21.90 |
| Sheet Cutter | 1 | 2.82 |
| Carrier Rope System | 2 | 6.00 |
| Control Panel Drive | 1 | 26.00 |
| Press Rolls | 9 | 14.00 |
| Deinking Plant Modification | 1 | 4.32 |
| | | |
| Pollution Control Equipment | | |
| Bag Filter | 1 | 16.00 |
| Diffusers system and others | 1 | 5.00 |
| | | |



| | | |
|--|--|---------------|
| Estimated freight, insurance and installation charges | | 17.50 |
| Total | | 142.89 |

| Site Development | Estimated Amount (Rs. in Lakhs) |
|--|--|
| Concrete Platform (Size- 60000 sq. ft..) | 59.96 |
| Boundary Wall Raising and Fencing (Size- 20000 sq. ft) | 20.01 |
| Total | 79.97 |

| Building Construction and Repairing | Amount (Rs. in Lakhs) |
|---|------------------------------|
| Husk Shed (Size- 6250 sq. ft.) | 37.50 |
| Time Office (Size- 1000 sq. ft.) | 6.00 |
| Raw Material Shed (Size- 5060 sq. ft.) | 30.35 |
| Plant I Shed (Size 23650 sq. ft..) | 189.19 |
| Plant III & IV Finishing Shed (Size 8875 sq. ft.) | 71.00 |
| Total | 334.04 |

Note: 1 The fund requirement and deployment is based on our Management estimates;

Note: 2 The Funds requirement and deployment is based on the Quotations received from various suppliers details of which are given below:

| Particular of Plant | Equipment | Name of Supplier | Date of Letter of Intent | Estimated Amount in Lakhs* |
|-----------------------------|---|---|---------------------------------|-----------------------------------|
| Plant I | Dryer with Stand | Papercare Machines | 02.01.2018 | 23.20 |
| | Turbo 600 | Paptec | 11.12.2017 | 0.95 |
| | Metal Expander Roll | Arvind Rub Web Controls Limited | 10.01.2018 | 2.78 |
| | Re-Rubberisation | Soni Rollers Private Limited | 17.03.2018 | 2.42 |
| Plant II to IV | Rewinder | Guru Nanak Industries | 02.01.2018 | 21.90 |
| | Sheet Cutter | Guru Nanak Industries | 11.12.2017 | 2.82 |
| | Carrier Rope System | H & T Engineers | 10.04.2018 | 6.00 |
| | Control Panel Drive | Ishaani Electronics Private Limited | 13.04.2018 | 26.00 |
| | Press Rolls | Modinagar Rolls Private Limited | 20.12.2017 | 14.00 |
| | Deinking Plant Modification | Keystone Automation Solutions Private Limited | 23.12.2017 | 4.33 |
| Pollution Control Equipment | Bag Filter | Energytek Boiler Private Limited | 15.01.2018 | 16.00 |
| | Diffuser System and others | Papercare Machines | 10.12.2017 | 5.00 |
| Site Development | Concrete Platform | We have obtained detailed cost estimate dated 02.01.2018 from Priyadarsi K. Bisoi, Architect, Reg. No. CA/93/16380. | 02.01.2018 | 59.96 |
| | Boundary Wall Raising and Fencing | | 02.01.2018 | 20.01 |
| Building | Husk Shed, Time Office, Raw Material Shed | | 02.01.2018 | 73.85 |
| | Plant I Shed with Profile Sheet Roofing | | 02.01.2018 | 189.19 |
| | Plant II & IV | | 02.01.2018 | 71.00 |



| | | | | |
|--|---|--|--|--|
| | Finishing Shed with Profile Sheet Roofing | | | |
|--|---|--|--|--|

* Amount quoted by the suppliers is exclusive of taxes, freight and installation charges.

We have not entered into any definitive agreements with any supplier and there can be no assurance that the same supplier would be engaged to eventually supply the equipment and services or at the same costs.

2. General Corporate Purpose

We intend to deploy Rs. 180 Lakhs from proceeds of the Rights Issue towards general corporate purposes. The general corporate purposes for which our Company proposes to utilize issue proceeds include but not restricted to entering into brand building exercises and strengthening our marketing capabilities, general maintenance, partnerships, tie-ups or contingencies in ordinary course of business which may not be foreseen or any other purposes as approved by our Board of Directors. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes. However, not more than 25% of the proceeds of the issue would be deployed for the General Corporate purposes.

3. Expenses for the Issue

The Issue related expenses consist fees payable to the Lead Manager, Legal counsel and Registrar to the Issue, stationery printing and distribution expenses, legal fees, statutory advertisement expenses, NSDL / CDSL connectivity charges, fees payable to SEBI, listing fees, selling commission, if any, etc. The total expenses of the Issue are estimated to be approximately Rs. 50 Lakhs.

| Particulars | Estimated Expenses (Rs. in Lakhs) | % of Estimated Issue size | % of Estimated Issue expenses |
|---|--------------------------------------|------------------------------|----------------------------------|
| Fees payable to intermediaries including Lead Manager and Registrar to the Issue | 25.00 | 1.66 | 50.00 |
| Advertising, travelling and marketing expenses | 9.00 | 0.60 | 18.00 |
| Printing and stationery expenses | 5.00 | 0.33 | 10.00 |
| Other expenses (including but not limited to legal counsel fees, SEBI fees, listing charges, depository fees, auditor fees, brokerage, out of pocket reimbursements, etc. | 11.00 | 0.73 | 22.00 |
| Total | 50.00 | 3.32 | 100.00 |

Schedule of Implementation and Deployment of Funds

As estimated by our management, the entire proceeds received from the issue would be utilized as under:

(Rs. in Lakhs)

| Particulars | Funds already deployed | 2018-19 | Total |
|---|---------------------------|---------------|---------------|
| Issue Expenses | 6.74 | 43.26 | 50.00 |
| Site development and purchase of equipment for up-gradation of existing plants and machineries; | - | 556.95 | 556.95 |
| General Corporate Purpose | - | 180.00 | 180.00 |
| Total | 6.74 | 780.21 | 786.95 |

Deployment of Funds towards the Objects of the Issue

We have incurred Rs. 6,74,338 upto 31st March, 2018 towards the Objects of the Issue which has been certified by M/s BRR & Associates, Chartered Accountants, vide his certificate 31st March, 2018 The said amount has been met by our Company and the same will be adjusted against the Issue proceeds.

Interim Use of Proceeds

Our Company, in accordance with the policies formulated by our Board from time to time, will have flexibility to deploy the Issue Proceeds. Pending utilization of the Issue Proceeds for the purposes described above, our Company



may use the proceeds in lowering the availment in cash credit facilities with the Bank and / or temporarily invest the Proceeds in deposits in one or more Scheduled Commercial Banks included in the Second Schedule of Reserve Bank of India Act, 1934 as may be approved by our Board. Bridge Financing Facilities Our Company has not raised any bridge loans from any bank or financial institution as on the date of this Draft Letter of Offer, which are proposed to be repaid from the Issue Proceeds.

Monitoring of Utilization of Funds

There is no requirement for appointment of an independent monitoring agency in terms of Regulation 16(1) of the SEBI ICDR Regulations. Pursuant to Regulation 18 of SEBI (LODR) Regulations, 2015, the Audit Committee of our Board will monitor the utilization of the Net Proceeds.

We shall, on a quarterly basis disclose to the Audit Committee the uses and application of the proceeds of the Issue and further disclose the same a part of the quarterly declaration of financial results. We will disclose the utilization of the proceeds of the Issue under a separate head in our balance sheet till such time the proceeds of the Issue have been utilised, clearly specifying the purpose for which such proceeds have been utilized. We will also, in our balance sheet till such time the proceeds of the Issue have been utilised, provide details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue. The said annual disclosure shall also be certified by the Statutory Auditors of our Company.



BASIS FOR ISSUE PRICE

The Issue Price has been determined in consultation with the Lead Manager to the Issue considering following qualitative and quantitative factors. Investors should also refer to the section/chapter titled “*Risk Factors*” and “*Financial Statements*” beginning on page 14 and 111 respectively to get more informed review before making the investment decision.

Qualitative factors

Some of the qualitative factors that help differentiate us from our competitors and enable us to compete successfully in our industry are:

- Diversified Variety of readily available Paper Products and diversified Customer Base
- In-house Logistics

For further details regarding the above mentioned factors, which form the basis for computing the Issue Price, please see “*Our Business – Competitive Strengths*” on page 70 of this Draft Letter of Offer.

Quantitative factors

The information presented below relating to the Company is based on the restated financial statements of the Company for Financial Year 2015, 2016, 2017 and nine months’ period ended on 31st December, 2017 prepared in accordance with Indian GAAP. Some of the quantitative factors, which form the basis for computing the price, are as follows:

1. Basic and Diluted Earnings Per Equity Share (EPS) (on Face value of Rs.10 per share) as per Accounting Standard 20

| Year ended | EPS (Rs.) | Weight |
|---|------------------|---------------|
| March 31, 2015 | 5.12 | 1 |
| March 31, 2016 | 4.12 | 2 |
| March 31, 2017 | 0.63 | 3 |
| Weighted average | 2.54 | |
| For the nine months period ended on 31 st December, 2017 | 1.38 | |

- EPS Calculations have been done in accordance with Accounting Standard 20- “Earning per Share” issued by the Institute of Chartered Accountants of India.
- Basic earnings per share are calculated by dividing the net profit after tax, as restated by the weighted average number of Equity Shares outstanding during the period. Weighted Average number of Equity Shares is the number of Equity Shares outstanding at the beginning of the year/period adjusted by the number of Equity Shares issued during year/period multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year.

2. Price to Earnings (P/E) ratio in relation to Issue Price per Equity Share of Rs. 10 each fully paid up.

| Particulars | P/E Ratio On Issue Price |
|--|---------------------------------|
| P/E based on EPS – Basic & Diluted for nine months period ended on 31 st December, 2017 | 25.36 |
| P/E based on Weighted average EPS – Basic & Diluted | 13.78 |
| *Industry P/E | |
| Lowest | 4.30 |
| Highest | 100.30 |
| Average | 12.50 |

**Source: Capital Market (Magazine), Apr 09-22, 2018; Segment- Paper*



3. Return on Net worth (RoNW)

Return on Net Worth (RoNW) as per restated financial statements.

| Year Ended | RoNW (%) | Weight |
|--|---------------|--------|
| March 31, 2015 | 52.51% | 1 |
| March 31, 2016 | 26.75% | 2 |
| March 31, 2017 | 4.34% | 3 |
| Weighted Average | 19.84% | |
| For the Nine months' period ended on 31 st December, 2017 | 8.70% | |

Note: The RoNW has been computed by dividing net profit after tax as restated, by Net Worth as at the end of the year / period.

4. Minimum Return on Increased Net Worth post issue needed to maintain Pre Issue EPS for the nine months' period ended 31st December, 2017: [●]

5. Net Asset Value per Equity Shares (NAV)

| Particulars | Amount (In Rs.) |
|--|-----------------|
| Net Asset Value per Equity Share as of 31 st December, 2017 | 15.82 |
| Net Asset Value per Equity Share after the Issue | 25.61 |
| Issue Price per equity share | 35.00 |

Note: Net Asset Value per Equity Share has been calculated as net worth divided by number of equity shares at the end of the year / period.

6. Comparison with other listed peer group companies

| Companies | Face Value (Rs. Per share) | NAV (Per Share) | RoNW % | Diluted EPS | PE Ratio |
|--------------------------------|----------------------------|-----------------|--------|-------------|----------|
| Cosboard Industries Limited* | 10.00 | 15.81 | 8.70% | 1.38 | 25.36 |
| Peer Group** | | | | | |
| JK Paper Limited | 10.00 | 84.73 | 11.15% | 9.45 | 13.57 |
| West Coast Paper Mills Limited | 2.00 | 96.76 | 20.11% | 19.46 | 14.71 |

*NAV, EPS and RoNW as on December 31, 2017

**Source: Audited Financial Results for the year ended on March 31, 2017 as available on www.bseindia.com and for calculating P/E Ratio and Market Price as on 20th April, 2018 is considered)

The Company in consultation with the Lead Managers and after considering various valuation fundamentals including Book Value and other relevant factors, believes that Issue price of Rs. 35 per Equity Share for the Public Issue is justified in view of the above parameters.

For further details, refer to the section titled "Risk Factors" beginning on page 14 and the financials of the Company including profitability and return ratios, as set out in the section titled "Financial Statements" beginning on page 111 of this Draft Letter of Offer for a more informed view.



SECTION IV STATEMENT OF TAX BENEFITS

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS AS PER THE CERTIFICATE ISSUED BY STATUTORY AUDITORS OF THE COMPANY

The Board of Directors,
Phase II, New Industrial Estate,
Jagatpur, Cuttack,
Orissa, 754021, India

Dear Sirs,

Sub: Statement of possible special direct tax benefits available to Cosboard Industries Limited (“the Company”) and its shareholders (“the Statement”).

We hereby confirm that the enclosed statement states the possible special direct tax benefits available to the Company and the shareholders of the Company under the Income Tax Act, 1961 (“Act”) as amended from time to time, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company may or may not choose to fulfill.

This statement is only intended to provide general information to the investors and hence is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the rights issue of equity shares of the Company particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. Neither are we suggesting nor are we advising the investor to invest money based on this statement.

The contents of the enclosed statement are based on the information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company. We do not express any opinion or provide any assurance as to whether:

1. the Company or its shareholders will continue to obtain these benefits in future; or
2. the conditions prescribed for availing the benefits, where applicable have been/would be met.

This statement is intended solely for information and for inclusion in the Letter of Offer in relation to the Issue of equity shares of the Company and is not to be used, circulated or referred to for any other purpose without our prior written consent. Our views are based on the existing provisions of law referred to earlier and its interpretation, which are subject to change from time to time.

We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this Statement.

For B R R & Associates
Chartered Accountants
Firm Registration No- 013012S

B. Ravinder Rao
M. No. 221298
Partner
Date: 26.03.2018
Place: Hyderabad



Statement of Special Tax Benefits available to the Company & its Shareholder under the Income Tax Act, 1961 and other Direct Tax Laws presently in force in India

Special Tax Benefits

I. Benefits available to the Company

There are no special tax benefits available to the Company.

II. Benefits available to the Shareholders

There are no special tax benefits available to the shareholders for investing in the proposed right issue of shares of the Company.

For B R R & Associates

Chartered Accountants

Firm Registration No- 013012S

B. Ravinder Rao

M. No. 221298

Partner

Date: 26.03.2018

Place: Hyderabad



SECTION V - ABOUT US

INDUSTRY OVERVIEW

The information contained in 'Industry Overview' in this section is derived from publicly available sources. Neither we, nor any other person connected with the Issue has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends.

Investors should note that this is only a summary of the industry in which we operate and does not contain all information that should be considered before investing in the Equity Shares. Before deciding to invest in the Equity Shares, prospective investors should read this entire Draft Letter of Offer, including the information in the sections "Risk Factors" and "Financial Information" on pages 14 and 111, respectively. An investment in the Equity Shares involves a high degree of risk. For a discussion of certain risks in connection with an investment in the Equity Shares, please see the section 'Risk Factors' on page 14.

Global Outlook of Economy

Global economic activity continues to firm up. Global output is estimated to have grown by 3.7 percent in 2017, which is 0.1 percentage point faster than projected in the fall and ½ percentage point higher than in 2016. The pickup in growth has been broad based, with notable upside surprises in Europe and Asia. Global growth forecasts for 2018 and 2019 have been revised upward by 0.2 percentage point to 3.9 percent. The revision reflects increased global growth momentum and the expected impact of the recently approved U.S. tax policy changes.

The U.S. tax policy changes are expected to stimulate activity, with the short-term impact in the United States mostly driven by the investment response to the corporate income tax cuts. The effect on U.S. growth is estimated to be positive through 2020, cumulating to 1.2 percent through that year, with a range of uncertainty around this central scenario. Due to the temporary nature of some of its provisions, the tax policy package is projected to lower growth for a few years from 2022 onwards. The effects of the package on output in the United States and its trading partners contribute about half of the cumulative revision to global growth over 2018–19.

Risks to the global growth forecast appear broadly balanced in the near term, but remain skewed to the downside over the medium term. On the upside, the cyclical rebound could prove stronger in the near term as the pickup in activity and easier financial conditions reinforce each other. On the downside, rich asset valuations and very compressed term premiums raise the possibility of a financial market correction, which could dampen growth and confidence. A possible trigger is a faster-than-expected increase in advanced economy core inflation and interest rates as demand accelerates. If global sentiment remains strong and inflation muted, then financial conditions could remain loose into the medium term, leading to a buildup of financial vulnerabilities in advanced and emerging market economies alike. Inward-looking policies, geopolitical tensions, and political uncertainty in some countries also pose downside risks.

The current cyclical upswing provides an ideal opportunity for reforms. Shared priorities across all economies include implementing structural reforms to boost potential output and making growth more inclusive. In an environment of financial market optimism, ensuring financial resilience is imperative. Weak inflation suggests that slack remains in many advanced economies and monetary policy should continue to remain accommodative. However, the improved growth momentum means that fiscal policy should increasingly be designed with an eye on medium-term goals—ensuring fiscal sustainability and bolstering potential output. Multilateral cooperation remains vital for securing the global recovery.

(Source: www.imf.org - World Economic Outlook Update, January 2018)

According to the International Monetary Fund (IMF), the global economy is experiencing a near-synchronous recovery, the most broad-based since 2010. In 2017, roughly three-quarters of countries experienced improvements in their growth rates, the highest share since 2010. The latest World Economic Outlook (WEO) of the IMF shows



global GDP growth accelerated to around 3.6 percent in 2017 from 3.2 percent in 2016, and the forecast for 2018 has been upgraded by 0.2 percentage points to 3.9 percent. Although rebounding, global growth is still well below levels reached in the 2000s.

One reason why the recovery has spread around the globe is that world trade in goods and services has finally emerged from its torpor, registering 4.7 percent real volume growth in 2017 compared with 2.5 percent in 2016. Another reason is that commodity producers such as Russia, Brazil, and Saudi Arabia, which for the past few years have been suffering from depressed prices, have benefitted from the upswing in demand. Commodity prices increased smartly in 2017, led by petroleum, whose price rose by 16 percent to reach \$61 per barrel by the end of the year.

(Source: www.indiabudget.gov.in – Economic Survey 2017-18)

Indian Economy

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF) and it is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships. India's GDP increased 7.1 per cent in 2016-17 and is expected to reach a growth rate of 7 per cent by September 2018

Market size

India's gross domestic product (GDP) grew by 6.3 per cent in July-September 2017 quarter as per the Central Statistics Organisation (CSO). Corporate earnings in India are expected to grow by over 20 per cent in FY 2017-18 supported by normalisation of profits, especially in sectors like automobiles and banks, according to Bloomberg consensus.

The tax collection figures between April-June 2017 Quarter show an increase in Net Indirect taxes by 30.8 per cent and an increase in Net Direct Taxes by 24.79 per cent year-on-year, indicating a steady trend of healthy growth. The total number of e-filed Income Tax Returns rose 21 per cent year-on-year to 42.1 million in 2016-17 (till 28.02.17), whereas the number of e-returns processed during the same period stood at 43 million. India has retained its position as the third largest startup base in the world with over 4,750 technology startups, with about 1,400 new start-ups being founded in 2016, according to a report by NASSCOM. India's labour force is expected to touch 160-170 million by 2020, based on rate of population growth, increased labour force participation, and higher education enrolment, among other factors, according to a study by ASSOCHAM and Thought Arbitrage Research Institute. India's foreign exchange reserves were US\$ 404.92 billion in the week up to December 22, 2017, according to data from the RBI.

Recent Developments

With the improvement in the economic scenario, there have been various investments in various sectors of the economy. The M&A activity in India increased 53.3 per cent to US\$ 77.6 billion in 2017 while private equity (PE) deals reached US\$ 24.4 billion. Some of the important recent developments in Indian economy are as follows:

- Indian companies raised Rs 1.6 trillion (US\$ 24.96 billion) through primary market in 2017.
- Moody's upgraded India's sovereign rating after 14 years to Baa2 with a stable economic outlook.
- India received net investments of US\$ 17.412 million from FIIs between April-October 2017.
- The top 100 companies in India are leading in the world in terms of disclosing their spending on corporate social responsibility (CSR), according to a 49-country study by global consultancy giant, KPMG.
- The bank recapitalisation plan by Government of India is expected to push credit growth in the country to 15 per cent, according to a report by Ambit Capital.
- India has improved its ranking in the World Bank's Doing Business Report by 30 spots over its 2017 ranking and is ranked 100 among 190 countries in 2018 edition of the report.
- India's ranking in the world has improved to 126 in terms of its per capita GDP, based on purchasing power parity (PPP) as it increased to US\$ 7,170 in 2017, as per data from the International Monetary Fund (IMF).
- The Government of India has saved US\$ 10 billion in subsidies through direct benefit transfers with the use of technology, Aadhaar and bank accounts, as per a statement by Mr Narendra Modi, Prime Minister of India.
- India is expected to have 100,000 startups by 2025, which will create employment for 3.25 million people and US\$ 500 billion in value, as per Mr T V Mohan Das Pai, Chairman, Manipal Global Education.



- The total projected expenditure of Union Budget 2018-19 is Rs 23.4 lakh crore (US\$ 371.81 billion), 9 per cent higher than previous year's budget, as laid out in the Medium Term Expenditure Framework (MTEF).
- India received the highest ever inflow of equity in the form of foreign direct investments (FDI) worth US\$ 43.4 billion in 2016-17 and has become one of the most open global economies by ushering in liberalisation measures, as per the mid-year economic survey of India.
- The World Bank has stated that private investments in India is expected to grow by 8.8 per cent in FY 2018-19 to overtake private consumption growth of 7.4 per cent, and thereby drive the growth in India's gross domestic product (GDP) in FY 2018-19.
- The Niti Aayog has predicted that rapid adoption of green mobility solutions like public transport, electric vehicles and car-pooling could likely help India save around Rs 3.9 trillion (US\$ 60 billion) in 2030.
- Indian impact investments may grow 25 per cent annually to US\$ 40 billion from US\$ 4 billion by 2025, as per Mr Anil Sinha, Global Impact Investing Network's (GIIN's) advisor for South Asia.
- The Union Cabinet, Government of India, has approved the Central Goods and Services Tax (CGST), Integrated GST (IGST), Union Territory GST (UTGST), and Compensation Bill.
- Indian merchandise exports in dollar terms registered a growth of 30.55 per cent year-on-year in November 2017 at US\$ 26.19 billion, according to the data from Ministry of Commerce & Industry
- The Nikkei India manufacturing Purchasing Managers' Index increased at the fastest pace in December 2017 to reach 54.7, signaling a recovery in the economy.

Government Initiatives

In the Union Budget 2017-18, the Finance Minister, Mr Arun Jaitley, verified that the major push of the budget proposals is on growth stimulation, providing relief to the middle class, providing affordable housing, curbing black money, digitalisation of the economy, enhancing transparency in political funding and simplifying the tax administration in the country.

India's unemployment rate has declined to 4.8 per cent in February 2017 compared to 9.5 per cent in August 2016, as a result of the Government's increased focus towards rural jobs and the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) scheme.

The Government of Maharashtra has set a target to double farm income by 2022 through measures like large scale micro irrigation, water conservation, expansion of formal cash credit coverage, crop insurance and agriculture diversification, as per Mr. Vidyasagar Rao, Governor of Maharashtra.

Numerous foreign companies are setting up their facilities in India on account of various government initiatives like Make in India and Digital India. Mr. Narendra Modi, Prime Minister of India, has launched the Make in India initiative with an aim to boost the manufacturing sector of Indian economy, to increase the purchasing power of an average Indian consumer, which would further boost demand, and hence spur development, in addition to benefiting investors. The Government of India, under the Make in India initiative, is trying to give boost to the contribution made by the manufacturing sector and aims to take it up to 25 per cent of the GDP from the current 17 per cent. Besides, the Government has also come up with Digital India initiative, which focuses on three core components: creation of digital infrastructure, delivering services digitally and to increase the digital literacy.

Some of the recent initiatives and developments undertaken by the government are listed below:

- The Government of India has succeeded in providing road connectivity to 85 per cent of the 178,184 eligible rural habitations in the country under its Pradhan Mantri Gram Sadak Yojana (PMGSY) since its launch in 2014.
- A total of 15,183 villages have been electrified in India between April 2015-November 2017 and complete electrification of all villages is expected by May 2018, according to Mr Raj Kumar Singh, Minister of State (IC) for Power and New & Renewable Energy, Government of India.
- The Government of India has decided to invest Rs 2.11 trillion (US\$ 32.9 billion) to recapitalise public sector banks over the next two years and Rs 7 trillion (US\$ 109.31 billion) for construction of new roads and highways over the next five years.
- The mid-term review of India's Foreign Trade Policy (FTP) 2015-20 has been released by Ministry of Commerce & Industry, Government of India, under which annual incentives for labour intensive MSME sectors have been increased by 2 per cent.



- The India-Japan Act East Forum, under which India and Japan will work on development projects in the North-East Region of India will be a milestone for bilateral relations between the two countries, according to Mr Kenji Hiramatsu, Ambassador of Japan to India.
- The Government of India will spend around Rs 1 lakh crore (US\$ 15.62 billion) during FY 18-20 to build roads in the country under Pradhan Mantri Gram Sadak Yojana (PMGSY).
- The Government of India plans to facilitate partnerships between gram panchayats, private companies and other social organisations, to push for rural development under its 'Mission Antyodaya' and has already selected 50,000 panchayats across the country for the same.
- The fiscal deficit of the Government of India, which was 4.5 per cent of the gross domestic product (GDP) in 2013-14, has steadily reduced to 3.5 per cent in 2016-17 and is expected to further decrease to 3.2 per cent of the GDP in 2017-18, according to the Reserve Bank of India (RBI).
- The Government of India plans to implement a new scheme, named 'Sasti Bijli Har Ghar Yojana' with an outlay of Rs 17,000 crore (US\$ 2.64 billion), to provide electricity to around 40 million un-electrified households in the country.
- The Government of India and the Government of Portugal have signed 11 bilateral agreements in areas of outer space, double taxation, and nano technology, among others, which will help in strengthening the economic ties between the two countries.
- India's revenue receipts are estimated to touch Rs 28-30 trillion (US\$ 436- 467 billion) by 2019, owing to Government of India's measures to strengthen infrastructure and reforms like demonetisation and Goods and Services Tax (GST).

Road Ahead

India's gross domestic product (GDP) is expected to reach US\$ 6 trillion by FY27 and achieve upper-middle income status on the back of digitisation, globalisation, favourable demographics, and reforms. India is also focusing on renewable sources to generate energy. It is planning to achieve 40 per cent of its energy from non-fossil sources by 2030 which is currently 30 per cent and also have plans to increase its renewable energy capacity from 57 GW to 175 GW by 2022. India is expected to be the third largest consumer economy as its consumption may triple to US\$ 4 trillion by 2025, owing to shift in consumer behaviour and expenditure pattern, according to a Boston Consulting Group (BCG) report; and is estimated to surpass USA to become the second largest economy in terms of purchasing power parity (PPP) by the year 2040, according to a report by PricewaterhouseCoopers.

(Source: <https://www.ibef.org/economy/indian-economy-overview>)

Paper Industry Outlook and Overview:

The existence of Indian paper industry can be traced back to 1812 when first paper mill was set up in Behranpur. The Industry has grown over the years both horizontally and vertically and today is the world's 12th major paper producer. Although originally started with softwood and other grasses, the technical innovations over the period of time have enabled the industry to process various kinds of raw materials. The Indian paper industry can be divided into three segments according to the use of raw materials namely wood based, agro based (biogases, wheat straw, rice straw, sarkanda, jute, grasses, etc.) and recycled fibre or waste paper based. The industry has undergone a sea change since the first paper mill was set up and today India can boast to have most modern as well as technically advanced paper mills based on annually renewable raw materials like biogases, rice straw, wheat straw, jute, etc producing eco-friendly paper which are exported in large volume.

(Source: Indian Agro & Recycled Paper Mills Association (<http://www.iarpma.org/indian-paper-industry.asp>))

The Indian paper industry accounts for about 3% of the world's production of paper. The estimated turnover of the industry is INR 50,000 crore (USD 8 billion) approximately and its contribution to the exchequer is around INR 4,500 crore. The industry provides employment to more than 0.5 million people directly and 1.5 million people indirectly. Most of the paper mills are in existence for a long time and hence present technologies fall in a wide spectrum ranging from oldest to the most modern. The mills use a variety of raw material viz. wood, bamboo, recycled fibre, bagasse, wheat straw, rice husk, etc. In terms of share in total production, approximately 24% are based on wood, 65% on recycled fibre and 11% on agro-residues. The geographical spread of the industry as well as market is mainly responsible for regional balance of production and consumption.



The per capita paper consumption in India at a little over 13 kg, is way behind the global average of 57 kg. India is the fastest growing market for paper globally and it presents an exciting scenario; paper consumption is poised for a big leap forward in sync with the economic growth. The futuristic view is that growth in paper consumption would be in multiples of GDP and hence an increase in consumption by one kg per capita would lead to an increase in demand of 1 million tonnes.

KEY DRIVERS FOR GROWTH:

- Economic and income growth, population growth (changing demographics- urbanisation, young population), rapidly changing lifestyle, improving living standards, etc.
- Greater emphasis on education and literacy by the Government
- Growth in organised retail and demand for better quality paper are the major drivers for writing and printing paper
- Demand for better quality packaging of FMCG products marketed through organised retail, rising healthcare spends, over-the-counter medicines and increasing preference for ready-to-eat foods are the key demand drivers for paperboard.

(Source: Indian Paper Manufacturers Association (IPMA) (<http://ipma.co.in/paper-industry/overview/>))

India continued to rein as one of the fastest growing paper market in the world. The growing knowledge base coupled with synergistic contributions from flagship schemes of the government, namely, Sarva Shiksha Abhiyan (SSA), Rashtriya Madhyamik Shiksha Abhiyan (RMSA), Inclusive Education for the Disabled at Secondary School (IEDSS), Adult Education, Right to Education and Central Government Scholarship & Education Loan Scheme, assured a robust demand for paper and paper board. The industry was delicensed in July, 1997. As per the present policy, FDI up to 100 per cent is allowed on the automatic route for the pulp and paper sector.

There are around 850(+) units which manufacture pulp, paper, paper board and newsprint with an installed capacity of nearly 25 million tonnes out of which 3.5 million tonnes are lying idle. The total operating capacity is around 21.50 million tonnes. In the year 2015-16 total capacity utilization stood at around 80 %. In 2015-16 total consumption of paper, paperboard and Newsprint stood at 19.35 million tons, which is 3% higher than 2014-15. The per capita consumption of paper in India is about 13 kg, which is much lower than world average (58 kg). The Indian paper industry is in a fragmented structure, consisting of small, medium and large paper mills having capacity ranging from 05 to 1500 tonnes per day. These units use wood and agro residues as well as recovered paper as raw material. The production share of these units is around 23%, 09% and 68% respectively.

Paper & Paperboard Segment: Indigenous paper and paper board segment produces all the main varieties of paper that are in demand in the market viz writing and printing (38%) packaging grade paper (53%), newsprint (8%) and speciality paper (<1 %). However, certain speciality papers such as coated paper, security papers and cheque paper, etc., are being imported in the country. The production of paper and paper board in the year 2015-16 stood at 17.33 million tonnes as compared to 17.03 million tonnes in the previous year (2014-15). During the year 2015-16, 1.48 million tons of paper and paper board was imported whereas in the previous year (2014-15) this figure stood at 1.36 million tons. On the other hand, about 0.97 million tons of paper and paper board was exported in the year 2015-16, up from a figure of 0.95 million tons in the year 2014-15.

Newsprint Segment: The newsprint sector in the country is governed by the Newsprint Control Order (NCO), 2004. The mills listed under the schedule of this order are exempt from excise duty, subject to actual user condition. At present, there are 123 mills registered under the Schedule to the NCO. However, only 64 are producing newsprint making the operating installed capacity 2.52 million tonnes per annum. 23 mills have closed operations since being listed in the NCO and 36 mills have discontinued the production of newsprint. The domestic production of newsprint fell from 1.24 million tons in 2014-15 to 1.02 million tons in year 2015-16. Nearly half of the newsprint demand in the country is met by imports. 1.50 million tons of newsprint was imported in 2015-16, which is higher from 1.33 million tons for the previous year. The export of newsprint from the country is negligible.

Note: The data indicated has been collected by CPPRI during the period April 2016 - March 2017.

(Source: Central Pulp & Paper Research Institute- Annual Report 2016-17 (<http://dipp.nic.in/about-us/autonomous-institutionss/central-pulp-and-research-institutesaharanpur/>))



GROWTH PROSPECTS

The Indian Paper Industry is now at the threshold of subtle change. Almost after a decade, Indian paper industry is amidst promising future, looking optimistic and morally boosted. After opening of economy and alignment with the global trend and weaning out of quantitative and tariff protection, now paper industry is largely influenced and susceptible to the global cycle. Growth in paper industry is inextricably linked to structural economic factors like improvements in literacy rates, higher spending on education and phenomenal growth in print and media industry and it feels better than even before for number of reasons.

India is in the middle of demographic transition. It has moved into an intermediary stage of high birthrate and low death rate, but is yet to reach a point of stability. This intermediary period will naturally see high rates of population growth. The current age distribution of the population shows 34% are under age of 15 years & 58% are between 15-59 years. By the year 2016, it is expected that there will be fewer people under the age of 15 (28%) and more between ages of 15-59 (nearly 64%).

The expenditure combined together both by Central and State governments, the spending on education sector has gone to the tune of 12 times in the last 20 years. Even private sector expenditure in education has increased by 15 times in the last decade.

India's paper consumption is expected to ride its economic growth. As per a Central estimate, India's GDP is likely to grow @ 7-8 per cent, which is expected to accelerate the consumption of paper and paperboard. An increasing exports thrust of various products has strengthened the off take of packaging grades. The presence of a large number of modern retail formats, convenience stores and exclusive outlets is prompting FMCG players and consumer durables and non-durables manufacturers to provide innovative packaging solutions, driving the demand for packaging grades. The growing popularity of ready to eat products and perishable foods is expected to grow the demand for packaging paper. Demand for duplex board and kraft paper is expected to rise, higher than the global average.

RAW MATERIAL SCENARIO

The Non-wood paper industry sector in India uses variety of raw materials such as agro residues namely Bagasse, wheat straw, rice straw, wild grasses etc and waste paper (recycled fibre).

Bagasse: India is one of the major sugar producing countries in the world, but in terms of pulping of bagasse for paper making has reduced substantially, even-though it is available in plenty, but it is diverted for power generation by sugar units for captive power generation etc. Due to incentives and other financial support from various government agencies for power generation through co-generation in the sugar mills, this precious fibrous material is not available for paper making. The sugar mills may gain financially if fibers are supplied to the paper mills rather than power generation or using as a fuel, which is very much low in thermal efficiency. In this direction IARPMA made various representations to Government of India and accordingly a committee was set up by the Ministry of Industry and Commerce to address the Bagasse issue having members from the Sugar Manufacturers and its related organizations.

Straws: India being an agrarian country, cereal straws are available in plenty yet the availability of straws for paper making have dwindled over the past few years. The main reason for the non-availability of the straw for paper making is that the diversion of this for power generation or it continued to be burnt as in the past. We have established technology for paper making from straw and in the absence of adequate quantity of raw material available the production is hampering. The growth prospect of this industry is high. There is a need to propagate the concept of paper making from straw and discourage burning in the fields.

Waste Paper: Waste paper as raw material has immense potential for growth in the pulp and paper industry. Out of the total paper mills majority of mills are based on recycled fibers and in view of the environmental friendly nature of the raw material, and in the absence of adequate availability of other raw material a large number of mills are using this raw material for manufacture of various grades of paper. It is estimated that the collection of domestic waste is about 25-30% of the total paper consumed and a large chunk is not collected for obvious reasons. In the



developed world there is legislation for the recycling of waste paper to the extent of 80-85% but unfortunately no such legislation exists in India and a large quantity of raw material is not collected.

(Source: Indian Agro & Recycled Paper Mills Association (<http://www.iarpma.org/indian-paper-industry.asp>))

DEMAND DRIVERS

Rising income levels & growing per capita expenditure

In the last decade, Indian economy has progressed rapidly. Correspondingly, India's per capita GDP has increased from Rs 71,607 in FY12 to Rs. 117,406 in FY17 at a CAGR of 10.4% fuelling a consumption boom in the country. Correspondingly, the per capita personal disposable income surged from Rs 73,476 in FY12 to Rs 119,296 in FY17 at a CAGR of 10.2%. Also, the per capita private final consumption expenditure too rose from Rs. 40,250 in FY12 to Rs. 68,049 in FY17 at a CAGR of 11.1%. The growth in country's per capita GDP in turn has increased the disposable income of the populace ultimately driving the country's consumption

A larger proportion of earning population to drive consumption

The growing Indian population has also led to increase in the 'earning population' (age group 15-60) of the country. The proportion of Indian populace in the age group of 15-64 years increased from 55.4% in 1991 to 66.2% in 2016 (Source: CIA – The World Factbook). Considering the large size of the Indian population, the lower median age implies a higher number of working people thereby clearly outlining the immense earning as well as spending potential of the Indian populace. Taking into account the age group below 25 years being one of the highest spending age group, the current age dynamics are expected to boost the retail sales in India. The median age of India is 26.7 years, one of the lowest globally in comparison to 37.2 years in the US, 45.8 years in Japan and 36.3 years in China.

Increasing Urbanization

A majority of India still lives in 'villages'. This statement no doubt holds true but the figures suggest that there has been a paradigm shift of the Indian populace in terms of rural-urban divide. The aspirations of higher income, higher standard of living etc. has drawn more and more people from villages to settle in towns and cities. This transition from rural to urban areas has led to an increase in the demand for goods (owing to higher income and ever-expanding needs) and has also shifted the consumption pattern.

Widening spread of education and increase in literacy rate

Increase in the number of colleges and institution, rising enrolment numbers, rising literacy (continued government spending on education through the Sarva Shiksha Abhiyan) is expected to lead to an increased expenditure on textbooks, notebooks and other assorted paper products thereby driving demand. Additionally, with higher literacy levels, circulation of other print media, such as newspapers is also positively impacted.

Rising circulation and number of newspapers and magazines

As per the Audit Bureau of Circulation (ABC), the circulation of print media reached 62 million copies a day in 2016, implying a 10 year CAGR of nearly 5%. Indian language newspapers primarily contributed to this growth with Hindi, Telugu and Kannada language publications growing at a CAGR of 8.76%, 8.28% and 6.40% respectively. On the other hand, English publications grew at a CAGR of 2.87% in the same period. Further as per ABC, the circulation of Indian dailies grew at 12% between 2013 and 2015, while dailies in countries such as Australia, France, Germany, the US, and Japan witnessed a 3% - 6% decline.

P&W segment to witness slower capacity addition, while Packaging paper & board segment to witness ramp up

After witnessing a growing rate of capacity addition in the early part of the decade, the planned domestic capacity (greenfield and brownfield) additions for paper and newsprint has slowed down, primarily due to a shortage of its key raw material i.e. pulp wood and rising prices of local waste paper. This has been partially mitigated by the agroforestry initiatives. However, the industry has been requesting for a policy to allow access to degraded forest land for paper mills to raise pulp wood plantations to enable sustainable source of raw materials.

On the other hand, driven by the increasing demand primarily from the e-commerce industry, Packaging paper & board segment is expected to witness significant capacity addition across the country.



CHALLENGES

Access to quality and cost competitive raw material

India is a wood fibre deficient country as the Government of India does not permit industrial plantations in the country and inadequate raw material availability domestically is a major constraint for the paper industry. Additionally, the recovery rate of wastepaper in India is quite low (~30%) due to lack of an effective collection mechanism. With issues like availability of quality raw material at competitive prices, the players depend on the imports of pulp, wastepaper and even pulpwood to meet their raw material needs and often have to pay premium for availing them thereby impacting profitability and capacity addition. To alleviate this significant challenge, the Government of India could frame a policy to allow access to degraded forest land for paper mills to raise pulp wood plantations for increasing pulp availability and reduce import dependence; further the collection mechanism needs to be strengthened to increase usage of wastepaper.

Competition from imports

Imports accounts for over 20% of the paper consumption in India. The domestic paper manufacturers are less competitive against imports, given superior quality and lower prices of imported paper. As per IPMA, paper from ASEAN countries that is produced from raw wood is available at about USD 40 per tonne, as against USD 110 per tonne in India. Rising imports at predatory prices from surplus countries like China, has been a major concern for local players in India. On account of cheaper imports domestic industry has faced challenges in pricing its products. An anti-dumping probe into cheap import of 'uncoated paper' from Indonesia, Thailand and Singapore has been initiated by the Government as the Directorate General of Anti-Dumping and Allied Duties (DGAD) has found 'sufficient prima facie evidence' of dumping of uncoated paper following complaints from some domestic companies.

Technology

As the Indian paper industry is largely fragmented with lower capacity with an individual paper mill, it is also prone to using outdated technology. Resultantly, it is estimated that both the raw material as well as the power consumption is higher as compared to a modern paper mill. Adoption of new technology by domestic paper producers would lead to emergence of more competitiveness in critical areas including quantifiable increase in productivity, quality improvement with reduced cost, improvement in energy efficiency and better compliance with environmental protection legislation and safeguards for eco-sustainability of the products.

(Source: *Indian Paper Industry- Moving out of Woods?* February 12th, 2018, Industry Research by CARE Ratings <http://www.careratings.com/upload/NewsFiles/SplAnalysis/Paper%20Industry%20Report%202018.pdf>)



OUR BUSINESS

Our Company was originally incorporated as “Central Orissa Straw Board Private Limited” in Cuttack, Orissa as a private limited company under the provisions of the Companies Act, 1956 vide certificate of incorporation dated 30th December, 1980. Further, constitution of our Company has been changed to a limited company and name of our Company was changed to “Cosboard Industries Limited” vide fresh certificate of incorporation dated 20th May, 1993. Our Company operates in manufacturing of Paper & Paper products.

During the financial year 1994-1995, our Company came out with an Initial Public Offer of 29,85,700 Equity Shares of Rs. 10 each at a price of Rs. 14 per share including a premium of Rs. 4 per shares and the Shares of the Company were listed at Bombay Stock Exchange, Calcutta Stock Exchange, Bhubaneswar Stock Exchange, Delhi Stock Exchange and Hyderabad Stock Exchange. The object of the IPO was to setup a diversification project by installing 6600 TPA unit for manufacturing of folding cartons and similar other packaging applications. The project had been appraised by Industrial Finance Corporation of India.



In the year 2004, our Company had filed a reference to BIFR u/s 15(1) of Sick Industrial Companies (Special Provisions) Act, 1985 (“SICA”) and pursuant to the reference, our Company was declared Sick Industrial Company u/s 3(1)(o) of SICA in the year 2005. Consequently, our Company could not comply with the listing agreement clauses and thus, the trading in Equity Shares of our Company was suspended from Bombay Stock Exchange. Our Company had filed for a voluntary delisting of Equity Shares from Calcutta Stock Exchange, Bhubaneswar Stock Exchange, Delhi Stock Exchange and Hyderabad Stock Exchange pursuant to BIFR Order in the year 2011. The Draft Rehabilitation Scheme had been sanctioned by the BIFR for necessary revival of our Company in 2011 and our Company cease to be Sick Industrial Company and discharged from the purview of SICA/BIFR in the year 2013.



Our Company commenced its manufacturing operations in 1980 with an installed production capacity of 3300 tonnes per annum (TPA) with one production plant. The entire unit is located adjacent to Mahanadi River, the lifeline of Odisha, from which the plant meets its water requirements. At present, our Company is having 4 plants out of which 3 plant is running with installed capacity combined 39000 TPA.

Our Company Manufacture grey board, Kraft Paper Media, News Print Paper, High B.F. Kraft Paper, this classification of products is based on its composition which ultimately determines the usage. Under the supervision of Mr. Shiv Shankar Taparia, the manufacturing facilities were further enhanced by installation of High B.F. Plant having an annual capacity of 18,000 tons with an investment of Rs.30 Crores.

Our all manufacturing Units are situated at New Industrial Estate, Phase II Jagatpur, Cuttack, 754021, Orissa





Our all manufacturing Units are situated at New Industrial Estate, Phase II Jagatpur, Cuttack, 754021, Orissa.

Our installed Paper manufacturing capacity and production details for Nine months' period ended on 31st December, 2017, FY 2017, FY 2016 and FY 2015 have been set out below:

| | Up to Nine months period ended on 31 st December, 2017 | | FY 2017 | | FY 2016 | | FY 2015 | |
|-------------------------------------|---|----------------------|-------------------|----------------------|-------------------|----------------------|-------------------|----------------------|
| | Installed | Utilized | Installed | Utilized | Installed | Utilized | Installed | Utilized |
| Writing, Printing & Newsprint Paper | 15000 M.T. | 11246.35 M.T. | 15000 M.T. | 13730.67 M.T. | 13200 M.T. | 13095.12 M.T. | 13200 M.T. | 12718.99 M.T. |
| Kraft/ High Bf Kraft Paper | 24000 M.T. | 4043.95 M.T. | 24000 M.T. | 4525.43 M.T. | 6600 M.T. | 2746.45 M.T. | 6600 M.T. | 653.71 M.T. |
| Grey/ Duplex Board | 6000 M.T. | Not in operation | 6000 M.T. | Not in operation | 3300 M.T. | Not in operation | 3300 M.T. | Not in operation |
| Total | 45000 M.T. | 15290.30 M.T. | 45000 M.T. | 18256.10 M.T. | 23100 M.T. | 15841.57 M.T. | 23100 M.T. | 13372.70 M.T. |

Our Company is also engaged in trading of Papers which constitutes around 41% of the Total Revenue as on December 31, 2017. Our Company's total revenue as restated in Nine months' period ended on 31st December, 2017, FY 2017, FY 2016 and FY 2015 is Rs. 7993.13 Lakhs, Rs. 7735.41 Lakhs, 6287.66 Lakhs and 4160.63 Lakhs respectively. Our Company's profit after tax as restated in Nine months' period ended on 31st December, 2017, FY 2017, FY 2016 and FY 2015 is Rs. 59.11 Lakhs, 27.10 Lakhs, Rs. 175.63 Lakhs and Rs. 229.57 Lakhs, respectively.

Competitive Strengths

We believe that the following are our core competitive strengths:

Strategic location of our manufacturing facility

This plant is located at NH-5 just near the city of Cuttack in the Jagatpur Industrial Area on the road which connects other 4 States i.e. Andhra Pradesh, West Bengal, Chhattisgarh and Bihar and which gives immense potential to increase the customer network in future. Our manufacturing facility is located in adjacent to Mahanadi River the lifeline of Odisha.

Availability and access to raw materials

The materials are abundantly available and nearby to the four connecting sources as mentioned Andhra Pradesh, West Bengal, Chhattisgarh and Bihar. The second main raw material coal is also available nearby about 150 kilometers from the site and the electricity is supplied by CESCO. Labours are locally available. The Company has also received necessary clearance from the pollution control board to run the unit.

Strong Sales and Marketing Network

The Company has a very good marketing network. The cities of Cuttack and Bhubaneswar are sufficient to consume the production of the plant. The Company has also tie up with local packaging units for purchase of its products.

Proven and experience management team

We believe that we have a strong management team led by persons with significant experience and expertise in the paper industry. Our Board comprises Directors who have extensive experience in the paper industry setting up and managing companies in the paper industries. In addition, we also have a management team of qualified professionals, who have expertise and experience in the paper industry. Our management team comprises skilled and capable professionals, who assist the Board in implementing our business strategies and identifying new



opportunities for furthering the growth of our Company. For further details of our Board of Directors and our Key Managerial Personnel please see the chapter entitled '*Our Management*' on page 92 of this Draft Letter of Offer.

Strong and experienced Promoter

The company is under the guidance and management of Mr. Shiv Shankar Taparia and Mr. Anil Kumar Gilra, their experience and expertise in the Paper industry and the financial stability and the reputation instills confidence in our customers and augments our brand value. Under their able management and entrepreneur skill, our Company is earning profits and it is expected that the company will scale to new heights.

Business Strategies

The key elements of our business strategy are set out below:

- **Increase in our Scale of Business Operations**

We believe there is growing trend towards buying paper from Paper trading companies in order to enjoy customised as well as readily available diversified products. Therefore, in our opinion, the total paper produced in India would directly or indirectly have the requirement of processing. Hence, we intend to seize this opportunity by increasing our order-taking appetite by expanding our operational capabilities for which we need to have access to a larger amount of liquid funds and sufficient working capital.

- **Expanding operations and our distribution network in new markets**

We are actively involved in market expansion beyond the Orissa market to ultimately have a national footprint for paper and paper products. On infusion of additional funds, we intend to capitalize on our established regional network and further expand the reach of our product portfolio in national markets.

- **Optimizing cost of operations**

We expect to reduce our operating costs as a percentage of top-line via efficient implement and optimal utilization of our resources. This will be enabled by leveraging on our existing fixed costs while simultaneously increasing our business and manpower productivity. We believe that this can be done through domestic presence and economies of scale. Increasing our penetration in existing regions with new range of products, will enable us to penetrate into new catchment areas within these regions and optimize our efficiency. As a result of these measures, our Company will be able to increase its market share and profitability.

Details of our Business Operations

- **Location Registered Office:**

New Industrial Estate, Phase II Jagatpur, Cuttack: 754021, Orissa

- **Location Corporate Office:**

411/412 No.127/1, 2nd Floor, Srikrupa Market, Malakpet, Hyderabad 500036, Andhra Pradesh

- **Location of the Plant:**

New Industrial Estate, Phase II Jagatpur, Cuttack: 754021, Orissa



Product Portfolio and Manufacturing Process

Grey Board Manufacturing Process

For manufacturing grey boards, waste carton 100% in top layer and in bottom layer 40% carton and 60% mill board is separately slushed in pulpers initially. The pulp is then processed through turbo-separator before taking the same to refining the desired freeness. The top Grey Board is generated in one/five moulds cylinder and bottom layer in two/three/four moulds cylinder in the Paper Machine. The wet sheet is pressed and passed through Dryers including an MG Cylinder to give the desired glaze to the board.

The board is then cut into sheets on line cutter and guillotined separately before packing for dispatch. For reel orders, the jumbo roll of paper is taken to the re-winder by passing the sheet cutter for slitting into smaller width reels as per orders, which are then packed. The waste generated is recycled.

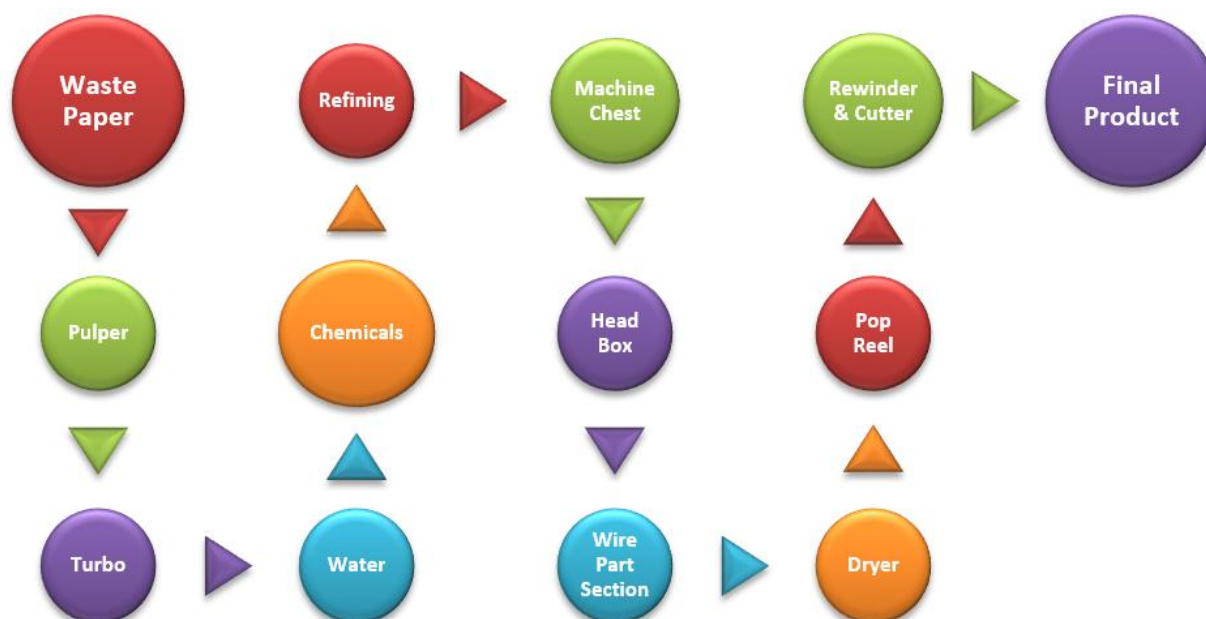
Kraft Paper /Media Manufacturing Process:

For manufacturing of Kraft (unbleached) Paper, sorted waste paper/and imported cartoons would be fed to a pulper to be slushed into brown pulp; the pulp is cleaned in high density cleaners for removal of heavy contraries like metal pins, stones, etc. and thereafter through a turbo operator for separating plastics and other extraneous matter, the clean pulp is beaten to the desired freeness in the disc refiner and it is passed through centricleaners and a pressure screen for find cleaning. The pulp is then fed to the headbox of the Fourdrinier paper machine at a low consistency with water as the carrying medium. The water from the paper sheet



so formed on the wire mesh is drained off by gravity initially, followed by suction through vacuum. The wet sheet is then pressed between the press rolls before drying further on the dryers and large diameter MG Cylinder which also imparts glaze on one side of the Kraft paper. The sheet is then rolled into Jumbo rolls at the pop reel. The rolls are cut into smaller width reels per orders. The sheets are counted and packed. The reels are packed and weighed.

MANUFACTURING PROCESS KRAFT PAPER





Newsprint Paper Manufacturing Process

In newsprint paper manufacturing process, the waste papers are fed into a high consistency pulper through a slat conveyor. These waste papers are treated in this pulper with chemicals like sodium silicate, sodium hydroxide, hydrogen peroxide, de-inking chemicals, etc. pulping is done here for about 30 minutes at a temperature of 50 degrees celsius for which steam is used.

After slushing (pulping) the waste paper in the pulper, the pulp is pumped into a low density tower through a pipe where big contaminants like rope, plastics, etc. are removed, the pulp from Low Density Tower is passed through a high density cleaner and hole screen where pin, sand, rope, etc. are further removed.

This cleaned pulp is passed through de-inking cells after diluting it in S.R. Box. In D.I. Cells, air is injected from the sides, which generates foam. This foam works as a vehicle and carries the ink separated in pulper from the Waste Paper and removes it in the form of foam from the centre of the cell. There are three stages in one cell and three are two cells connected in series.

The de-inking pulp slurry coming out of D.I. Cell is passed through low density cleaners where very light contraries like ink particles, small sand, etc. are removed.

This clean pulp is passed through 2 thickness/washers where pulp is washed and is stored in the H.D. Tower at a consistency of about 5%.

The low consistency pulp then passes through the Twin Drum thickeners where the consistency rises to 20% and then passes through the inclined screen to the Heating Screw. Where temperature at around 80-90°C is maintained due to which large particle specks are dispersed to very fine particles which mix with the pulp and pass through the Disperser.

This pulp is further bleached and washed in potches and pumped to blending chest. In this chest chemicals like rosin, alum, optical brightening agent, loading material, etc. are mixed with the pulp. The pulp is pumped to machine chest from where it is pumped to paper machine for papermaking.

The pulp from machine chest is pumped to the paper machine through a stock regulating box & low consistency centrifugal cleaners having multi-baffles to take out further impurities from pulp and bring the pulp to make high quality pulp to flow freely to paper machine according to the required GSM of paper.



The pulp flow is mixed with back water and further pumped to the fourdriner section through a head box where paper sheet is formed and water from the sheet is removed by gravity and vacuum, before it is passed to press section for removing water by pressing. There are two presses to remove water. This paper sheet from press section is passed through the drying section where it is passed over and under steam-heated cylinders to dry the paper to 4-5% moisture.

After the dryer section, paper is passed through a calendar stack, which provides smoothness to paper. The smooth paper is reeled on shells over a paper reel in the form of a roll.

The roll is further cut into reels as per the customer's requirements. These reels are packed, sheets of finished & packed, weighed and are kept ready for dispatch.



High Bf Kraft Paper Manufacturing Process

The details of the process flow have divided into four steps:

- 1) Pulp Section (Fibre Processing)
- 2) Paper Machine Section
- 3) Slitter Rewinding Section
- 4) Packaging and Dispatch

in this process, waste paper from the raw material yard is primarily sorted out from heavy contaminants along with plastics and other unwanted material and conveyed either by batching or continuously through conveyor to feed to hydra pulper/A P pulper/high consistency pulper along with back water. Pulper defibrets the fiber from the fiber bundles without cutting of contaminants by mechanical agitation. The slushed pulp is dumped into the storage chest through decontaminator which removes the uncut plastic & other contaminants. After the defibration of the cellulose fiber from the fiber bundles, the pulp processes for screening and cleaning to have cleaned pulp, to produce good quality and cleaned paper, as end product.

The stock is feed tangentially into high density cleaner which with centrifugal action of specially designed rotor is forced downward. The heavier impurities such as broken glass, pin, sand particles, settles down in a separate dirt vessel provided at bottom with two numbers of pneumatically operated pulp valves. Elutriation water is fed into the dirt vessel for minimizing fiber loss. This is the first stage of cleaning.

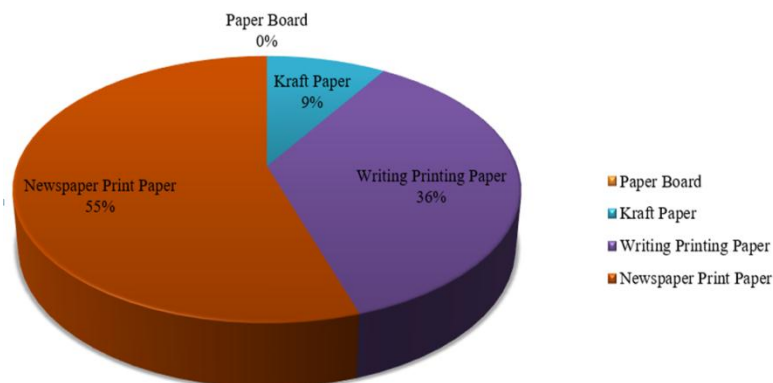
The second stage of cleaning is through Turbo Separator. The accepted stock of the high density cleaner is fed to Turbo separator (primary turbo separator), through a tangential inlet nozzle. Inlet chamber has heavy reject and light reject outlet at the center of the chamber. Between accept several curved blades. These curved rotor blades keep the screen opening free by suction pulses and transport the trash and flakes radically outward to heavy reject outlet. The light reject outlet. The rejects are processed through a secondary turbo to recover fiber and contaminates out of the system. The accepted stock of TURBO with 2.5 to 3% is processed through a Decker Thickener. The thick stock from Decker Thickener is stored in storage chest. The filtrates from the thickener are collected in back water tank for further use.

After the process of slushing, screening and cleaning pulp processed through Refiner to have desired freeness to get proper drainage during sheet formation to have homogeneous sheet. The pulp from refiner is kept in storage chest. Chemicals such as rosin, alum, gum etc. are blended to increase the physical and optical property of the paper and maintain required pH. From machine chest, stock with about 4% consistency is pumped to stock Regulating Box and passes through Approach flow system (fan pump, pressure screen, and final stage of cleaning system) before going to head box in the paper machine.

The paper Machine section is further classified into six sections namely:

- 1) Wire Part
- 2) Press Section (1st& 2nd presses)
- 3) Dryer Section (pre dryers and post dryers)
- 4) Size Press
- 5) Calendar
- 6) Reel

In wire part, the Head Box is the main equipment, responsible for formation and to produce quality paper. The pulp slurry with 0.8 to 1.0% (max.) of pulp and rest 99.25 to 99% water falls on a high velocity moving endless synthetic wire mesh. The wire mesh is moving with support of ebonite coated rolls and other drainage elements with polypick tops. Due to the capillary action created by the rotating elements, maximum free water is drained out through the wire mesh and a wet sheet forms on the wire mesh. Mechanically it is not possible to remove more water. Hence, vacuum box, suction box etc. at the end of wire part, the sheet dryness is about 20% but still contains about 80% moisture. Simultaneously one more wire is rotating above the wire part i.e. called twin wire where formation and BF increases.



Product-wise Revenue break-up of our Business in FY 16-17

Client Base:

Our Company has a well-diversified customer base catering to various segments. We have consistent retention of key customer segments in Orissa, Andhra Pradesh, Bihar, and Jharkhand. Our ten largest customers represented around 54.28% of our net sales in nine months' period ended on 31st December, 2017. Some of our major clients in none months' period ended on 31st December, 2017 include Tirupati Kagads Private Limited, Anusha Interior & Projects Private Limited, Tilkraj Publication, Navjat Printers & Media Private Limited,

Har Shankar Paper Products Private Limited, Goutam Enterprises, Sri Viswanandha Press Private Limited, Pawan Traders, Subhashree Packers Private Limited, Kalinga Packers Private Limited.

Top ten customers of our Company for the current financial year ended on 31st December, 2017

| Sr. No. | Customer name | Product Detail | % of Net Sales | Location |
|---------|---|-----------------|----------------|-------------|
| 1 | Tirupati Kagads Private Limited | Paper | 11.10% | Hyderabad |
| 2 | Anusha Interior & Projects Private Limited | Paper | 10.76% | Hyderabad |
| 3 | Tilkraj Publication | Newsprint Paper | 6.24% | Bhubaneswar |
| 4 | Navjat Printers & Media Private Limited | Newsprint Paper | 5.27% | Bhubaneswar |
| 5 | Hari Shankar Paper Products Private Limited | Paper | 5.11% | Hyderabad |
| 6 | Goutam Enterprises | Paper | 4.13% | Hyderabad |
| 7 | Sri Viswanadha Press Private Limited | Paper | 3.82% | Hyderabad |
| 8 | Pawan Traders | Newsprint Paper | 3.09% | Odisha |
| 9 | Subhashree Packers Private Limited | Kraft Paper | 2.45% | Cuttack |
| 10 | Kalinga Packers Private Limited | Kraft Paper | 2.31% | Cuttack |

Exports and Export Obligations

Company does not have any export and export obligation.

Marketing Set Up

We market our products through a dedicated Marketing and Sales Team. It is responsible for the entire sales and marketing activities including planning, strategy, product development, product promotion, brand management and advertising.

Capacity

The installed capacity of our Plant is 45000 M.T. out of which 39000 M.T Capacity are active and currently, Capacity Utilization of total capacity is 40.57% for FY 2016-17 and 34% upto nine months' period ended on 31st December, 2017.

Infrastructure Facilities and Utilities

The details of the currently available infrastructure, utilities and other facilities are as follows:

- *Paper Materials*

Our Company has long standing association with its suppliers for supply of raw materials i.e. paper materials and hence we do not anticipate any problem in procuring such raw materials. Our key suppliers are:



| Sr. No | Supplier Name | Product Detail | % of Total Purchase | Location |
|--------|---|----------------|---------------------|-----------|
| 1 | Mittal Trading Company | Paper | 18.04 | Hyderabad |
| 2 | MM Industries | Waste Paper | 16.09 | Odisha |
| 3 | Bang Papers Private Limited | Paper | 12.17 | Hyderabad |
| 4 | Harishankar Papers Private Limited | Paper | 11.09 | Hyderabad |
| 5 | Hira Wastage Supply Co | Waste Paper | 9.75 | Odisha |
| 6 | Abhishek Enterprises | Paper | 9.27 | Hyderabad |
| 7 | Vikash Enterprises | Waste Paper | 5.64 | Cuttack |
| 8 | Nilachakra Agencies | Waste Paper | 3.29 | Odisha |
| 9 | Anusha Interior & Media Private Limited | Paper | 2.53 | Hyderabad |
| 10 | Trade Syndicate | Paper | 2.47 | Hyderabad |

- *Power*

Our Registered Office and the plant situated Jagatpur Industrial Estate, Cuttack below, presently draw power from Orissa state electricity board letter no. 9985 dated on 27 august 1994-95. At present the connection load permitted by Orissa state electricity board is 2125 KVA.

- *Water*

Water requirement for the processing facilities is procured locally by way of existing water supply network in that area from Mahanadi River the lifeline of Odisha.

- *Steam Fuel*

The steam requirement for the existing unit is -1.5 M.T. per ton of paper. CIL's existing coal fired boiler of Pressels make & Husk fire make V-Sons is generating approximately 20 M.T/per hr.

- *Effluent Treatment and Disposal*

Our Company has already obtained the consent vide letter dated 16.02.2016 for the existing plant. The effluent treatment plant meets the requirements of existing plant of our Company. Our Company had taken all necessary approval from the state pollution control Board.

- *Human Resources*

Our business model requires a mix of skilled, semi-skilled and un-skilled labour. Our Company currently has a size of 168 employees for the operation of its existing facilities.

| Particulars | Plant | Registered office | Corporate Office |
|---|------------|-------------------|------------------|
| Senior Management (AGM and above) | - | 1 | - |
| Middle Management (Officers to Sr. Manager) | 14 | 4 | 1 |
| Semi-skilled Staff | 64 | - | - |
| Unskilled Labour | 81 | 2 | 1 |
| Total | 159 | 7 | 1 |

Trade Unions

Most of our employees (excluding management) at our Plant are part of an organized trade union.

Insurance

Our production plant is insured against fire, riot, strike and malicious damage risks with underwriters. Our operations are subject to varied business risks. *For details, please refer Risk Factors*, beginning on page 14 of this Draft Letter of Offer. We believe that our insurance arrangements are consistent with industry standards for paper manufacturers in India. Our insurance cover is reviewed on a yearly basis.

We have taken insurance policies covering the following:



| | |
|----------------------------|---|
| Coverage | Building Including Boundary Walls, Plant & Machinery, Stocks Of All Types Of Raw Materials, Materials In Process, Finished Goods Of Paper and Paper Products. |
| Policy No. | 61020011180100000004 |
| Agency | The New India Assurance Co. Ltd. , Hyderabad |
| Sum insured | 57,54,00,000/- |
| Total Premium (Rs.) | 575400 |
| From | 3 rd April, 2018 |
| Valid up to | 2 nd April, 2019 |

Intellectual Property Rights:

Our Company has obtained registration of our logo under the Trade Mark Registration Act, 1999 in class 16 under Trade Mark No. 3519580 as of 3rd April, 2017.

Property Details:

| Place and Description of Property | Lessor/ Licensor | Date and Instrument/ Document executed | Period of the Lease |
|--|---|--|--|
| Registered Office and Plant of our Company | | | |
| New Industrial Estate, Phase II, Jagatpur, Cuttack: 754021, Orissa | Industrial Development Corporation Odisha, Cuttack Division Jagatpur, Cuttack-754021(Odisha) | Lease Deed for Deferred Payment of Industrial Plot dated 21 st March, 1993 for Plot No. 7 comprising 5.00 acres | 90 years from the date of the Lease Deed |
| | | Lease Deed for Deferred Payment of Industrial Plot dated 4 th March, 1999 for Plot No. 4 comprising 1.62 acres | 90 years from 25 th March, 1981 |
| | | Lease deed for Out Right Payment for Industrial Plot dated 22 nd March, 1999 for Plot No. 8/8A comprising 1.998 acres | 90 years from the date of the Lease Deed |
| Corporate office of our Company | | | |
| 411/412 No.127/1 2nd Floor Srikrupa Market Malakpet, Hyderabad 500 036 | Tirupati Kagads Private Limited, No. 5-9-46/ 1 st Floor Near Kirloskar Hospital Lane Basheer Bagh, Hyderabad | Rental Agreement dated 07-07-2017 | 3 years |



KEY INDUSTRY REGULATIONS AND POLICIES

The following description is a summary of certain sector specific laws and regulations as prescribed by the Government of India or State Governments which are applicable to our Company. The information detailed in this section has been obtained from publications available in the public domain. The regulations set out below are not exhaustive, and are only intended to provide general information to the Subscriber and is neither designed nor intended to be a substitute for professional legal advice.

I. Business Related Laws

The Legal Metrology Act, 2009

The Legal Metrology Act, 2009 (“L.M. Act”) governs the standards/units/denominations used for weights and measures, regulates trade and commerce in weights and measures and other goods which are sold or distributed by weight, measure or number. It also states that any transaction/contract relating to goods/class of goods shall be as per the weight / measurement / numbers prescribed by the L.M. Act. Moreover, the L.M. Act prohibits any person from quoting any price, issuing a price list, cash memo or other document, in relation to goods or things, otherwise than in accordance with the provisions of the L. M. Act. The specifications with respect to the exact denomination of the weight of goods to be considered in transactions are contained in the Rules made by each State. The L.M. Act also provides for Legal Metrology (General) Rules, 2011, which may be followed for due compliance, if the respective State does not provide for rules in this regard.

Additionally, the L.M. Act provides for the following penalties in case of contravention of certain provisions thereof:

1. Penalty for use of weight, measure or numeration in contravention of the L.M. Act;
2. Penalty for alteration or tampering with the weight or measure;
3. Penalty for making a transaction, deal or contract in contravention of the L.M. Act.

Penalty for the buyer (buying in excess of the quantity specified, or price paid for) and seller (selling less the quantity specified, or price paid for).

II. Laws relating to Employment and Labour

Child Labour (Prohibition and Regulation) Act, 1986

This statute prohibits employment of children below 14 years of age in certain occupations and processes and provides for regulation of employment of children in all other occupations and processes. Under this Act the employment of child labour in the building and construction industry is prohibited.

The Payment of Gratuity Act, 1972 (“Gratuity Act”)

The Payment of Gratuity Act, 1972 (“PG Act”) applies to every factory and shop or establishment in which 10 (ten) or more employees are employed. Gratuity is payable to an employee on the termination of his employment after he has rendered continuous service for not less than 5 (five) years:

- a) On his/her superannuation;
- b) On his/her retirement or resignation;
- c) On his/her death or disablement due to accident or disease (in this case the minimum requirement of 5 (five) years does not apply)

The Workmen Compensation Act, 1923 (“WCA”)

The “WCA” has been enacted with the objective to provide for the payment of compensation to workmen by employers for injuries by accident arising out of and in the course of employment, and for occupational diseases resulting in death or disablement. The WCA makes every employer liable to pay compensation in accordance with the WCA if a personal injury/disablement/loss of life is caused to a workman (including those employed through a contractor) by accident arising out of and in the course of his employment. In case the employer fails to pay compensation due under the WCA within one month from the date it falls due, the commissioner appointed under the WCA may direct the employer to pay the compensation amount along with interest and may also impose a penalty.



The Employees' Compensation Act, 1923

The Employees' Compensation Act, 1923 ("EC Act") has been enacted with the objective to provide for the payment of compensation to workmen by employers for injuries caused by accident(s) arising out of and in the course of employment, and for occupational diseases resulting in death or disablement. The EC Act makes every employer liable to pay compensation in accordance with the EC Act if a personal injury/disablement/ loss of life is caused to a workman by accident arising out of and in the course of his employment. In case the employer fails to pay compensation due under the EC Act within 1 (one) month from the date it falls due, the commissioner appointed under the EC Act may direct the employer to pay the compensation amount along with interest and may also impose a penalty.

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("SHWW Act")

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("SHWW Act") provides for the protection of women at work place and prevention of sexual harassment at work place. The SHWW Act also provides for a Redressal mechanism to manage complaints in this regard. Sexual harassment includes one or more of the following acts or behaviour namely, physical contact and advances or a demand or request for sexual favors or making sexually colored remarks, showing pornography or any other unwelcome physical, verbal or non-verbal conduct of sexual nature. The SHWW Act makes it mandatory for every employer of a workplace to constitute an Internal Complaints Committee which shall always be presided upon by a woman. It also provides for the manner and time period within which a complaint shall be made to the Internal Complaints Committee i.e. a written complaint is to be made within a period of 3 (three) months from the date of the last incident. If the establishment has less than 10 (ten) employees, then the complaints from employees of such establishments as also complaints made against the employer himself shall be received by the Local Complaints Committee. The penalty for non-compliance with any provision of the SHWW Act shall be punishable with a fine extending to Rs. 50,000 (Fifty Thousand).

Contract Labour (Regulation and Abolition) Act, 1970:

The Contract Labour (Regulation and Abolition) Act, 1970 ("CLRA") is an act to regulate the employment of contract labour in certain establishments and to provide for its abolition in certain circumstances. The CLRA applies to every establishment in which 20 (twenty) or more workmen are employed or were employed on any day of the preceding 12 (twelve) months as contract labour. It also applies to every contractor who employs or who employed on any day of the preceding 12 (twelve) months, 20 (twenty) or more workmen provided that the appropriate Government may after 100 giving not less than 2 (two) months' notice, by notification in the Official Gazette, apply the provisions of the CLRA to any establishment or contractor. Further, it contains provisions regarding Central and State Advisory Board under the CLRA, registration of establishments, and prohibition of employment of contract labour in any process, operation or other work in any establishment by the notification from the State Board, licensing of contractors and welfare and health of the contract labour. The Contract Labour (Regulation and Abolition) Central Rules, 1971 are formulated to carry out the purpose of the CLRA.

Trade Union Act, 1926 and Trade Union (Amendment) Act, 2001

Provisions of the Trade Union Act, 1926 provides that any dispute between employers and workmen or between workmen and workmen or between employers and employers which is connected with the employment or non-employment or the terms of employment or the conditions of labour, of any person shall be treated as trade dispute. For every trade dispute a trade union has to be formed. For the purpose of Trade Union Act, 1926, Trade Union means combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen and employers or between workmen and workmen or between employers and employers, or for imposing restrictive condition on the conduct of any trade or business etc.

The Industrial Employment Standing Orders Act, 1946

Every establishment employing more than 100 employees is required to formulate rules and regulations for its employees and the same should be submitted for approval to the Deputy Labour Commissioner.

Industrial Disputes Act, 1947 ("ID Act") and Industrial Dispute (Central) Rules, 1957

The ID Act and the Rules made thereunder provide for the investigation and settlement of industrial disputes. The ID Act was enacted to make provision for investigation and settlement of industrial disputes and for other



purposes specified therein. Workmen under the ID Act have been provided with several benefits and are protected under various labour legislations, whilst those persons who have been classified as managerial employees and earning salary beyond prescribed amount may not generally be afforded statutory benefits or protection, except in certain cases. Employees may also be subject to the terms of their employment contracts with their employer, which contracts are regulated by the provisions of the Indian Contract Act, 1872. The ID Act also sets out certain requirements in relation to the termination of the services of the workman. The ID Act includes detailed procedure prescribed for resolution of disputes with labour, removal and certain financial obligations up on retrenchment. The Industrial Dispute (Central) Rules, 1957 specify procedural guidelines for lock-outs, closures, lay-offs and retrenchment.

Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979

This Act has been enacted with an aim to regulate the employment of inter-state migrant workmen and to provide for their conditions of service. It is applicable to every establishment employing five or more inter-state migrant workmen or having employed in the past twelve months and to every contractor who employs or who employed five or more inter-state migrant workmen in the past twelve months. Every Principal Employer of the establishment employing inter-state migrant workmen has to make an application for the registration of the establishment in the prescribed manner and time. Also a contractor employing inter-state migrant workmen has to obtain a license for the same from the licensing officer appointed for the purpose by the Central or the State Government. The license is valid only for a specified period and requires to be renewed at its expiry. The Act levies some duties on the principal employer and the contractor. The contractor is to provide for adequate wages, medical facilities and other benefits while it is the responsibility of the principal employer to provide for the displacement allowance and journey allowance to the workmen.

The Employees State Insurance Act, 1948 (“ESI Act”)

The Employees State Insurance Act, 1948 (“ESI Act”) provides for certain benefits to employees in case of sickness maternity and employment injury. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. Employers of factories and establishments covered under the ESI Act are required to pay contributions to the Employees State Insurance Corporation, in respect of each employee at the rate prescribed by the Central Government. Companies which are controlled by the Government are exempt from this requirement if employees receive benefits similar or superior to the benefits prescribed under the ESI Act. In addition, the employer is also required to register itself under the ESI Act and maintain prescribed records and registers.

The Employees (Provident Fund and Miscellaneous Provisions) Act, 1952 (“EPF Act”)

The Employees Provident Funds and Miscellaneous Provisions Act, 1952 (“EPF Act”) was introduced with the object to institute compulsory provident fund for the benefit of employees in factories and other establishments. The EPF Act provides for the institution of provident funds and pension funds for employees in establishments where more than 20 (twenty) persons are employed and factories specified in Schedule I of the EPF Act. Under the EPF Act, the Central Government has framed the "Employees Provident Fund Scheme", "Employees Deposit-linked Insurance Scheme" and the "Employees Family Pension Scheme". Liability is imposed on the employer and the employee to contribute to the funds mentioned above, in the manner specified in the statute. There is also a requirement to maintain prescribed records and registers and filing of forms with the concerned authorities. The EPF Act also prescribes penalties for avoiding payments required to be made under the abovementioned schemes.

The Payment of Bonus Act, 1965

The Payment of Bonus Act, 1965 (“PB Act”) is applicable to every factory and every other establishment employing 20 (twenty) or more persons. According to the provisions of the PB Act, every employer shall be bound to pay to every employee in respect of the accounting year a minimum bonus which shall be 8.33% of the salary or wage earned by the employee during the accounting year or ₹100 (One Hundred), whichever is higher, whether or not the employer has any allocable surplus in the accounting year. If the allocable surplus exceeds minimum bonus payable, then the employer must pay bonus proportionate to the salary or wage earned during that period, subject to maximum of 20% of such salary or wage. Allocable surplus is defined as 67% of available surplus in the financial year, before making arrangements for the payment of dividend out of profit of the Company.

The Payment of Wages Act, 1936



The Payment of Wages Act, 1936 (“PW Act”) is applicable to the payment of wages to persons in factories and other establishments. PW Act ensures that wages that are payable to the employee are disbursed by the employer within the prescribed time limit and no deductions other than those prescribed by the law are made by the employer.

The Maternity Benefit Act, 1961 (“Maternity Act”)

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

The Equal Remuneration Act, 1976 (“ER Act”)

The “ER Act” provides for the payment of equal remuneration to men and women workers for same work or work of a similar nature and for the prevention of discrimination, on the ground of sex, against women in the matter of employment. According to the Equal Remuneration Act, the term remuneration means the basic wage or salary and any additional emoluments whatsoever payable, either in cash or in kind, to a person employed in respect of employment or work done in such employment, if the terms of the contract of employment, express or implied, are fulfilled.

The Employees State Insurance Act, 1948

The Employees State Insurance Act, 1948 (“ESI Act”) provides for certain benefits to employees in case of sickness, maternity and employment injury. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. Employers of factories and establishments covered under the ESI Act are required to pay contributions to the Employees State Insurance Corporation, in respect of each employee at the rate prescribed by the Central Government. Companies which are controlled by the Government are exempt from this requirement if employees receive benefits similar or superior to the benefits prescribed under the ESI Act. In addition, the employer is also required to register itself under the ESI Act and maintain prescribed records and registers.

The Minimum Wages Act, 1948

The Minimum Wages Act, 1948 (“MW Act”) came in to force with the objective to provide for the fixation of a minimum wage payable by the employer to the employee. Under the MW Act, the appropriate government is authorized to fix the minimum wages to be paid to the persons employed in scheduled or non-scheduled employment. Every employer is required to pay not less than the minimum wages to all employees engaged to do any work whether skilled, unskilled, and manual or clerical (including out-workers) in any employment listed in the schedule to the MW Act, in respect of which minimum rates of wages have been fixed or revised under the MW Act.

Shops and Establishment Acts

Shops and Establishment Acts are state legislations that seek to govern and regulate the working conditions of workers/employees employed in shops and commercial establishments within that State. Every shop or commercial establishment is required to register itself under the relevant state’s shop and establishment act, as per the procedure laid down therein.

III. Tax related legislation

Income-Tax Act, 1961 (“IT Act”)

The Income Tax Act, 1961 deals with the taxation of individuals, corporate, partnership firms and others. As per the provisions of this Act the rates at which they are required to pay tax is calculated on the income declared by them or assessed by the authorities, after availing the deductions and concessions accorded under the Act. The maintenance of books of Accounts and relevant supporting documents and registers are mandatory under the Act. Filing of returns of Income is compulsory for all assesses. The maintenance of books of Accounts and relevant supporting documents and registers are mandatory under the Act.

The Central Goods and Services Tax Act, 2017

The Government of India proposed a comprehensive national goods and services tax (“GST”) regime that would combine taxes and levies by the Central and State Governments into a unified rate structure. In this regard, the



Constitution (101 Amendment) Act 2016, which received presidential assent on September 8, 2016, enabled the Government of India and State Government to introduce GST. Accordingly, GST was enacted to make a provision for levy and collection of tax on supply of goods or services or both and was made effective from July 1, 2017. GST is a destination based tax levied on supply of goods and services. GST is levied on all transactions such as sale, transfer, purchase, barter, lease, or import of goods and/or services. India adopted a dual GST model, meaning that taxation is administered by both the Union and State Governments. Transactions made within a single state are levied with Central GST (CGST) by the Central Government and State GST (SGST) by the Government of that State. For inter-State transactions and imported goods or services, an Integrated GST (IGST) is levied by the Central Government. GST will be levied on all stages of the supply chain till the final sale to consumers, providing ITC the supply chain. There will be four tax rates namely 5%, 12%, 18% and 28%. The rates of GST applied are subject to variations based on the goods or services.

Odisha State Tax on Professions, Trades, Callings and Employments Act, 2000

The professional tax slabs in India are applicable to those citizens of India who are either involved in any profession or trade. The State Government of each State is empowered with the responsibility of structuring as well as formulating the respective professional tax criteria and is also required to collect funds through professional tax. The professional taxes are charged on the incomes of individuals, profits of business or gains in vocations. The professional tax is charged as per the List II of the Constitution. The professional tax is classified under various tax slabs in India. The tax payable under the State Acts by any person earning a salary or wage shall be deducted by his employer from the salary or wages payable to such person before such salary or wages is paid to him, and such employer shall, irrespective of whether such deduction has been made or not when the salary and wage is paid to such persons, be liable to pay tax on behalf of such person and employer has to obtain the registration from the assessing authority in the prescribed manner.

Value Added Tax ("VAT")

VAT is a system of multi-point Levy on each of the purchases in the supply chain with the facility of set-off input tax on sales whereby tax is paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. VAT is based on the value addition of goods, and the related VAT Liability of the dealer is calculated by deducting input tax credit for tax collected on the sales during a particular period. VAT is a consumption tax applicable to all commercial activities involving the production and distribution of goods and the provisions of services, and each state that has introduced VAT has its own VAT Act, under which, persons Liable to pay VAT must register and obtain a registration number from Sales Tax Officer of the respective State.

Orissa Value Added Tax, 2004 (as amended 2015)

An Act to provide for the imposition and collection of tax on the sale and purchase of goods in the state. The current value added tax is 14.5 %.

Odisha Entry Tax Act 1999

The entry tax shall be levied and collected a tax on entry of the scheduled goods into a local area for consumption, use or sale therein at such rate not exceeding twelve percentum of the purchase value of such goods from such date as may be specified by the State Government and different dates and different rates may be specified for different goods and local areas subject to such conditions as may be prescribed.

The tax leviable under this Act shall be paid by every dealer in scheduled goods or any other person who brings or causes to be brought into a local area such scheduled goods whether on his own account or on account of his principal or customer or takes delivery or is entitled to take delivery of such goods on such entry.

Customs Act, 1962

The provisions of the Customs Act, 1962 and rules made there under are applicable at the time of import of goods i.e. bringing into India from a place outside India or at the time of export of goods i.e. taken out of India to a place outside India. Any Company requiring to import or export any goods is first required to get it registered and obtain an IEC (Importer Exporter Code). Imported goods in India attract basic customs duty, additional customs duty and education cess. The rates of basic customs duty are specified under the Customs Tariff Act 1975. Customs duty is calculated on the transaction value of the goods. Customs duties are administrated by Central Board of Excise and Customs under the Ministry of Finance.



The Central Excise Act, 1944

The Central Excise Act, 1944 (Central Excise Act) consolidates and amends the law relating to Central Duties of Excise on goods manufactured or produced in India. Excisable goods under the Act means goods specified in the Schedule to the Central Excise Tariff Act, 1985 as being subject to duty of excise. Factory means any premises, including the precincts thereof, wherein or in any part of which excisable goods are manufactured, or wherein or in any part of which any manufacturing process connected with the production of these goods being carried on or is ordinarily carried out. Under the Act a duty of excise is levied on all excisable goods, which are produced or manufactured in India as and at the rates, set forth in the First Schedule to the Central Excise Tariff Act, 1985.

IV. Laws relating to Intellectual Property

The Trademarks Act, 1999 (“TM Act”), Trade Marks Act 1999 (as amended till date), Trademarks (Amendment) Act, 2010

Indian trademark law permits the registration of trademarks for goods and services. The Trade Marks Act, 1999 (“Trademark Act”) governs the statutory protection of trademarks and for the prevention of the use of fraudulent marks in India. An application for trademark registration may be made by individual or joint applicants and can be made on the basis of either use or intention to use a trademark in the future. Once granted, trademark registration is valid for ten years, unless cancelled. If not renewed after 10 (ten) years, the mark lapses and the registration have to be restored. The Trademark (Amendment) Act, 2010 has been enacted by the government to amend the Trademark Act to enable Indian nationals as well as foreign nationals to secure simultaneous protection of trademark in other countries. It also seeks to simplify the law relating to transfer of ownership of trademarks by assignment or transmission and to align the law with international practice.

V. Property related laws

The Company is required to comply with central and state laws in respect of property. Central Laws that may be applicable to our Company's operations include the Land Acquisition Act, 1894, the Transfer of Property Act, 1882, Registration Act, 1908, Indian Stamp Act, 1899, and Indian Easements Act, 1882.

The Transfer of Property Act, 1882

The Transfer of Property Act, 1882 (“TP Act”) as amended, establishes the general principles relating to transfer of property in India. It forms a basis for identifying the categories of property that are capable of being transferred, the persons competent to transfer property, the validity of restrictions and conditions imposed on the transfer and the creation of contingencies and vested interest in the property. It also provides for the rights and liabilities of the vendor and purchaser in a transaction of sale of land.

Indian Stamp Act, 1899, as applicable to the Indian Stamp (Orissa Amendment) Ordinance, 1985 and other amendments made by the Government of Orissa in the concern

Stamp duty is payable on all instruments/ documents evidencing a transfer or creation or extinguishment of any right, title or interest in immoveable property. The Stamp Act provides for the imposition of stamp duty at the specified rates on instruments listed in Schedule I of the Stamp Act. However, under the Constitution of India, the states are also empowered to prescribe or alter the stamp duty payable on such documents executed within the state.

Instruments chargeable to duty under the Stamp Act but which have not been duly stamped, are incapable of being admitted in court as evidence of the transaction contained therein. The Stamp Act also provides for impounding of instruments by certain specified authorities and bodies and imposition of penalties, for instruments which are not sufficiently stamped or not stamped at all instruments which have not been properly stamped instruments can be validated by paying a penalty of up to 10 times of the total duty payable on such instruments.

The Indian Registration Act, 1908 (“Registration Act”)

The Indian Registration Act, 1908 “Registration Act” details the formalities for registering an instrument.

The Indian Easements Act, 1882(“IE Act”)

The law relating to easements and licenses in property is governed by the “IE Act”. The right of easement has been defined under the Easements Act to mean a right which the owner or occupier of any land possesses over the land of another for beneficial enjoyment of his land. Such right may allow the owner of the land to do and continue to do something or to prevent and continue to prevent something being done, in or upon any parcel of



land which is not his own. Easementary rights may be acquired or created by (a) an express grant; or (b) a grant or reservation implied from a certain transfer of property; or (c) by prescription, on account of long use, for a period of twenty years without interruption; or (d) local customs.

VI. Environmental Laws

The Water (Prevention and Control of Pollution) Act, 1974 (the “Water Act”)

The Water Act aims to prevent and control water pollution as well as restore water quality by establishing and empowering the Central Pollution Control Board and the State Pollution Control Boards. Under the Water Act, any person establishing any industry, operation or process, any treatment or disposal system, use of any new or altered outlet for the discharge of sewage or new discharge of sewage, must obtain the consent of the relevant State Pollution Control Board, which is empowered to establish standards and conditions that are required to be complied with. In certain cases the State Pollution Control Board may cause the local Magistrates to restrain the activities of such person who is likely to cause pollution. Penalty for the contravention of the provisions of the Water Act include imposition of fines or imprisonment or both.

The Air (Prevention and Control of Pollution) Act, 1981 (the “Air Act”)

Pursuant to the provisions of the Air Act, any person, establishing or operating any industrial plant within an air pollution control area, must obtain the consent of the relevant State Pollution Control Board prior to establishing or operating such industrial plant. The State Pollution Control Board is required to grant consent within a period of four months of receipt of an application, but may impose conditions relating to pollution control equipment to be installed at the facilities. No person operating any industrial plant in any air pollution control area is permitted to discharge the emission of any air pollutant in excess of the standards laid down by the State Pollution Control Board. The penalties for the failure to comply with the provisions of the Air Act include imprisonment of up to six years and the payment of a fine as may be deemed appropriate.

The Water (Prevention and Control of Pollution) Cess Act, 1977 (the “Water Cess Act”), the Water (Prevention and Control of Pollution) CESS (Amendment) Act, 2003)

The Water Cess Act provides for levy and collection of a cess on water consumed by industries with a view to augment the resources of the Central and State Pollution Control Boards constituted under the Water Act. Under this statute, every person carrying on any industry is required to pay a cess calculated on the basis of the amount of water consumed for any of the purposes specified under the Water Cess Act at such rate not exceeding the rate specified under the Water Cess Act. A rebate of up to 25% on the cess payable is available to those persons who install any plant for the treatment of sewage or trade effluent, provided that they consume water within the quantity prescribed for that category of industries and also comply with the provision relating to restrictions on new outlets and discharges under the Water Act or any standards laid down under the EPA. For the purpose of recording the water consumption, every industry is required to affix meters as prescribed. Penalties for noncompliance with the obligation to furnish a return and evasion of cess include imprisonment of any person for a period up to six months or a fine of 1,000 or both and penalty for nonpayment of cess within a specified time includes an amount not exceeding the amount of cess which is in arrears.

The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008 (the “Hazardous Wastes Rules”)

The Hazardous Wastes Rules aim to regulate the proper collection, reception, treatment, storage and disposal of hazardous waste by imposing an obligation on every occupier and operator of a facility generating hazardous waste to dispose such waste without adverse effect on the environment, including through the proper collection, treatment, storage and disposal of such waste. Every occupier and operator of a facility generating hazardous waste must obtain an approval from the relevant state Pollution Control Board. The occupier, the transporter and the operator are liable for damages caused to the environment resulting from the improper handling and disposal of hazardous waste. The operator and the occupier of a facility are liable for any fine that may be levied by the relevant State Pollution Control Boards. Penalty for the contravention of the provisions of the Hazardous Waste Rules includes imprisonment up to five years and imposition of fines as may be specified in the EPA or both.

VII. Foreign Instrument Regime

The Foreign Exchange Management Act, 1999 (“FEMA”) and Regulations framed thereunder.



Foreign investment in India is governed primarily by the provisions of the FEMA which relates to regulation primarily by the RBI and the rules, regulations and notifications there under, and the policy prescribed by the Department of Industrial Policy and Promotion, Ministry of Commerce & Industry, Government of India. As laid down by the FEMA Regulations no prior consents and approvals are required from the Reserve Bank of India, for Foreign Direct Investment under the ‘automatic route’ within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the FIPB and/or the RBI. The RBI, exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("FEMA Regulations") to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India and Foreign Exchange Management (Export of Goods and Services) Regulations, 2000 for regulation on exports of goods and services.

The Foreign Trade (Development & Regulation) Act, 1992 and The Foreign Trade (Development & Regulation) Act, 2010 as amended from time to time, Foreign Trade Policy, 2015-2020

The Foreign Trade (Development & Regulation) Act, 1992 provides for the development and regulation of foreign trade by facilitating imports and exports from and to India. The Import-Export Code number and licence to import or export includes a customs clearance permit and any other permission issued or granted under this act. The Export and Import policy, provision for development and regulation of foreign trade shall be made by the Central Government by publishing an order. The Central Government may also appoint Director General of Foreign Trade (DGFT) for the purpose of Export-Import Policy formulation. If any person makes any contravention to any law or commits economic offence or imports/exports in a manner prejudicial to the trade relations of India or to the interest of other person engaged in imports or exports then there shall be no Import Export Code number granted by Director-General to such person and if in case granted shall stand cancelled or suspended. Provision of search and seizure of Code of Criminal Procedure, 1973 shall apply to every search and seizure made under this Act. In case of appeals in a case the order made by the appellate authority shall be considered to be final. The powers of all the civil court under Code of Civil Procedure, 1908 shall vest in him. The EXIM Policy is a set of guidelines and instructions established by the DGFT in matters related to the export and import of goods in India. This policy is regulated under the said act. Director General of Foreign Trade (herein after referred to as DGFT) is the main governing body in matters related to the EXIM Policy. The Act shall provide development and regulation of foreign trade by facilitating imports into, and augmenting exports from India. Trade Policy is prepared and announced by the Central Government (Ministry of Commerce).

Foreign Direct Investment

The Government of India, from time to time, has made policy pronouncements on Foreign Direct Investment ("FDI") through press notes and press releases. The department of Industrial Policy and Promotion ("DIPP"), has issued consolidated FDI Policy of 2017, which supersedes all previous press notes, press releases and clarifications on FDI Policy issued by the DIPP that were in force. The Reserve Bank of India ("RBI") also issued Master Circulars on Foreign investment in India every year.

VIII. Laws with respect to Factories

The Factories Act, 1948 (the "Factories Act"), Orissa Factories Rules, 1950, Orissa Factories (Control of Major Accident Hazard) Rules 2001

The Factories Act, 1948 ("Factories Act") seeks to regulate labour employed in factories and makes provisions for the safety, health and welfare of the workers. The term factory, as defined under the Factories Act, means any premises which employs or has employed on any day in the previous 12 (twelve) months, 10 (ten) or more workers and in which any manufacturing process is carried on with the aid of power, or any premises wherein 20 (twenty) or more workmen are employed at any day during the preceding 12 (twelve) months and in which any manufacturing process is carried on without the aid of power. An occupier of a factory under the Factories Act, means the person who has ultimate control over the affairs of the factory. The occupier or manager of the factory is required to obtain a registration for the factory. The Factories Act also requires inter alia the maintenance of various registers dealing with safety, labour standards, holidays and extent of child labour including their conditions. Further, notice of accident or dangerous occurrence in the factory is to be provided to the inspector by the manager of the factory.

The Indian Boilers Act, 1923



An Act to consolidate and amend the law relating to steam-boilers.

Indian Boiler Regulations, 1950, Orissa Boiler Rules, 1971, the Boiler Operation Engineers' Rules, 2011, the Boiler Attendants' Rules, 2011

This Regulation shall apply to all boilers including those working on principles of natural circulation, forced circulation and forced flow with no fixed steam and water line Indian Boilers Act, rules and regulations made thereunder regulate the quality, design, manufacture, construction, installation, operation, repair and maintenance of boilers in order to ensure safety of workers working in factory.

IX. General Laws

The Companies Act, 1956

The Companies Act, 1956 dealt with laws relating to companies and certain other associations. It was enacted by the Parliament in 1956. The Act primarily regulated the formation, financing, functioning and winding up of companies. The Act prescribed regulatory mechanism regarding all relevant aspects, including organizational, financial and managerial aspects of companies. Regulation of the financial and management aspects constituted the main focus of the Act. In the functioning of the corporate sector, although freedom of companies was important, protection of the investors and shareholders, on whose funds they flourish, was equally important. The Act played the balancing role between these two competing factors, namely, management autonomy and investor protection.

The Companies Act, 2013

The Companies Act, 2013 ("CA 2013") has been introduced to replace the existing Companies Act, 1956 in a phased manner. The CA 2013 primarily regulates the formation, financing, functioning and winding up of companies. The CA 2013 prescribes regulatory mechanism regarding all relevant aspects, including organizational, financial and managerial aspects of the company. It plays a fundamental role in protecting the investors and the shareholders and balances it with different aspects of company autonomy. The Ministry of Corporate Affairs has also issued Rules complementary to the Act, establishing the procedure to be followed by the companies in order to comply with the substantive provisions of the Companies Act, 2013.

The Securities and Exchange Board of India Act, 1992

The main legislation governing the activities in relation to the securities markets is the SEBI Act and the rules, regulations and notifications framed thereunder. The SEBI Act was enacted to provide for the establishment of SEBI whose function is to protect the interests of investors and to promote the development of, and to regulate, the securities market. The SEBI Act also provides for the registration and regulation of the function of various sectors. Pursuant to the SEBI Act, SEBI has formulated various rules and regulations to govern the functions and working of these intermediaries. SEBI also issues various circulars, notifications and guidelines from time to time in accordance with the powers vested with it under the SEBI Act. SEBI has the power to impose monetary penalty under the Act and the regulations made thereunder, including but not limited to suspending or cancelling the certificate of registration and to initiate prosecution under the SEBI Act.

The Indian Contract Act, 1872 ("Contract Act")

The "Contract Act" codifies the way in which a contract may be entered into, executed, implementation of the provisions of a contract and effects of breach of a contract. A person is free to contract on any terms he chooses. The Contract Act consists of limiting factors subject to which contract may be entered into, executed and the breach enforced. It provides a framework of rules and regulations that govern formation and performance of contract. The contracting parties themselves decide the rights and duties of parties and terms of agreement.

The Negotiable Instruments Act, 1881 ("NI Act")

In India, the laws governing monetary instruments such as cheques are contained in the "NI Act", which is largely a codification of the English Law on the subject. To ensure prompt remedy against defaulters and to ensure credibility of the holders of the negotiable instrument a criminal remedy of penalty was inserted in Negotiable Instruments Act, 1881 in form of the Banking, Public Financial Institutions and Negotiable Instruments Laws (Amendment), 1988 which were further modified by the Negotiable Instruments (Amendment and Miscellaneous Provisions) Act, 2002.



The Competition Act, 2002

The Competition Act, 2002 (“Competition Act”) aims to prevent anti-competitive practices that cause or are likely to cause an appreciable adverse effect on competition in the relevant market in India. The Competition Act regulates anticompetitive agreements, abuse of dominant position and combinations. The Competition Commission of India which became operational from May 20, 2009 has been established under the Competition Act to deal with inquiries relating to anti-competitive agreements and abuse of dominant position and regulate combinations. The Competition Act also provides that the Competition Commission has the jurisdiction to inquire into and pass orders in relation to an anti-competitive agreement, abuse of dominant position or a combination, which even though entered into, arising or taking place outside India or signed between one or more non-Indian parties, but causes an appreciable adverse effect in the relevant market in India.

The Public Liability Insurance Act, 1991(“PLI Act”)

The “PLI Act” provides for public liability insurance for the purpose of providing immediate relief to persons affected by accident occurring while handling any hazardous substance and for matters connected therewith or incidental thereto. Every owner (in the case of a company, any of its directors, managers, secretaries or other officers who is directly in charge of, and is responsible to the company for the conduct of the business of the company) is obligated to take out, before he starts handling any hazardous substance, one or more insurance policies providing for contracts of insurance thereby he is insured against liability to give relief under the PLI Act. The said insurance policy shall be for a minimum amount of the paid-up capital of the Company and not exceeding fifty crore rupees.

The Specific Relief Act, 1963

The Specific Relief Act, 1963 (“SR Act”) is complimentary to the provisions of the Contract Act and the Transfer of Property Act, as the Act applies both to movable property and immovable property. The SR Act applies in cases where the Court can order specific performance of a contract. Specific relief can be granted only for purpose of enforcing individual civil rights and not for the mere purpose of enforcing a civil law. ‘Specific performance’ means Court will order the party to perform his part of agreement, instead of imposing on him any monetary liability to pay damages to other party.

The Consumer Protection Act, 1986

The Consumer Protection Act (“COPRA”) aims at providing better protection to the interests of consumers and for that purpose makes provisions for the establishment of authorities for the settlement of consumer disputes. The COPRA provides a mechanism for the consumer to file a complaint against a trader or service provider in cases of unfair trade practices, restrictive trade practices, defects in goods, deficiency in services; price charged being unlawful and goods being hazardous to life and safety when used. The COPRA provided for a three tier consumer grievance redressal mechanism at the national, state and district levels.

The Arbitration and Conciliation Act, 2015

The Arbitration and Conciliation Act (“Arbitration Act”) was enacted to consolidate and amend the law relating to domestic arbitration, international commercial arbitration and enforcement of foreign arbitral awards as also to define the law relating to conciliation and for matters connected therewith or incidental thereto. The main objectives of the Act is to comprehensively cover international and commercial arbitration and conciliation as also domestic arbitration and conciliation, to make provision for an arbitral procedure which is fair, efficient and capable of meeting the needs of the specific arbitration. The Act provides for the arbitral tribunal to give reasons for its arbitral award, to ensure that the arbitral tribunal remains within the limits of its jurisdiction and thus minimizing the supervisory role of courts in the arbitral process. There are many provisions that also permit an arbitral tribunal to use mediation, conciliation or other procedures during the arbitral proceedings to encourage settlement of disputes, to provide that every final arbitral award is enforced in the same manner as if it were a decree of the court, to provide that a settlement agreement reached by the parties as a result of conciliation proceedings will have the same status and effect as an arbitral award on agreed terms on the substance of the dispute rendered by an arbitral tribunal and to provide that, for purposes of enforcement of foreign awards, every arbitral award made in a country to which one of the two International Conventions relating to foreign arbitral awards to which India is a party applies, will be treated as a foreign award.



HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was originally incorporated as “Central Orissa Straw Board Private Limited” in Cuttack, Orissa as a private limited company under the provisions of the Companies Act, 1956 vide certificate of incorporation dated 30th December, 1980. Further, constitution of our Company has been changed to a limited company and name of our Company was changed to “Cosboard Industries Limited” vide fresh certificate of incorporation dated 20th May, 1993. Our Company operates in manufacturing of Paper & Paper products.

During the financial year 1994-1995, our Company came up with an Initial Public Offer of 29,85,700 Equity Shares of Rs. 10 each at a price of Rs. 14 per share including a premium of Rs. 4 per shares and the Shares of the Company were listed at Bombay Stock Exchange, Calcutta Stock Exchange, Bhubaneswar Stock Exchange, Delhi Stock Exchange and Hyderabad Stock Exchange. The object of the IPO was to setup a diversification project by installing 6600 TPA unit for manufacturing of folding cartons and similar other packaging applications. The project had been appraised by Industrial Finance Corporation of India.

In the year 2004, our Company had filed a reference to BIFR u/s 15(1) of Sick Industrial Companies (Special Provisions) Act, 1985 (“SICA”) and pursuant to the reference, our Company was declared Sick Industrial Company u/s 3(1)(o) of SICA in the year 2005. Consequently, our Company could not comply with the listing agreement clauses and thus, the trading in Equity Shares of our Company was suspended from Bombay Stock Exchange. Our Company had filed for a voluntary delisting of Equity Shares from Calcutta Stock Exchange, Bhubaneswar Stock Exchange, Delhi Stock Exchange and Hyderabad Stock Exchange pursuant to BIFR Order in the year 2011. The Draft Rehabilitation Scheme had been sanctioned by the BIFR for necessary revival of our Company in 2011 and our Company cease to be Sick Industrial Company and discharged from the purview of SICA/BIFR in the year 2013.

Our Company commenced its manufacturing operations in the year 1980 with an installed production capacity of 3300 tonnes per annum (TPA) with one production plant. The entire unit is located adjacent to Mahanadi River, the lifeline of Odisha. At present, our Company is having 4 plant, out of which 3 plants are running with installed combined capacity of 39000 TPA.

Our Company manufactures Grey Board, Kraft Paper Media, News Print Paper, High B.F. Kraft Paper. This classification of product is based on its composition which ultimately determines the usage. Under the supervision of Mr. Shiv Shankar Taparia, the manufacturing facilities were further enhanced by installation of High B.F. Plant having an annual capacity of 18,000 tons with an investment of Rs.30 Crores.

Our all manufacturing Units are situated at New Industrial Estate, Phase II Jagatpur, Cuttack, 754021, Orissa

Major events in the history of our Company:

| YEAR | MAJOR EVENTS |
|------|--|
| 1980 | Incorporation of our Company in the name of Central Orissa Straw Board Private Limited. |
| 1984 | Paper Board Plant installed (Plant-I) |
| 1993 | Change of name from Central Orissa Straw Board Private Limited to Cosboard Industries Limited |
| 1994 | Initial Public Offering |
| 1995 | Kraft Paper Plant installed (Plant-II) |
| 1999 | Availed term loan from State Bank of India for upgradation cum expansion of Plant-I |
| 2000 | Writing, Printing and Newsprint paper plant installed (Plant III) |
| 2004 | Filed a reference with BIFR U/S 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 (“SICA”) vide Form-A on 12 th October, 2004 |
| 2004 | Suspension of trading in equity share by Bombay Stock Exchange w.e.f. 21 st December, 2004 |
| 2005 | Company was declared Sick Industrial Company u/s 3(1)(o) of SICA |
| 2010 | Revocation of suspension in trading of equity shares by Bombay Stock Exchange w.e.f. 4 th May, 2010 |
| 2011 | Draft Rehabilitation Scheme sanctioned by BIFR for necessary revival on 7 th March, 2011. |
| 2013 | Company cease to be a Sick Industrial Company u/s 3(1)(o) under SICA and discharged from the purview of SICA/BIFR w.e.f. 20 th March, 2013 |
| 2016 | High B.F Kraft Paper Plant installed with capacity of 18000 Tonnes Per Annum |



Main Objects of our Company

The Main Object clause of our Company as per the Memorandum of Association is as follows:

1. To Manufacture, and produce paper and paper products of all varieties including Newsprint, Straw Boards, Card Boards, Hard Boards, Straw Papers, Paper Boards, Mill Boards, Grey Boards and other varieties of Boards, packing materials, Paper pulp, wood pulp, bamboo pulp and all other products, goods and substances connected therewith.
2. To establish, undertake acquire, manage, and carry on business as agents or importers, exporters, dealers in paper and paper products manufactured by the Company or by other in the capacity of wholeseller, retailer, or otherwise and for the purpose, to enter into, if necessary, agreement written or oral otherwise with the others.
3. To carry on the business of production, cultivation, trading, marketing, buying, selling, storing, wholesale, retail, dealers, agents, distributors, importer, exporter of agricultural products including rice, wheat, seeds, vegetables, plants, medicine plants, fruits, and also act as an agent for sale and purchase of agricultural plant, machineries and equipments and to establish and maintain cold storage units, food processing units, storage chambers, refrigerators, room coolers and freezing house for storage and preserving of food and agricultural commodities.

Changes in Registered Office of our Company

| Date of Change of Registered Office | Address |
|-------------------------------------|--|
| 15-12-1998 | Change of Registered Office address from Paper Place Building, Bajrakabati Road, Cuttack, Orissa to New Industrial Estate, Phase II Jagatpur, Cuttack, Orissa 754021 |

Amendments to the Memorandum of Association

Dates on which some of the main clauses of the Memorandum of Association of our Company have been changed post listing of shares citing the details of amendment as under:

| Date of Shareholders' Resolution | Nature of Amendment |
|----------------------------------|---|
| 28-09-2016 | Clause V of the Memorandum of Association was amended to reflect the increase in authorized share capital of our Company from Rs. 5,00,00,000 divided into 50,00,000 Equity Shares of Rs. 10 each to Rs 120,000,000 divided into 120,00,000 Equity Shares of Rs. 10 each, and; *(Clause III of the Memorandum of Association was amended to delete Sub-clause 1, 2, 3, 4, 5, 6, 8 and 9 under Part C- Other Objects of Clause III) . |
| 28-09-2017 | New sub-clause 3 inserted after Clause 3 (A) of Main Object Clause to include the following object: <i>To carry on the business of production, cultivation, trading, marketing, buying, selling, storing, wholesale, retail, dealers, agents, distributors, importer, exporter of agricultural products including rice, wheat, seeds, vegetables, plants, medicine plants, fruits, and also act as an agent for sale and purchase of agricultural plant, machineries and equipments and to establish and maintain cold storage units, food processing units, storage chambers, refrigerators, room coolers and freezing house for storage and preserving of food and agricultural commodities.</i> |

**Our Board has considered deletion of Sub-clause 1, 2, 3, 4, 5, 6, 8 and 9 under Part C- Other Objects of Clause III in its Board Meeting held on 28th May 2016 to make it compliant with the Companies Act, 2013. However, the special resolution was not passed in the General Meeting.*

**Time and Cost Overrun**

In respect of projects undertaken by our Company since its incorporation, there have been no time and cost Overruns.

Subsidiaries

As on the date of this Draft Letter of Offer, there are no Subsidiaries of our Company.

Joint Ventures

As on the date of this Draft Letter of Offer, there are no joint ventures of our Company.

Shareholders' Agreement

There are no Shareholders' Agreements existing as on the date of this Draft Letter of Offer.

Other Confirmations

Our Company is not operating under any injunction or restraining order.

Other Agreements

Except the contracts/agreements entered in the ordinary course of the business carried on or intended to be carried on by our Company, we have not entered into any other agreement/contract as on the date of this Draft Letter of Offer.

Financial Partners

As on the date of this Draft Letter of Offer, apart from arrangements with bankers and lenders which our Company undertakes in the ordinary course of business, our Company doesn't have any other financial partners.

Strategic Partners

We do not have any strategic partners as on the date of this Draft Letter of Offer.



OUR MANAGEMENT

Board of Directors

Our Company, being a public limited company shall have minimum three directors and maximum number of directors as prescribed under the Companies Act, 2013. Currently, we have six directors on our Board.

| Name, Father's Name, Designation, Term, Address, Occupation, Nationality and DIN | Age | Other Directorships/ Partnership firms |
|--|-----|--|
| Mr. Shiv Shankar Taparia Father's Name: Hari Prasad Taparia Designation: Managing Director Date of Appointment: 16 th December, 2009 Date of Change in Designation: 7 th January, 2013 Term: For a term of 5 Years with effect from 1 st January, 2018 subject to approval of shareholder at next AGM Address: 5-9-46/1, 2 nd Floor, Sri Sai Queen Stone Palace, Basheer Bagh, Kirloskar Hospital, Nampally, Hyderabad, Telangana 500001 Occupation: Business Nationality: Indian DIN: 00566650 | 47 | Harishankar Paper Products Private Limited |
| Mr. Anil Kumar Gilra Father's Name: Ratan Kumar Gilra Designation: Whole Time Director Date of Appointment: 1 st July, 2006 Term: For a term of 5 years with effect from 1 st July, 2016 i.e. upto 30 th June, 2021 Address: Bajrakabati Road, Cuttack, Orissa, 753001 Occupation: Business Nationality: Indian DIN No: 00883125 | 49 | Atcom Metaliks Limited |
| Mr. Suresh Babu Chava Father's Name: Venkata Rao Chava Designation: Non-Executive Director Date of Appointment: 13 th November, 2013 Date of Change in Designation: 26 th September, 2014 Term: Liable to retire by rotation Address: 7-1-621/13, 4/B/SPL/MIG, Sanjeeva Reddy Nagar, Hyderabad, Telangana 500038 Occupation: Business Nationality: Indian DIN No: 02161692 | 51 | Uma Real Consultants (India) Private Limited; Uma Gardens Private Limited; Uma Associates; and Uma Infratech. |



| Name, Father's Name, Designation, Term, Address, Occupation, Nationality and DIN | Age | Other Directorships/ Partnership firms |
|--|-----|--|
| Mr. Akram Abu Father's Name: Mohameed Qasim Bin Designation: Independent Non-Executive Director Date of Appointment: 29 th May, 2017 Date of Change in Designation: 28 th September, 2017 Term: Till the conclusion of AGM held in year 2022 Address: 12-2-785/1-307, Sidhartha Aswani Apartment, Midway Colony, Retibowli, Mehdiapatnam, Hyderabad, Telangana 500028 Occupation: Professional Nationality: Indian DIN No: 07823398 | 64 | NIL |
| Mr. Inderpal Singh Pasricha Father's Name: Amrik Singh Pasricha Designation: Independent Non-Executive Director Date of Appointment: 29 th May, 2017 Date of Change in Designation: 28 th September, 2017 Term: Till the conclusion of AGM held in the year 2022 Address: H-378, Vikas Puri, Delhi, 110027 Occupation: Professional Nationality: Indian DIN No: 00016273 | 62 | I. P. Pasricha & Co.; PMC Consultants Private Limited; I. P. Pasricha & Co Consultants Private Limited; Adigranth Housing Scheme Private Limited; and AHI-View Constructions Private Limited |
| Mrs. Rekha Bhawsinka Father's Name: Lunkaran Agarwal Designation: Independent Non-Executive Director Date of Appointment: 13 th February, 2015 Date of Change in Designation: 29 th September, 2015 Term: Till the conclusion of AGM held in the year 2019 Address: W/o Om P Bhawsinka, Cantonment Road, Cuttack, Orissa 753001 Occupation: Business Nationality: Indian DIN No: 06625873 | 47 | Nil |

Relationship between our Directors:

None of our Directors or key managerial personnel is “relatives” within the meaning as mentioned in the Companies Act, 2013.

Brief Biography of our Directors:

Shiv Shankar Taparia, aged 47 years, is Managing Director and Promoter of our Company. He holds Bachelors in Commerce and has more than 25 years of experience in the field of paper and related activities. He formulates the policies and supervises the activities of our Company.

Mr. Anil Kumar Gilra aged 48 years, is Whole Time Director and Promoter of our Company. He holds Masters in Commerce and LLB from Utkal University, Bhubaneswar. He has 26 years of experience in production, marketing and finance in the paper and board industry. He looks after day-to-day routine operational activities of our Company.



Mr. Inderpal Singh Pasricha, aged 62 years, a Non-Executive Independent Director of our Company and was appointed on 29th May, 2017. He is a practicing chartered accountant having an experience in advising companies in various sectors like media, information technology, telecom, manufacturing and pharmaceutical in audit and assurance, indirect taxes and corporate financing.

Mr. Suresh Babu Chava, aged 51 years, is a Non-Executive Director of our Company and was appointed on 13th November, 2013. He is a matriculate and has experience of business operation and marketing in financial sector. He is advising our Company on financial operation, and implementation of projects in cost effective manner.

Mrs. Rekha Bhawsinka, aged 47 years, is a Non-Executive Independent Woman Director of Our Company. She holds Bachelor's degree in Commerce and has over 5 years of experience in paper and cloth industry.

Mr. Akram Abu, aged 63 years, is a Non-Executive Independent Director of our Company and was appointed on our Board on 29th May, 2017. He holds a Bachelor's Degree in Commerce from Osmania University, Hyderabad and Bachelor's Degree in Law. He is also having MA, M.Phil and MBA degrees in his fold. Currently, he is practicing in the High Court of Hyderabad dealing in financial matters like one-time settlement, debt recovery matter, etc.

Borrowing powers of Board of Directors

Pursuant to a special resolution passed at the Annual General Meeting of our Company held on 28th September, 2017, our Board is authorized to borrow money(s) on behalf of our Company in excess of the paid up share capital and the free reserves of our Company from time to time, pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013 subject to a maximum amount not exceeding Rs. 100 Crores (Rupees Hundred Crores Only). For further details of the provisions of our Articles of Association regarding borrowing powers, please refer to the section titled ' Main provision of the Articles of Association of our Company' beginning on page 188 of this Draft Letter of Offer.

Confirmations

None of our Directors is or was a director of any listed company, whose shares have been or were suspended from being traded on BSE and NSE, during the last five years prior to the date of this Draft Letter of Offer, during the term of his/her directorship in such company.

None of our Directors is or was, a director of any listed company, which has been or was delisted from any stock exchange, during the term of his/her directorship in such company.

None of our Directors have been or was identified as a wilful defaulter as defined under the SEBI ICDR Regulations or RBI.

No arrangement or understanding have been entered with major shareholders, customers, suppliers or others pursuant to which any of the above mentioned Directors have been appointed on the Board or the senior management.

The Directors of our Company have not entered into any service contracts with our Company which provides for benefits upon termination of employment.

Terms of Appointment & Compensation of Directors

Remuneration and Compensation of Managing Director

| | |
|--------------------|--|
| Name | Mr. Shiv Shankar Taparia |
| Designation | Managing Director |
| Period | As the term of 5 years was going to be expired on 6 th January, 2018, the Board has passed resolution on 10 th November, 2017 to |



| | |
|--|---|
| | re-appoint for a term of 5 years with effect from 01.01.2018, subject to approval of shareholders in forthcoming AGM |
| Date of Board Meeting for appointment | 10 th November, 2017 |
| Remuneration paid in FY 2016-17 | Nil |
| Existing Remuneration | Salary: Rs. 1,00,000 per month and perquisites as per the Ordinary Resolution passed in AGM held on 28 th September, 2017 |

Remuneration and Compensation of Executive Director

| | |
|---|--|
| Name | Mr. Anil Kumar Gilra |
| Designation | Whole Time Director |
| Period | With effect from July 01, 2016 to June 30, 2021 for the period of 5 years |
| Date of Board Meeting for appointment. | 28 th May, 2016 |
| Remuneration paid in FY 2016-17 | Rs. 3,00,000/- |
| Existing Remuneration | Salary: Rs. 1,00,000 per month and perquisites as per the Ordinary Resolution passed in AGM held on 28 th September, 2017. |

Remuneration to Non - Executive Directors

None of the Non-Executive Directors of the company have been paid any remuneration.

SHAREHOLDING OF OUR DIRECTORS

As per our Articles, our Directors are not required to hold any qualification Equity Shares in our Company. Save and except as below, our Directors do not hold any Equity Shares in our Company as on the date of filing of this Draft Letter of Offer:

| Name of the Director | Number of Equity Shares | % of Shareholding |
|-----------------------------|--------------------------------|--------------------------|
| Shiv Shankar Taparia | 1,24,689 | 2.90% |
| Anil Kumar Gilra | 9,46,187 | 22.03% |
| Suresh Babu Chava | 200 | 00.00% |

INTERESTS OF DIRECTORS

Except as stated in "Related Party Transactions" on page 109 of this Draft Letter of Offer, and to the extent of shareholding in our Company, the directors do not have any other interest in the business. The directors are interested to the extent of shares allotted to them. Except to the extent of their compensation as disclosed to this Draft Letter of Offer, and their shareholding or shareholding of companies they represent, the Directors do not have any other interest in our Company.

All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any company in which they hold Directorships or any partnership firm in which they are partners as declared in their respective declarations.

Except as stated otherwise, in this Draft Letter of Offer, our Company has not entered into any contract, agreement or arrangement during the preceding two years from the date of the Draft Letter of Offer in which the directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

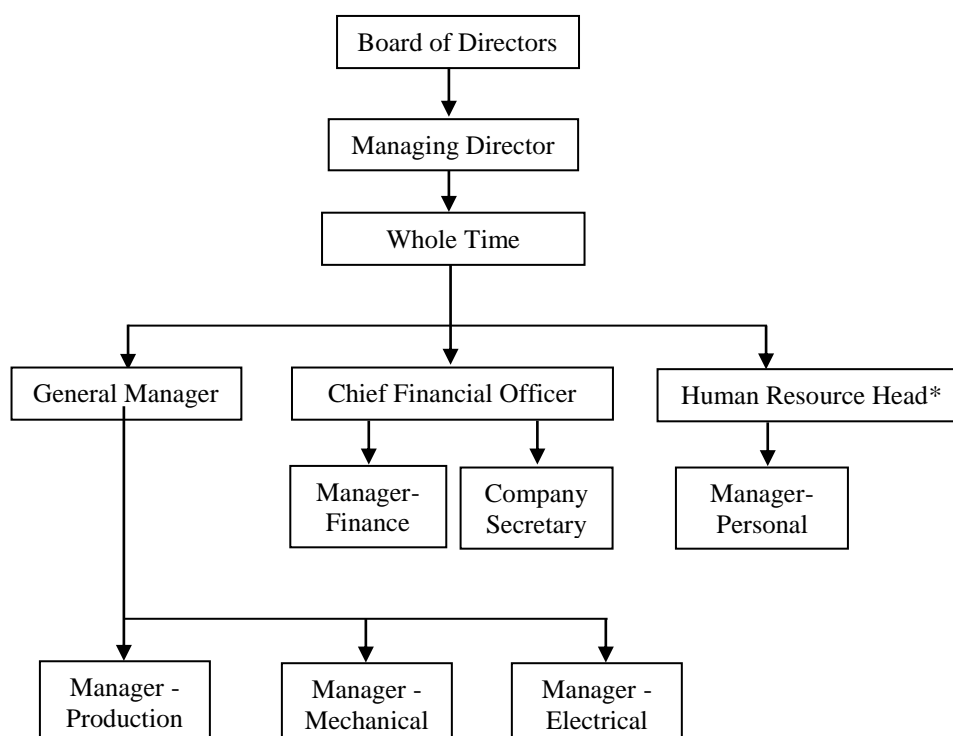
CHANGES IN THE DIRECTORS IN THE LAST THREE YEARS

There has been no change in the Board of Directors, except as stated below during the last three years:



| Name of the Director | Designation | Date of Appointment | Date of Cessation | Reason |
|-----------------------------|----------------------|--|----------------------------|--------------------------------|
| Mr. Akram Abu | Independent Director | 29 th May, 2017 as Independent Additional Director and 28 th September, 2017 as Independent Director | - | To broad base the Board |
| Mr. Inderpal Singh Pasricha | Independent Director | 29 th May, 2017 as Additional Director and 28 th September, 2017 as Independent Director | - | To broad base the Board |
| Mr. Mahadev Rathi | Independent Director | 17 th May, 2010 as Non-Executive Independent Director | 29 th May, 2017 | Resigned due to pre-occupation |
| Mr. Lalit Narayan Sarda | Independent Director | 17 th May, 2010 as Non-Executive Independent Director | 29 th May, 2017 | Resigned due to pre-occupation |

MANAGEMENT ORGANISATION CHART



* Yet to be appointed

CORPORATE GOVERNANCE

Corporate Governance involves the building of a set of relationships between the Company, its Board, the management, the shareholders and other stakeholders by putting in place a structure and a system through which the established goals of the Company may be achieved. It denotes the process through which the Board of Directors oversees what the management does. Good governance is integral to the existence of a Company. It inspires and strengthens investor confidence by ensuring Company's commitment to higher growth and profits. Your Company's management and Board of Directors are committed to ensure good corporate governance in its operations. The



Company has complied with the Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

SEBI (Prohibition of Insider Trading) Code

Our Company has adopted the code of conduct for prevention of insider trading pursuant to the provisions of SEBI (Prohibition of Insider Trading) Regulations, 1992. Ms. Alka Jain our Company Secretary is the Compliance Officer under this code.

Committees

Pursuant to the provisions of Clause 49 of the Listing Agreement, we have constituted the following committees of the Board that is, Audit Committee, Nomination & Remuneration Committee and Share Transfer/ Investor Grievance Committee, in accordance with the said provisions.

AUDIT COMMITTEE

Our Audit Committee was reconstituted by a resolution of our Board dated 29th May, 2017. The constitution of Audit Committee is as follows:

| Name of the Directors | Designation in the Committee | Nature of Directorship |
|------------------------------|-------------------------------------|------------------------------------|
| Mr. Akram Abu | Chairman | Independent Non-Executive Director |
| Mr. Inderpal Singh Pasricha | Member | Independent Non-Executive Director |
| Mr. Shiv Shankar Taparia | Member | Managing Director |

Brief description of terms of reference to the Audit Committee:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.
5. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
6. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
7. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
8. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.
9. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
10. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
11. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.



12. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
13. Discussion with internal auditors any significant findings and follow up there on.
14. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
15. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
16. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
17. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
18. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
19. Mandatory reviews the following information:
 - a) Management discussion and analysis of financial condition and results of operations;
 - b) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
 - c) Management letters / letters of internal control weaknesses issued by the statutory auditors;
 - d) Internal audit reports relating to internal control weaknesses; and
 - e) The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee
20. Review the use/application of funds raised through an issue (public issues, right issues, preferential issues etc.) on a quarterly basis as a part of the quarterly declaration of financial results. Further, review on annual basis statements prepared by the Company for funds utilized for purposes other than those stated in the offer document.
21. And to carry out such other functions/powers as may be delegated by the Board to the Committee from time to time.

STAKEHOLDER'S RELATIONSHIP/ SHARE TRANSFER/ INVESTOR GRIEVANCE COMMITTEE

Our Stakeholder's Relationship/ Share Transfer/ Investor Grievance Committee was reconstituted by a resolution of our Board dated 29th May, 2017. The constitution of Stakeholder's Relationship/ Share Transfer/ Investor Grievance Committee is as follows:

| Name of the Directors | Designation in the Committee | Nature of Directorship |
|------------------------------|-------------------------------------|------------------------------------|
| Mr. Akram Abu | Chairman | Independent Non-Executive Director |
| Mr. Inderpal Singh Pasricha | Member | Independent Non-Executive Director |
| Mr. Anil Kumar Gilra | Member | Whole Time Director |

The Committee normally meets as and when required. The Committee looks into the following matter:

- 1) Transfer / Transmission of shares / debentures.
- 2) Issue of new and duplicate share / Debenture Certificates.
- 3) To look into the redressing of shareholder and investors complaint like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend etc.
- 4) To redress all investor complaints like non-receipt of balance sheet, dividends, transfer/transmission of shares etc.

NOMINATION AND REMUNERATION COMMITTEE

Our Nomination and Remuneration Committee was reconstituted by a resolution of our Board dated 29th May, 2017. The constitution of Nomination and Remuneration Committee is as follows:

| Name of the Directors | Designation in the Committee | Nature of Directorship |
|------------------------------|-------------------------------------|------------------------------------|
| Mr. Akram Abu | Chairman | Independent Non-Executive Director |
| Mr. Inderpal Singh Pasricha | Member | Independent Non-Executive Director |



| | | |
|-----------------------|--------|------------------------|
| Mr. Suresh Babu Chava | Member | Non-Executive Director |
|-----------------------|--------|------------------------|

The terms of reference of the Nomination and Remuneration Committee are as follows:

- 1) The Nomination and Remuneration committee recommends to the board the compensation terms of the executive Directors.
- 2) The committee to carry out evolution of every director's performance and recommend to the board his/her appointment and removal based on the performance.
- 3) The committee to identify persons who may be appointed in senior management in accordance with the criteria laid down.
- 4) Framing and implementing on behalf of the Board and on behalf of the shareholders, a credible and transparent policy on remuneration of executive directors including ESOP, Pension Rights and any compensation payment.
- 5) Considering approving and recommending to the Board the changes in designation and increase in salary of the executive directors.
- 6) Ensuring the remuneration policy is good enough to attract, retain and motivate directors.
- 7) Bringing about objectivity in deeming the remuneration package while striking a balance between the interest of the Company and the shareholders.

RIGHTS ISSUE COMMITTEE

Our Rights Issue Committee was constituted by a resolution of our Board dated 30th August, 2017. The constitution of the Rights Issue Committee is as follows:

| Name of the Directors | Designation in the Committee | Nature of Directorship |
|-----------------------------|------------------------------|------------------------------------|
| Mr. Akram Abu | Chairman | Independent Non-Executive Director |
| Mr. Inderpal Singh Pasricha | Member | Independent Non-Executive Director |
| Mr. Shiv Shankar Taparia | Member | Managing Director |
| Mr. Anil Kumar Gilra | Member | Whole Time Director |

Brief term of reference of the Rights Issue Committee is to decide upon the time for right offer, quantum of offer, pricing, book closure and other formalities as may be required for the Rights Issue.

KEY MANAGERIAL PERSONNEL

Apart from our Managing Director and Whole Time Director, the key managerial personnel of our Company as on the date of this Draft Letter of Offer are as follows:

| Name | Age | Date of Joining | Designation | Qualification | Experience | Remuneration received in last FY (Rs) | Previous Employment | Functional responsibility |
|------------------------|-----|-----------------|-------------------------|---------------|------------|---------------------------------------|--------------------------------------|--------------------------------------|
| Dayanidhi Biswal | 58 | 10-05-1984 | General Manager | M.A, LLB | 35 | Rs.3,60,000 | NA | Administrative incharge |
| Ashok Kumar Jena | 50 | 01-04-2004 | Chief Financial Officer | B.Com | 25 | Rs.3,60,000 | NA | Finance incharge |
| Alka Jain | 26 | 01-06-2017 | Company Secretary | B.Com, C.S. | 02 | Nil | NA | Company Law and SEBI Matter incharge |
| Surender Kumar Mahawar | 53 | 01-09-1999 | Manager-Finance | B.Com, LLB | 28 | Rs.1,81,254 | Coastal Synthetics (P) Ltd, Balesore | Finance and Compliance Matter |
| Dev Kumar | 52 | 17-10-2005 | Manager- | B.Sc, | 32 | Rs.3,60,000 | Ram | Production |



| | | | | | | | | |
|--------------------------|----|------------|------------------------|------------------------------------|----|-------------|------------------------------|-------------------------------|
| Singh | | | Production | Diploma (Paper Tech.) | | | Paper Mill Ltd, UP | incharge |
| Pradeep Kumar Nath | 54 | 01-12-1986 | Manager- Personnel | M.A. | 30 | Rs.1,21,160 | NA | Human Resource incharge |
| Meghnad Biswal | 54 | 20-09-1995 | Manager- Electrical | Matric, ITI (Electric al) | 29 | Rs.1,65,358 | Khurana Papers Limited | Electrical incharge |

All the Key Managerial Persons are permanent employees of our Company,

Shareholding of Key Managerial Personnel in our Company

None of Key Managerial Personnel are shareholders of the company except Mr. Dayanidhi Biswal, who is holding 200 shares of our Company.

Interest of Key Managerial Personnel

Our key managerial personnel do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and to the extent of the Equity Shares held by them in our Company, if any.

Employees

We believe that a motivated and empowered employee base is integral to our competitive advantage. Our Company has 168 employees as on date of this Draft Letter of Offer.

Loans to Key Managerial Personnel

There are no loans outstanding against Key Managerial Personnel as on date.

Bonus or Profit Sharing Plan for the Key Managerial Personnel

As per the policy of our Company, employees receive bonus. However, our Company does not have any specific bonus or profit sharing plan for its Key Managerial Personnel.

Employee Stock Option Scheme (ESOS)/ Employees Stock Purchase Scheme (ESPS)

As on date of this Draft Letter of Offer, our Company does not have any employee stock option scheme or employee stock purchase scheme.

Changes in the Key managerial personnel during the last three years

| Name | Designation | Date of Appointment | Date of Cessation |
|-----------------------|----------------------|---------------------|-------------------|
| Ms. Alka Jain | Company Secretary | 01-06-2017 | - |
| Mr. Rakesh Bahukhandi | Manager (Mechanical) | - | 01-02-2018 |

Payment or Benefits to Officers of our Company

Except the payment of salaries, perquisites and bonus our Company does not make any payments to its officers

Non salary related payment or benefit to our employees / key managerial personnel





There has been no other payment or benefit given to the employees / key managerial personnel of our Company other than in accordance with their respective terms of employment.



OUR PROMOTER

Presently, Mr. Shiv Shankar Taparia and Mr. Anil Kumar Gilra are the Promoters of our Company.

| | |
|---|--|
|  | Mr. Shiv Shankar Taparia , aged 47 years is the Managing Director of our Company. He is a Bachelor of Commerce. He has more than 25 years of experience in the field of paper and related activities. After completing his graduation, Shiv Shankar Taparia joined M/s. Sri. Sant Krupa Papers Private Limited, Hyderabad in the year 1988. At the end of year 1996, he has resigned from the Sri. Sant Krupa Papers Private Limited and started his own company in the year 1996 in the name of Harishankar Paper Products Private Limited at Malakpet, Hyderabad. |
| Address | 5-9-46/1, 2 nd Floor, Sri Sai Queen Stone Palace, Basheer Bagh, Kirloskar Hospital, Nampally, Hyderabad, Telangana 500001 |
| Voter ID | XQK0005108 |
| Driving License | 9117/RRD/1991 |
| Permanent Account Number | ABJPT1454F |
| Bank Account Details | Cosmos Co-op Bank Ltd, King Koti Branch, Hyderabad Saving Bank A/c No.-03005010152 |
| Passport Number | P5893394 |
| Aadhar Card Number | 315981618791 |

| | |
|---|--|
|  | Mr. Anil Kumar Gilra , aged 48 years is the whole time director of our Company. He is a B.com, M.com and LLB from Utkal University, Bhubaneswar. He has experience of 26 years in Production, marketing and finance in the Paper and Board Industry.. |
| Address | Bajrakabati Road, Cuttack, Orissa, 753001 |
| Voter ID | YNY0493189 |
| Driving License | OR-0519840297895 |
| Permanent Account Number | ADQPG1809A |
| Bank Account Details | State Bank of India, Bajrakabati Road, Cuttack: Saving Bank A/c No. 51037613325 |
| Passport Number | K0997981 |
| Aadhar Card Number | 356530293680 |

Other Undertaking and Confirmation:

Our Company undertakes that the Permanent Account Number, Bank Account Number, Driving License and Passport number of the Promoters will be submitted to the Stock Exchange at the time of filing of this Draft Letter of Offer with them.



Further, our Promoter, Promoter Group & Promoter Group Entities have confirmed that they have not been identified as willful defaulters by the RBI or any other governmental authority.

Additionally, neither our Promoter nor Promoters Group has been restricted from accessing the capital markets for any reasons, by SEBI or any other authorities.

Common Pursuits

Except Harishankar Paper Products Private Limited, Tirupati Kagadas Private Limited, Abhishek Enterprises and Yash Enterprises which are in the same/similar line of business, none of our Promoters or Promoter Group has equity interests/ investments in any business which is engaged in the line of similar to our Company as on the date of this Draft Letter of Offer. For further details on these entities, please refer to the chapter titled “Our Promoter Group Entities” beginning on page 104 of this Draft Letter of Offer.

There may be conflicts of interest in addressing business opportunities and strategies where other companies in which our Promoter or our Promoter Group have equity interests are also involved. We shall adopt the necessary procedures and practices as permitted by law to address any conflict situations, as and when they may arise. For further details on the related party transactions, to the extent of which our Company is involved, please refer to the chapter titled “Financial Statements” beginning on 111.

Interest of our Promoter

Our Promoters are interested in our Company to the extent of the Equity Shares held by him as well as the Rights Equity Shares offered under this Issue and also to the extent of any dividend payable to him and other distributions in respect of the aforesaid Equity Shares and Rights Equity Shares. Further, our Promoter may also be interested to the extent of Equity Shares held by or that may be subscribed by and allotted to our companies, firms and trust, in which either of them are interested as a director, member, partner or trustee.

In addition, our Promoters, being Managing Director/ Whole time Director of our Company, may be deemed to be interested to the extent of fees, if any, payable for attending meetings of the Board or a committee thereof as well as to the extent of remuneration and reimbursement of expenses, if any, payable under our Articles of Association and to the extent of remuneration, if any, paid for services rendered as an officer or employee of our Company.

Interest in the property of our Company

Our Promoter do not have any interest in any property acquired by our Company within the two years preceding the date of this Draft Letter of Offer or proposed to be acquired by our Company. For further details, please refer to chapter title “Our Business” on page no 70 of this Draft Letter of Offer.

Payment of benefits to our Promoter during the last two years

Except as stated in the chapter titled “Financial Statements” beginning on page 111, there has been no payment of benefits to our Promoters during the last two years from the date of filing of this Draft Letter of Offer.

Related Party Transactions

For details on the related party transactions, please refer to the chapter titled “Related Party Transactions” beginning on 109.

Litigation details pertaining to our Promoter

For details on litigations and disputes pending against the Promoter and defaults made by the Promoter, please refer to the chapter titled “Outstanding Litigations and Material Developments” on page 140 of this Draft Letter of Offer.



OUR PROMOTER GROUP ENTITIES

In this Draft Letter of Offer the terms “group companies” or “Group Companies” or “Group Entities” means group companies for the purposes of and in accordance with SEBI (ICDR) Regulations, 2009 and not under any other statute, rules or regulations, including any license, consent or approval received from any regulatory or government authority.

PROMOTER GROUP INDIVIDUALS

The following natural persons (being the immediate relative of our Promoters) form part of our Promoters Group:

Relatives of Promoters:

| Relationship | SHIV SHANKAR TAPARIA | ANIL KUMAR GILRA |
|-----------------|--|--|
| Spouse | Manju Taparia | Manisha Gilra |
| Father | Hariprasad Taparia | Ratan Kumar Gilra |
| Mother | Rameshwari Devi Taparia | Sumitra Devi Gilra |
| Brother | Ram Kishore Taparia | Ajay Kumar Gilra |
| Sister | Vijay Laxmi Sarda, Vinita Malani, Raju Devi Rathi, Sangeeta Biyani | Anita Sarda |
| Son | Vipul Taparia | Yash Vardhan Gilra & Harsh Vardhan Gilra |
| Daughter | Malaika Taparia, Bhavna Taparia | - |
| Spouse' Father | Kanhaiyalal Karwa | Om Prakash Bajaj |
| Spouse' Mother | Shanti Devi Karwa | Late Satya Bhama Bajaj |
| Spouse' Brother | Dilip Karwa, Lalit Karwa | Ritesh Bajaj & Krishna Bajaj |
| Spouse' Sister | Chandrakala Rathi, Suman Lakhani, Santosh Lakhota | - |

PROMOTER GROUP COMPANIES AND ENTITIES

As specified in clause 2 (zb) of the SEBI Regulation, the companies, HUFs and partnership firms that form part of our Promoter Group are as follows:

| Nature of Relationship | Entity |
|--|---|
| Any Body corporate in which ten percent or more of the equity share capital is held by the promoters or an immediate relative of the promoters or a firm or HUF in which the promoter or any one or more of his immediate relative is a member | Harishankar Paper Products Private Limited Tirupati Kagads Private Limited Interglobal Securities Limited Atcom Metaliks Limited |
| Any Body Corporate in which a body corporate as provided above holds ten percent or more of the equity share capital | Nil |
| Any Subsidiary or Holding Company of our Promoter Company | Nil |
| Anybody corporate in which a group of individuals or companies or combinations thereof which hold twenty percent. or more of the equity share capital in that body corporate also holds twenty percent or more of the equity share capital of the issuer . | Nil |
| Any HUF or firm in which the aggregate shareholding of the promoter and his immediate relatives is equal to or more than ten percent of the total | Abhishek Enterprises Yash Commercial Corporation |



A. DETAILS OF LISTED ENTITIES WITHIN THE PROMOTER GROUP.

None of the group companies are listed in any of the Stock Exchange in India.

B. DETAILS OF UNLISTED ENTITIES WITHIN THE PROMOTER GROUP.

1. Harishankar Paper Products Private Limited

Brief History

Harishankar Paper Products Pvt. Ltd (HPPL) was established in the year 1996 involved in trading of paper and paper products. HPPL has grown multiple folds within a short span of time and is a result well managed customer network and extremely harmonious relations held with both the suppliers and the buyers.

Directors, Mr. Ram Kishore Taparia and Shiv Shankar Taparia, are entrepreneurs with more than 25 years of experience in the chosen field and the success of HPPL is a result of their dynamic leadership and innovative skills. HPPL sells around 20,000 tons of paper per year and has a warehouse with a storage capacity to stock around 500 tons of paper at any point of time, located in the heart of Hyderabad city to facilitate prompt and quick service to its consumers.

HPPL promoters, as arbitration board member of Andhra Pradesh Paper Merchants' Association, Secunderabad have devoted substantial time in the well-being of association and have helped its members facilitating smooth trade by safeguarding business interests.

Nature of Business

Trading and Distribution of paper and paper products

Board of Directors

| Name | Designation |
|----------------------|-------------------|
| Ram Kishore Taparia | Managing Director |
| Shiv Shankar Taparia | Director |
| Manju Taparia | Director |

Shareholding Pattern as on 31st March, 2017

| Name of Shareholder | No. of Equity Shares Held | % |
|---------------------|---------------------------|-------------|
| Promoters | 154589 | 22.74% |
| Non-Promoters | 525411 | 77.26% |
| Total | 680000 | 100% |

Audited Financial Performance

| Particulars | For the Financial Year ended (Rs. In Lakhs) | | |
|---|---|------------------------------|------------------------------|
| | 31 st March, 2017 | 31 st March, 2016 | 31 st March, 2015 |
| | (Audited) | (Audited) | (Audited) |
| Total Income | 17451.77 | 16772.42 | 15312.00 |
| Profit/ (loss) after Tax | 47.94 | 35.18 | 37.72 |
| Share Capital (Equity) | 815.00 | 680.00 | 680.00 |
| Reserves and Surplus (excluding revaluation reserve) | 324.41 | 233.27 | 195.03 |



| Particulars | For the Financial Year ended (Rs. In Lakhs) | | |
|---------------------------------------|---|------------------------------|------------------------------|
| | 31 st March, 2017 | 31 st March, 2016 | 31 st March, 2015 |
| | (Audited) | (Audited) | (Audited) |
| Earnings Per Share (in Rs.) | 5.88 | 5.17 | .55 |
| Book Value Per Equity Shares (in Rs.) | 134.05 | 134.30 | 128.68 |
| Face Value Per Share (in Rs.) | 100 | 100 | 100 |

HPPL is not a sick company within the meaning of Sick Industrial Companies (Special Provision) Act 1985 or is under winding up.

2. TIRUPATI KAGADS PRIVATE LIMITED

Brief History

Tirupati Kagads Private Limited (TKPL) was established in the year 2000 involved in trading of paper and jute goods, they are having well managed customer network and extremely harmonious relations held with both the suppliers and the buyers.

Nature of Business

Trading of paper and jute products

Board of Directors

| Name | Designation |
|----------------------|-------------|
| Shiv Shankar Taparia | Director |
| Sarla Devi Taparia | Director |

Shareholding Pattern as on 31st March, 2017

| Name of Shareholder | No. of Equity Shares Held | % |
|---------------------|---------------------------|---------------|
| Promoters | 23,66,300 | 56.90 |
| Non Promoters | 17,92,200 | 43.10 |
| Total | 41,58,500 | 100.00 |

Audited Financial Performance

| Particulars | For the Financial Year ended (Rs. In Lakhs) | | |
|---|---|------------------------------|------------------------------|
| | 31 st March, 2017 | 31 st March, 2016 | 31 st March, 2015 |
| | (Audited) | (Audited) | (Audited) |
| Total Income | 9184.52 | 8082.56 | 4280.34 |
| Profit/(loss) after Tax | 18.10 | 15.92 | 11.50 |
| Share Capital (Equity) | 415.85 | 415.85 | 105.00 |
| Reserves and Surplus (excluding revaluation reserve) | 79.42 | 61.32 | 45.41 |
| Earnings Per share (in Rs.) | 0.44 | 0.38 | 1.10 |
| Book Value per equity share (in Rs.) | 11.90 | 11.47 | 14.32 |
| Face Value per Share (in Rs.) | 10 | 10 | 10 |

3. INTERGLOBAL SECURITIES LIMITED

Brief History



Interglobal Securites Limited (ISL) was established in the year 1994 and currently, involved in business of rental of property and car hiring charges.

Nature of Business

Currently, revenue of ISL consists of rental of property and car hiring charges.

Board of Directors

| Name | Designation |
|----------------------|-------------|
| Ratan Kumar Gilra | Director |
| Amar Chand Deedwania | Director |
| Manisha Gilra | Director |

Shareholding Pattern as on the date of 31st March, 2017

| Name of Shareholder | No. of Equity Shares Held | % |
|---------------------|---------------------------|---------------|
| Promoters | 7,68,265 | 100.00 |
| Non Promoters | 10 | 0.00 |
| Total | 41,58,500 | 100.00 |

Audited Financial Performance

| Particulars | For the Financial Year ended (Rs. In Lakhs) | | |
|---|---|------------------------------|------------------------------|
| | 31 st March, 2017 | 31 st March, 2016 | 31 st March, 2015 |
| | (Audited) | (Audited) | (Audited) |
| Revenue from Operations | 3.60 | 2.40 | 3.04 |
| Car Running Charges | 2.40 | 1.20 | - |
| Rental Income | 1.20 | 1.20 | 3.04 |
| Other Income | 1.63 | 0.16 | - |
| Profit/(loss) after Tax | (3.81) | 1.63 | 0.19 |
| Share Capital (Equity) | 76.82 | 76.82 | 76.82 |
| Reserves and Surplus (excluding revaluation reserve) | (22.48) | (18.66) | (20.30) |
| Earnings Per share (in Rs.) | (0.39) | 0.17 | 0.02 |
| Book Value per equity share (in Rs.) | 7.07 | 7.57 | 7.36 |
| Face Value per Share (in Rs.) | 10 | 10 | 10 |

C. PARTNERSHIP FIRMS:

1. ABHISHEK ENTERPRISES

Brief Information

The partnership firm in the name of Abhishek Enterprises was established by Mr. Mahadev Rathi and Mrs. Manju Taparia by executing a partnership deed dated 6th April, 2009. The firm is engaged in the business of trading and manufacturing of note books, long books and trading paper and paper related products and binding works.

PAN: AAQFA7582F

Interest of the Partners

| Sr. | Name of the Partner | Profit or loss sharing ratio in % as |
|-----|---------------------|--------------------------------------|
|-----|---------------------|--------------------------------------|



| No. | | of 31 st March 2017 |
|-----|---------------|--------------------------------|
| 1 | Mahadev Rathi | 50% |
| 2 | Manju Taparia | 50% |
| | Total | 100% |

Financial Performance

| Particulars | For the Financial Year ended (in Lakhs) | | |
|-----------------|---|------------------------------|------------------------------|
| | 31 st March, 2017 | 31 st March, 2016 | 31 st March, 2015 |
| Capital Account | 380.61 | 387.54 | 175.73 |
| Gross Income | 5706.10 | 5168.65 | 4110.00 |
| Net Surplus | 21.61 | 15.95 | 10.63 |

2. YASH COMMERCIAL CORPORATION

Corporate Information

The partnership in the name of Yash Commercial Corporation was established by Mrs. Manisha Gilra and Mrs. Vandana Gilra by executing a partnership deed dated 1st April, 2003. The firm is engaged in the business of trading of paper and paper products.

PAN: AAIFY4271H

Interest of the Partners

| Sr. No. | Name of the Partner | Profit or loss sharing ratio in percentage as of 31 st March 2017 |
|---------|---------------------|--|
| 1 | Manisha Gilra | 50% |
| 2 | Vandana Gilra | 50% |
| | Total | 100% |

Financial Performance

| Particulars | For the Financial Year ended (in Lakhs) | | |
|-----------------|---|------------------------------|------------------------------|
| | 31 st March, 2017 | 31 st March, 2016 | 31 st March, 2015 |
| Capital Account | 55.39 | 59.43 | 59.15 |
| Gross Income | 136.02 | 138.38 | 217.99 |
| Net Surplus | 2.37 | 1.18 | 1.97 |



RELATED PARTY TRANSACTIONS

For details on Related Party Transactions of our Company, please refer to Annexure 22 of restated financial statement under the section titled, '*Financial Statements*' beginning on page 111 of this Draft Letter of Offer.



DIVIDEND POLICY

The declaration and payment of dividends is recommended by our Board and approved by our Shareholders, at their discretion, subject to the provisions of the Articles of Association read with the Companies Act and other applicable laws. Our Company has not adopted any Dividend Distribution Policy as on the date of this Draft Letter of Offer since the requirements under Regulation 43A of the SEBI Listing Regulations are not applicable to the Company. However, depending upon the availability of distributable profits and fund flow, dividends are recommended.

Our Company has not declared dividend in past five financial years.



SECTION V: FINANCIAL STATEMENT

Independent Auditors' Report

To,
The Board of Directors,
Cosboard industries Limited
New Industrial Estate,
Phase – II, Jagatpur,
Cuttack-75402

Dear Sirs,

We have examined the attached Restated Standalone Financial Information of Cosboard Industries Limited, which comprise of the Restated Summary Statement of Assets and Liabilities as at the Nine Months period ended on December 31, 2017 and year ended on March 31, 2017, 2016, 2015, 2014 and 2013, the Restated Summary Statements of Profit and Loss and the Restated Summary Statement of Cash Flows for each of the Nine Months period ended on December 31, 2017 and year ended on March 31, 2017, 2016, 2015, 2014 and 2013 and the Summary of Significant Accounting Policies as approved by the Board of Directors of the Company prepared in terms of the requirements of :

- (a) sub-clause (i) and (iii) of clause (b) of sub-section (1) of Section 26 of the Companies Act, 2013 ('the Act') read with Rule 4 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 ("Rules"); and
- (b) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ('ICDR Regulations') as amended from time to time in pursuance of provisions of Securities and Exchange Board of India Act, 1992 ("ICDR Regulations")

We have examined such Restated Financial Information taking into consideration the Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India and in terms of the engagement agreed upon by us with the Company.

The Restated Financial Information have been complied by the management from the audited financial statements of the Company for the period ended in December 31, 2017 and year ended March 31 2017, 2016, 2015, 2014, 2013 which have been approved by the Board of Directors.

Audit for the financial year ended March 31, 2013 was conducted by M/s. L.N. More & Co., Chartered Accountants and accordingly reliance has been placed on the financial information examined by M/s L.N. More & Co for financial year ended March 31, 2013.

In terms of Schedule VIII, Clause IX (9) of the SEBI (ICDR) Regulations, 2009 and other provisions relating to accounts of Cosboard Industries Limited, We, M/s. BRR & Associates, Chartered Accountants, have been subjected to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the 'Peer Review Board' of the ICAI.

A. Financial Information as per Audited Financial Statements:

We have examined:

- a. the attached Statement of Assets and Liabilities, as Restated as at year ended March 31, 2013, 2014, 2015, 2016, 2017 and Dec 31, 2017 (Annexure 1);
- b. the attached Statement of Profits and Losses, as Restated for the year ended March 31, 2013, 2014, 2015, 2016, 2017 and Dec 31, 2017 (Annexure 2);
- c. the attached Statement of Cash Flows, as Restated for the year ended March 31, 2013, 2014, 2015, 2016 2017 and Dec 31, 2017 (Annexure 3);



- d. the significant accounting policies adopted by the Company and notes to the Restated Financial Statements along with adjustments on account of audit qualifications / adjustments / regroupings. (Annexure 4); (Collectively hereinafter referred as “Restated Financial Statements”)

In accordance with the requirements of Section 26 of Part I of Chapter III of the Act read with, Rules 4 to 6 of Companies (Prospectus and Allotment of Securities) Rules, 2014, the ICDR Regulations and the Guidance Note, we report that:

- Restated Statement of Assets and Liabilities of the Company as at December 31, 2017 and year ended March 31 2017, 2016, 2015, 2014, 2013 are as set out in Annexure 1, which are after making such material adjustments and regroupings as, in our opinion are appropriate, and are to be read with the significant accounting policies and notes thereon in Annexure 4;
- Restated Statement of Profits and Losses of the Company for the period ended December 31, 2017 and year ended March 31 2017, 2016, 2015, 2014, 2013 are as set out in Annexure 2, which have been arrived at after making such material adjustments and regroupings to the audited financial statements as, in our opinion are appropriate, and are to be read with the significant accounting policies and notes thereon in Annexure 4;
- Restated Statement of Cash Flows of the Company for the period ended December 31, 2017 and year ended March 31 2017, 2016, 2015, 2014, 2013 are as set out in Annexure 3 after making such material adjustments and regroupings;
- Adjustments for any material amounts in the respective financial years have been made to which they relate; and
- There are no Extra-ordinary items that need to be disclosed separately in the Restated Summary Statements or Auditor's qualification requiring adjustments.
- There was no change in accounting policies, which needs to be adjusted in the “Restated Financial Statements”.
- The Company has submitted its quarterly financial results for the period ended December 31, 2017 to the Stock Exchange under Regulation 33 of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 as per IND AS 34- Interim Financial Reporting. However, to make them comparable to for the purpose of Rights Issue, have been prepared to comply with Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and other relevant provisions of the Act to the extent notified and applicable.
- There was an audit qualification in the audit report issued by M/s L. N. More & Co., Chartered Accountants for financial year ended March 31, 2013 and in the audit report issued by us for financial year ended on March 31, 2014 both pertaining to retirement benefits as stated under AS-15 (revised). Although, the company has made provision for retirement benefits in said years but the company has not obtained actuarial valuation report from independent actuary. Further, the company has not obtained for actuarial valuation report from independent actuary for the period ended on December 31, 2017 and year ended on March 31, 2017, 2016 and 2015 with respect to provisions made for retirement benefits for the respective period/ years.

B. Other Financial Information:

We have also examined the following Financial Information relating to the Company, which is based on the Restated Financial Statements and approved by the Board of Directors of the Company and annexed to this report, is proposed to be included in the Offer Document:

1. Statement of Details of Reserves & Surplus as at December 31, 2017, March 31, 2017, 2016, 2015, 2014 and 2013 as set out in **Annexure 5** to this report.
2. Statement of Accounting Ratios for the period ended on December 31, 2017 and year ended on March 31, 2017, 2016, 2015, 2014 and 2013 as set out in **Annexure 6** to this report.
3. Capitalization Statement as at December 31, 2017 as set out in **Annexure 7** to this report.
4. Statement of Tax Shelters for the period ended on December 31, 2017 and year ended on March 31, 2017, 2016, 2015, 2014 and 2013 Borrowings for the period ended on December 31, 2017 and year ended on March 31, 2017, 2016, 2015, 2014 and 2013 as set out in **Annexure 9** to this report.
5. Statement of Short Term Borrowings for the period ended on December 31, 2017 and year ended on March 31, 2017, 2016, 2015, 2014 and 2013 as set out in **Annexure 10** to this report.



6. Statement of Details of Current Liabilities & Provisions of the Company for the period ended on December 31, 2017 and year ended on March 31, 2017, 2016, 2015, 2014 and 2013 as set out in **Annexure 11** to this report.
7. Statement of Details of Tangible Assets of the Company for the period ended on December 31, 2017 and year ended on March 31, 2017, 2016, 2015, 2014 and 2013 as set out in **Annexure 12** to this report.
8. Statement of Details of Trade Receivables of the Company for the period ended on December 31, 2017 and year ended on March 31, 2017, 2016, 2015, 2014 and 2013 as set out in **Annexure 13** to this report.
9. Statement of Details of Short Term Loans & Advances as at December 31, 2017, March 31, 2017, 2016, 2015, 2014 and 2013 as set out in **Annexure 14** to this report.
10. Statement of Details of Current Investments of the Company for the period ended on December 31, 2017 and year ended on March 31, 2017, 2016, 2015, 2014 and 2013 as set out in **Annexure 15** to this report.
11. Statement of Details of Inventories of the Company for the period ended on December 31, 2017 and year ended on March 31, 2017, 2016, 2015, 2014 and 2013 as set out in **Annexure 16** to this report.
12. Statement of Details of Other Current Assets of the Company for the period ended on December 31, 2017 and year ended on March 31, 2017, 2016, 2015, 2014 and 2013 as set out in **Annexure 17** to this report.
13. Statement of Details of Revenue from Operations of the Company for the period ended on December 31, 2017 and year ended on March 31, 2017, 2016, 2015, 2014 and 2013 as set out in **Annexure 18** to this report.
14. Statement of Details of Other Income of the Company for the period ended on December 31, 2017 and year ended on March 31, 2017, 2016, 2015, 2014 and 2013 set out in **Annexure 19** to this report.
15. Statement of Details of Other expenses of the Company for the period ended on December 31, 2017 and year ended on March 31, 2017, 2016, 2015, 2014 and 2013 set out in **Annexure 20** to this report.
16. Statement of Details of Contingent Liabilities of the Company for the period ended on December 31, 2017 and year ended on March 31, 2017, 2016, 2015, 2014 and 2013 set out in **Annexure 21** to this report.
17. Statement of Details of Related Party Transactions of the Company for the period ended on December 31, 2017 and year ended on March 31, 2017, 2016, 2015, 2014 and 2013 as set out in **Annexure 22** to this report.

Consequently, the financial information has been prepared after making such regroupings and adjustments as were, in our opinion, considered appropriate to comply with the same. As result of these regroupings and adjustments, the amount reported in the financial information may not necessarily be same as those appearing in the respective audited financial statements for the relevant years.

This report should not in any way be construed as a reissuance or redating of the previous audit report, nor should this be construed as a new opinion on any of the financial statements referred to herein.

We have no responsibility to update our report for events and circumstances occurring after the date of the report.

This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed Right Issue of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For BRR & Associates
Chartered Accountants
Firm Registration No - 013012S

Ravinder Rao Bairneni
Partner
Membership No. 221298
Place: Hyderabad
Date: 18th April, 2018



ANNEXURE-01

STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. in Lakhs)

| Particulars | Nine Months period ended Dec' 2017 | As at 31 March, | | | | |
|------------------------------------|------------------------------------|-----------------|----------------|----------------|----------------|----------------|
| | | 2017 | 2016 | 2015 | 2014 | 2013 |
| I. EQUITY AND LIABILITIES | | | | | | |
| (1) Shareholder's Funds | | | | | | |
| (a) Share Capital | 429.38 | 429.38 | 429.38 | 429.38 | 429.38 | 429.38 |
| (b) Reserves and Surplus | 249.64 | 191.34 | 165.5 | (10.44) | (229.36) | (251.13) |
| Sub Total (1) | 679.02 | 620.72 | 594.88 | 418.94 | 200.02 | 178.25 |
| (2) Non-Current Liabilities | | | | | | |
| (a) Long-Term Borrowings | 4351.05 | 4327.40 | 3915.34 | 3135.62 | 2179.57 | 452.16 |
| (c) Other Long Term Liabilities | 106.62 | 111.46 | 104.60 | 85.15 | 74.61 | 68.19 |
| Sub Total (2) | 4457.67 | 4438.86 | 4019.94 | 3220.77 | 2254.18 | 520.35 |
| (3) Current Liabilities | | | | | | |
| (a) Short-Term Borrowings | 3040.54 | 3035.25 | 2432.79 | 1342.64 | 566.78 | 414.45 |
| (b) Trade Payables | 402.02 | 860.92 | 350.58 | 242.02 | 621.62 | 772.16 |
| (c) Other Current Liabilities | 783.26 | 641.82 | 223.51 | 202.80 | 289.10 | 527.03 |
| (d) Short-Term Provisions | 40.84 | 23.84 | 11.09 | 3.58 | 4.33 | 5.95 |
| Sub Total (3) | 4266.65 | 4561.84 | 3009.97 | 1791.03 | 1481.83 | 1719.60 |
| Total (1+2+3) | 9403.34 | 9621.42 | 7624.79 | 5430.75 | 3936.03 | 2418.20 |
| II. ASSETS | | | | | | |
| (1) Non-Current Assets | | | | | | |
| (a) Fixed Assets | | | | | | |
| - Tangible Assets | 2764.42 | 2968.82 | 279.21 | 306.48 | 336.33 | 372.36 |
| - Intangible Assets | - | - | - | - | - | - |
| - Capital Work in Progress | 129.14 | 110.13 | 2960.18 | 2658.23 | 1531.31 | 105.84 |
| (b) Non-Current Investments | 54.63 | 14.38 | 1.88 | 0.88 | 0.75 | 0.75 |
| (c) Deferred Tax Assets (Net) | 130.93 | 155.15 | 206.81 | 210.34 | 212.83 | 211.19 |
| (d) Long Term Loans & Advances | 98.44 | 84.92 | 37.27 | 42.27 | 43.10 | 41.58 |
| Sub Total (1) | 3177.56 | 3333.40 | 3485.35 | 3218.20 | 2124.32 | 731.71 |
| (2) Current Assets | | | | | | |
| (a) Inventories | 345.85 | 980.88 | 961.02 | 789.16 | 290.57 | 353.30 |
| (b) Trade receivables | 5545.54 | 4989.67 | 2938.84 | 1273.48 | 1227.50 | 1192.16 |
| (c) Cash and Cash Equivalents | 186.88 | 192.22 | 91.13 | 86.81 | 95.42 | 7.58 |
| (d) Short-Term Loans And Advances | 140.78 | 118.13 | 143.93 | 61.87 | 121.55 | 58.64 |
| (e) Other Current Assets | 6.73 | 7.12 | 4.52 | 1.23 | 76.67 | 74.79 |
| Sub Total (2) | 6225.78 | 6288.02 | 4139.44 | 2212.55 | 1811.71 | 1686.48 |
| Total (1+2) | 9403.34 | 9621.42 | 7624.79 | 5430.75 | 3939.47 | 2418.19 |



ANNEXURE-02

STATEMENT OF PROFIT AND LOSS, AS RESTATED

(Rs. in Lakhs)

| Particulars | 31.12.17 | 31.03.17 | 31.03.16 | 31.03.15 | 31.03.14 | 31.03.13 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| (I) Income- | | | | | | |
| (i) Sales:- | | | | | | |
| Sales of products manufactured by the Issuer | 4672.13 | 4860.96 | 4322.63 | 3735.02 | 3422.54 | 2232.48 |
| Sales of products traded in by the Issuer | 3312.13 | 2865.26 | 1955.41 | 416.06 | - | - |
| Total | 7984.26 | 7726.22 | 6278.04 | 4151.08 | 3422.54 | 2232.48 |
| (ii) Other Income | 8.87 | 9.19 | 9.62 | 9.55 | 7.82 | 6.92 |
| Total (i+ii) | 7993.13 | 7735.41 | 6287.66 | 4160.63 | 3430.36 | 2239.40 |
| (II) Expenditure | | | | | | |
| Cost of Goods Sold | 5672.55 | 5127.77 | 4340.26 | 2603.38 | 2037.39 | 1453.62 |
| Changes in inventories of finished goods, traded goods and work-in-progress | 192.21 | (8.33) | (101.30) | (103.32) | 104.62 | (100.74) |
| Employee benefit expenses | 167.10 | 181.37 | 178.81 | 162.53 | 162.18 | 155.70 |
| Finance costs | 594.97 | 725.33 | 475.65 | 128.79 | 27.22 | 0.66 |
| Depreciation and amortization expense | 205.68 | 275.30 | 34.07 | 33.04 | 36.50 | 34.10 |
| Other Expenses | 1057.67 | 1336.86 | 1171.97 | 1113.71 | 1040.63 | 687.25 |
| Total Expenses | 7890.18 | 7638.3 | 6099.46 | 3938.13 | 3408.50 | 2230.59 |
| (III) Profit before tax (I-II) | 102.95 | 97.11 | 188.18 | 222.51 | 21.83 | 8.81 |
| Prior period items (Net) | | | | | | |
| (IV) Profit before exceptional, extraordinary items and tax (I-II) | 102.95 | 97.11 | 188.20 | 222.50 | 21.83 | 8.81 |
| (V) Exceptional items | | | | | | |
| (VI) Profit before extraordinary items and tax (IV-V) | 102.95 | 97.11 | 188.20 | 222.50 | 21.83 | 8.81 |
| (VII) Extraordinary items | | | | | | |
| (VIII) Profit before tax (VI-VII) | 102.95 | 97.11 | 188.20 | 222.50 | 21.83 | 8.81 |
| Tax expense : | | | | | | |
| (i) Current tax | (19.62) | (18.55) | (7.64) | 0.00 | 0.00 | (1.68) |
| (ii) Deferred tax (Asset)/ Liability | (24.22) | (51.65) | (3.53) | (2.49) | 1.64 | (10.95) |
| (IX) Total Tax Expense | (43.84) | (70.20) | (11.17) | (2.49) | 1.64 | (12.63) |
| Profit for the year(VIII-IX) | 59.11 | 26.92 | 177.03 | 220.01 | 23.50 | (3.82) |



ANNEXURE-03

STATEMENT OF CASH FLOW, AS RESTATED

(Rs. in Lakhs)

| Particulars | 31.12.17 | 31.03.17 | 31.03.16 | 31.03.15 | 31.03.14 | 31.03.13 |
|---|----------------|-----------------|------------------|-------------------|-------------------|----------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | |
| Net profit before taxes | 102.95 | 97.12 | 188.18 | 222.51 | 23.5 | 8.81 |
| Adjustment for: | | | | | | |
| Add: Depreciation | 205.68 | 275.30 | 34.07 | 33.04 | 36.495 | 34.10 |
| Add: Interest & Finance Charges | 594.97 | 725.33 | 475.65 | 128.79 | 27.22 | 0.66 |
| Interest Income | (6.60) | (6.02) | (6.31) | (6.49) | (1.54) | (1.00) |
| Sundry balance written back | - | - | - | - | - | (2.88) |
| DRI Time share W/off | - | - | - | - | - | 0.27 |
| Sundry balance written off | - | - | - | - | 1.57 | - |
| Prior Period Adjustment | - | - | - | - | - | - |
| Operating Profit before Working capital changes | 897.00 | 1091.73 | 691.59 | 377.85 | 87.245 | 39.96 |
| Adjustments for: | | | | | | |
| Decrease (Increase) in Trade & Other Receivables | (555.87) | (2050.81) | (1665.36) | (46.00) | (35.33) | (329.58) |
| Decrease (Increase) in Short Term Loans & Advances | (22.65) | (21.85) | (77.06) | 59.51 | (64.44) | (7.63) |
| Decrease (Increase) in Inventories | 635.03 | (19.86) | (171.86) | (498.59) | 62.73 | (23.26) |
| Decrease (Increase) in Other Current Assets | (13.51) | (2.6) | (3.29) | 73.77 | (0.04) | 7.69 |
| Increase (Decrease) in Trade Payables | (458.72) | 510.34 | 119.41 | 390.45 | (150.54) | 107.63 |
| Increase (Decrease) in Short Term Provisions | (4.84) | 11.36 | (0.4) | 0.54 | (1.63) | 2.53 |
| Increase (Decrease) in Other Current Liabilities | (88.07) | 320.21 | (64.33) | (91.34) | (388.96) | 140.01 |
| Increase (Decrease) in Claims | (29.53) | | | | | |
| Decrease in Other Financial Assets | 0.39 | | | | | |
| Increase in Other Provisions | (2.62) | | | | | |
| Increase in Tax Liability | 19.62 | | | | | |
| Net Changes in Working Capital | (520.77) | (1,253.39) | (1,862.89) | (111.66) | (578.21) | (102.61) |
| Cash Generated from Operations | 376.23 | (161.66) | (1171.30) | 266.19 | (490.965) | (62.65) |
| Taxes | (19.62) | (7.02) | | | (6.26) | (0.93) |
| Net Cash Flow from Operating Activities (A) | 356.61 | (168.50) | (1171.30) | 266.19 | (497.225) | (63.58) |
| CASH FLOW FROM INVESTING ACTIVITIES | | | | | | |
| Sale /(Purchase) of Fixed Assets | (21.12) | (115.93) | (309.83) | (1,129.35) | (1,427.68) | (94.14) |
| Decrease (Increase) in Investments | (10.72) | (12.50) | (1.00) | 0.70 | - | - |
| Interest Received | 6.60 | 6.02 | 6.31 | 6.49 | 1.50 | 0.95 |
| Decrease (Increase) in Other Non-Current Assets | - | - | - | - | - | - |
| Net Cash Flow from Investing Activities (B) | (25.24) | (122.41) | (304.52) | (1,122.16) | (1,426.18) | (93.19) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | | | | |
| Issue of share capital and Proceeds / (Refund) from Share Application Money | - | - | - | - | - | - |
| Increase / (Repayment) of Long Term Borrowings | 619.19 | 494.33 | 866.66 | 1427.85 | 1150.66 | (17.91) |



| | | | | | | |
|--|-----------------|---------------|----------------|---------------|----------------|---------------|
| Increase / (Repayment) of Short Term Borrowings | (299.66) | 602.46 | 1090.14 | 780.86 | 561.78 | - |
| Interest & Finance Charges | (594.97) | (725.33) | (475.65) | (128.79) | (27.22) | (0.66) |
| Decrease (Increase) in Long Term Loans & Advances | 13.52 | 20.54 | 0 | -1242.11 | 316.97 | 173.99 |
| Net Cash Flow from Financing Activities (C) | (336.71) | 392.00 | 1481.15 | 837.81 | 2002.19 | 155.42 |
| Net Increase / (Decrease) in Cash & Cash Equivalents | (5.34) | 101.09 | 4.32 | (8.61) | 87.84 | (1.34) |
| Cash and cash equivalents at the beginning of the year / Period | 192.22 | 91.13 | 86.81 | 95.42 | 7.58 | 8.92 |
| Cash and cash equivalents at the end of the year/ Period | 186.88 | 192.22 | 91.13 | 86.81 | 95.42 | 7.58 |

ANNEXURE-04

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR PREPARATION OF RESTATED FINANCIAL STATEMENT

A. SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of Preparation of Financial Statements

- a. The Restated Financial Information for the period ended on December 31, 2017 and year ended on March 31, 2017, 2016, 2015, 2014 and 2013 has been extracted by the management of the Company from the audited financial statements of the company for the period ended on December 31, 2017 and year ended on March 31, 2017, 2016, 2015, 2014 and 2013.
- b. The Restated Financial Information are after making adjustments/ restatements and regrouping as necessary in accordance with paragraph B(1) of Part II of Schedule II of The Companies Act and SEBI Regulations.
- c. The Financial Statements for year ended March 2013 and March 2014 have been prepared under Historical Cost conventions and in accordance with the Generally Accepted Accounting Principles ('GAAP') applicable in India, Companies (Accounting Standard) Rules, 2006 notified by Ministry of Company Affairs and Accounting Standards issued by the Institute of Chartered Accountants of India as applicable and relevant provisions of the Companies Act, 1956 & 2013. However, the Financial Statements for year ended March 2015, March 2016, March 2017 and December 2017 have been prepared as per principles laid under IND AS.
- d. The company generally follows the mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.
- e. The Company has submitted its quarterly financial results for the period ended December 31, 2017 to the Stock Exchange under Regulation 33 of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 as per IND AS 34- Interim Financial Reporting. However, to make them comparable to for the purpose of Rights Issue, have been prepared to comply with Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and other relevant provisions of the Act to the extent notified and applicable.

2. Use of Estimates

The preparation of Financial Statements requires the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful lives of fixed assets and intangible assets, provision



for doubtful debts / advances, future obligations in respect of retirement benefit plans, etc. Actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized. Management believes that the estimates used in preparation of financial statements are prudent and reasonable.

3. Property, Plant and Equipment

- i. Fixed Assets are shown at historical cost net of recoverable taxes inclusive of incidental expenses less accumulated depreciation.
- ii. Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated depreciation.
- iii. Pursuant to commencement of Companies Act, 2013, effective 1st April, 2014 the company has reviewed and revised the estimated economic useful lives of its fixed assets generally in accordance with Schedule II of Companies Act, 2013
- iv. Depreciation on fixed assets sold during the year, is provided on pro-rata basis with reference to the date of addition/deletion.

4. Revenue Recognition

Revenue is recognized only when it is probable that economic benefits will flow to the company and revenue can be reliably measured.

Revenue from sale of goods is recognized when significant risks and rewards of ownership of the goods are transferred to the customer and recorded net of returns, sales tax and other levies.

Interest income Is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

5. Investments

Current investments are carried at lower of cost and quoted/fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary.

6. Impairment of Assets

As on Balance Sheet date, the Company reviews the carrying amount of Fixed Assets to determine whether there are any indications that those assets have suffered "Impairment Loss". 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 continuing use of an asset and from its disposal at the end of its useful life.

7. Borrowing Costs

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

8. Taxation

Tax expenses for the year comprise of current tax and deferred tax. Current tax is measured after taking into consideration the deductions and exemptions admissible under the provision of Income Tax Act, 1961 and in accordance with Accounting Standard 22 on "Accounting for Taxes on Income", issued by ICAI.

Deferred Tax assets or liabilities are recognized for further tax consequence attributable to timing difference between taxable income and accounting income that are measured at relevant enacted tax rates. At each Balance Sheet date the company reassesses unrecognized deferred tax assets, to the extent they become reasonably certain or virtually certain of realization, as the case may be.



9. Leases

Finance Lease

Leases, which effectively transfer to the company the entire risks and benefits incidental to ownership of the leased item, are classified as Finance Lease. Lease rentals are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income life of the assets at the following rates

Operating Lease

Lease where the lesser effectively retains substantially all risks and benefits of the asset are classified as Operating lease. Operating lease payments are recognized as an expense in the Profit & Loss account on a Straight Line Basis over the Lease term.

10. Earnings per Share

In determining the Earnings Per share, the company considers the net profit after tax includes any post tax effect of any extraordinary / exceptional item. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period.

The number of shares used in computing Diluted earnings per share comprises the weighted average number of shares considered for computing Basic Earnings per share and also the weighted number of equity shares that would have been issued on conversion of all potentially dilutive shares.

In the event of issue of bonus shares, or share split the number of equity shares outstanding is increased without an increase in the resources. The number of Equity shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event had occurred at the beginning of the earliest period reported.

11. Contingent Liabilities & Provisions

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made.

Contingent Liability is disclosed for:

- a. Possible obligation which will be confirmed only by future events not wholly within the control of the company, or
- b. Present obligations arising from the past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.
- c. Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

12. Foreign Exchange Transactions

- i. Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.
- ii. Monetary items denominated in foreign currencies at the year-end are restated at year-end rates. In case of items, which are covered by forward exchange contracts, the difference between the year-end rate and rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract.
- iii. Non-Monetary foreign currency items are carried at cost.
- iv. In respect of branches, which are integral foreign operations, all transactions are translated at rates



prevailing on the date of transaction or that approximates the actual rate at the date of transaction. Branch monetary assets and liabilities are restated at the year-end rates.

- v. Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Profit and loss account except in case of long-term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

i. **CHANGES IN ACCOUNTING POLICIES IN THE YEARS COVERED IN THE RESTATED FINANCIALS.**

There is no change in significant accounting policies during the reporting period. Further Accounting Policies has been changed as and when Accounting Standards issued by the Institute of Chartered Accountants of India / Companies (Accounting Standard) Rules, 2006 were made applicable on the relevant dates.

ii. **NOTES ON RESTATED FINANCIAL STATEMENTS**

(Rs. in Lacs)

| Financial Year ended | December, 31st | March, 31st | March, 31 st | March, 31 st | March, 31 st | March, 31 st |
|---|-------------------|----------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | 2017 | 2017 | 2016 | 2015 | 2014 | 2013 |
| Profit after tax as per Audited Statement of Account(A) | 59.10 | 27.10 | 175.63 | 229.57 | 26.95 | (3.82) |
| Adjustments for Prior Period Items* | - | (0.18) | 1.38 | (9.55) | (3.43) | 0.00 |
| Profit after tax as per Restated Profit & Loss (A) | 59.10 | 26.92 | 177.01 | 220.02 | 23.52 | (3.82) |

*The company had policy to adjust prior period expenses to opening balance of General Reserve of earlier years as carried forward. However, in the restated summary financial statements, such expenses have been charged to the statement of profit & loss of the period to which such expenses relate and accordingly, adjustments have been made in General Reserves under Reserve & Surplus.

(III) **OTHER NOTES**

1. **General**

The Company was originally incorporated as “Central Orissa Straw Board Private Limited” in Cuttack Orissa as a Private Limited Company under the provisions of the Companies Act, 1956 vide certificate of incorporation dated 30th December, 1980 and the constitution of the company has been changed to a limited company vide fresh certificate of incorporation dated 20th May, 1993 and name of company was changed to “Cosboard Industries Limited”.

2. **Contingent liabilities**

There are no contingent liabilities except pending litigations.

3. **Dues to Micro enterprises and Small enterprises:**

Under the Micro, Small and Medium Enterprise Development Act, 2006 certain disclosure is required to be made related to micro, small and medium enterprise. The company has disclosed the same.

4. **Segment Reporting**

The company operates only in one reportable business segment mainly manufacturing in wood and Wood products, Furniture, Paper & Paper products. Hence, there are no reportable segments under IND AS-108. The conditions prevailing in India being uniform no separate geographical disclosures are considered necessary.



5. In the opinion of the Board, subject to the debts considered doubtful, Current Assets and Loans and Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.
6. Related Party Transactions:
The details of Related Party Transactions as per AS-18 Related Party Transactions are provided in Annexure 21.
7. The figures in the Restated Financials are stated in Lacs and rounded off to two decimals and minor rounding off difference is ignored.

Annexure- 05

STATEMENT OF DETAILS OF RESERVES & SURPLUS, AS RESTATED

(Rs. In Lacs)

| Particulars | 31.12.17 | 31.03.17 | 31.03.16 | 31.03.15 | 31.03.14 | 31.03.13 |
|--|---------------|---------------|---------------|-----------------|-----------------|-----------------|
| Profit / (Loss) Brought Forward | 30.04 | 3.12 | (173.89) | (393.91) | (417.41) | (413.59) |
| Add: Profit / (Loss) for the Year | 59.11 | 26.92 | 177.02 | 220.01 | 23.50 | (3.82) |
| Profit / (Loss) Carried Forward (A) | 89.15 | 30.04 | 3.12 | (173.89) | (393.91) | (417.41) |
| Revaluation Reserve | | | | | | |
| Opening balance | 6.47 | 7.55 | 8.63 | 9.72 | 11.45 | 13.19 |
| Less: Withdrawn | 0.81 | 1.08 | 1.08 | 1.08 | 1.74 | 1.74 |
| Closing Balance (B) | 5.66 | 6.47 | 7.55 | 8.63 | 9.72 | 11.45 |
| State Investment Subsidy | 35.40 | 35.40 | 35.40 | 35.40 | 35.40 | 35.40 |
| Share Premium | 119.43 | 119.43 | 119.43 | 119.43 | 119.43 | 119.43 |
| Total (C) | 154.82 | 154.82 | 154.82 | 154.82 | 154.82 | 154.82 |
| Reserves & Surplus (A+B+C) | 249.64 | 191.34 | 165.50 | (10.44) | (229.36) | (251.13) |

Annexure- 06

STATEMENT OF ACCOUNTING RATIOS

(Rs. In Lacs, except per share data)

| Particulars | 31.12.17 | 31.03.17 | 31.03.16 | 31.03.15 | 31.03.14 | 31.03.13 |
|--|----------|----------|----------|----------|----------|----------|
| Net Worth (A) | 679.04 | 620.72 | 594.88 | 418.94 | 200.02 | 178.25 |
| Net Profit after Tax (B) | 59.11 | 26.92 | 177.02 | 220.01 | 23.05 | (3.82) |
| No. of Shares outstanding at the end [F.V Rs.10] (C) | 4293800 | 4293800 | 4293800 | 4293800 | 4293800 | 4293800 |
| Weighted average number of shares [F.V Rs.10] (D) | 4293800 | 4293800 | 4293800 | 4293800 | 4293800 | 4293800 |
| Earnings per Share (EPS) (B/D) (Rs.) | 1.38 | 0.63 | 4.12 | 5.12 | 0.55 | (0.09) |
| Return on Net Worth (B/A)% | 8.70 | 4.34 | 26.75 | 52.51 | 11.52 | (2.14) |
| Net Assets Value per Share (A/D) | 15.81 | 14.46 | 13.85 | 9.76 | 4.66 | 4.15 |

Definitions of key ratios:

I. Earnings per share (Rs.): Net Profit attributable to equity shareholders / weighted average number of equity shares. Earnings per share calculations are done in accordance with Accounting Standard 20 “Earnings Per Share” as issued by The Institute of Chartered Accountants of India. As per AS-20, the number of equity shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event had occurred at the beginning of the earliest period reported. In case of a bonus issue, the bonus shares have been



added to corresponding year to the extent of reserves available in the corresponding year. Weighted average number of equity shares outstanding during all the previous years have been considered accordingly.

II. Return on Net Worth (%): Net Profit after tax / Net worth as at the end of the year.

III. Net Asset Value (Rs.): Net Worth at the end of the year / Weighted Average Number of equity shares.

IV. Net Profit, as appearing in the Statement of restated profits and losses, and Net Worth as appearing in the restated statement of Assets & Liabilities has been considered for the purpose of computing the above ratios.

Annexure -07

CAPITALIZATION STATEMENT

(Rs. In Lacs)

| Particulars | Pre-issue as at 30.12.2017 | Post Issue * |
|---|-------------------------------|--------------|
| Borrowing | | |
| Short - Term Debt | 3040.53 | 3040.53 |
| Long - Term Debt | 4017.09 | 3301.21 |
| Total Debt | 7057.62 | 6341.74 |
| Shareholders' Funds | | |
| Share Capital | | |
| - Equity | 429.38 | 858.76 |
| Less: Calls - in – arrears | - | - |
| - Preference | - | - |
| Reserves & Surplus | 249.66 | 1323.11 |
| Less: Preliminary Expenses / Pre-Operative Expenses | - | - |
| Total Shareholders' Funds | 679.04 | 2181.87 |
| Long - Term Debt / Shareholders Fund | 5.92 | 1.39 |
| Short - Term Debt / Shareholders Fund | 4.48 | 1.51 |

Annexure- 08

STATEMENT OF TAX SHELTERS

(Rs. In Lacs)

| Particulars | 31.03.17 | 31.03.16 | 31.03.15 | 31.03.14 | 31.03.13 |
|---|----------|----------|----------|----------|----------|
| Profit before tax as per Restated Statement of P&L | 97.12 | 187.18 | 222.51 | 21.83 | 8.81 |
| Applicable Corporate Tax Rate | 30.90% | 30.90% | 30.90% | 30.90% | 30.90% |
| Tax at Notional Rate | 30.01 | 58.15 | 68.76 | 6.75 | 2.72 |
| Adjustments | - | - | - | - | - |
| Difference between Tax Depreciation and Book Depreciation | 167.16 | (11.43) | (8.07) | (3.32) | (1.82) |
| Brought forward Loss/ Depreciation adjusted | 757.73 | 217.22 | 239.56 | 17.69 | 38.44 |
| Exempted Income | - | - | - | - | - |
| Disallowance | -8.92 | (18.63) | 0.57 | 10.94 | (27.81) |
| Items Chargeable at special rates | - | - | - | - | - |
| Other Items | - | - | - | - | - |
| Net Adjustments | 915.97 | 187.16 | 232.06 | 25.31 | 8.81 |
| Tax Saving thereon | 283.03 | 57.83 | 71.71 | 7.82 | 2.72 |
| Tax Saving to the extent of Tax at Notional Rate | 283.03 | 57.83 | 71.71 | 7.82 | 2.72 |
| Tax Payable [A] | (252.97) | - | - | - | - |
| Tax Payable on items chargeable at special rates [B] | - | - | - | - | - |
| Total Tax Payable [C=A+B] | (252.97) | - | - | - | - |



| | | | | | |
|--|----------|------|---|---|---|
| Tax Rebates / Credits [D] | - | - | - | - | - |
| Tax Payable [E=C-D] | (252.97) | - | - | - | - |
| Tax Payable u/s 115 JB of Income Tax Act [F] | 17.99 | 8.49 | - | - | - |
| Final Tax Payable (Higher of [E] & [F]) | 17.99 | 8.49 | - | - | - |

Annexure – 09

STATEMENT OF DETAILS OF LONG TERM BORROWINGS

(Rs. In Lacs)

| Particulars | 31.12.17 | 31.03.17 | 31.03.16 | 31.03.15 | 31.03.14 | 31.03.13 |
|--|----------------|----------------|----------------|----------------|----------------|---------------|
| Secured:- | | | | | | |
| Secured From the Cosmos Co-op Bank Ltd.* | 2754.66 | 2727.79 | 2310.46 | 1843.31 | 665.46 | - |
| | | | | | | |
| Unsecured:- | | | | | | |
| Loan from Shareholders / Directors | 1,455.88 | 1,455.88 | 1,455.88 | 1,053.02 | 803.02 | 317.82 |
| Other Loans | 140.51 | 143.73 | 149.01 | 239.30 | 711.10 | 122.17 |
| Deferred Sales Tax | | | | | | 12.17 |
| Total | 4351.05 | 4327.41 | 3915.34 | 3135.62 | 2179.57 | 452.16 |

*Details of Loans from Cosmos Co-Op Bank Limited

1. Term Loan-I secured by land, building, plant and machinery situated at Jagatpur, Khaira Village, of IDCO, Phase II, Cuttack Dist., Orissa. The said term loan was sanctioned for an amount of Rs.995 Lacs and is repayable in 72 EMI commencing from January 2018 and ending in December 2023.
2. Term Loan-II secured by land, building, plant and machinery situated at Jagatpur, Khaira Village, of IDCO, Phase II, Cuttack Dist., Orissa. The said term loan was sanctioned for an amount of Rs.1611 Lacs and is repayable in 84 EMI commencing from January 2018 and ending in December 2024.
3. Term Loan-IV secured by land, building, plant and machinery situated at Jagatpur, Khaira Village, of IDCO, Phase II, Cuttack Dist., Orissa. The said term loan was sanctioned for an amount of Rs.250 Lacs and is repayable in 72 EMI commencing from January 2018 and ending in December 2023.
4. FITL secured by land, building, plant and machinery situated at Jagatpur, Khaira Village, of IDCO, Phase II, Cuttack Dist., Orissa. The said term loan was sanctioned for an amount of Rs.500 Lacs and is repayable in 72 EMI commencing from January 2018 and ending in December 2023.

Annexure – 10

STATEMENT OF DETAILS OF SHORT TERM BORROWINGS

(Rs. In Lacs)

| Particulars | 31.12.17 | 31.03.17 | 31.03.16 | 31.03.15 | 31.03.14 | 31.03.13 |
|--|----------------|----------------|----------------|----------------|---------------|---------------|
| Secured:- | | | | | | |
| Advance from parties | - | - | - | - | 5.00 | 414.45 |
| Cash Credit- from Cosmos Co-op Bank Ltd* | 3040.54 | 3035.25 | 2432.79 | 1342.64 | 561.78 | - |
| | | | | | | |
| Unsecured:- | | | | | | |
| Loan from Shareholders / Directors | - | - | - | - | - | - |
| Other Loans : Inter Corporate Loans | - | - | - | - | - | - |
| Total | 3040.54 | 3035.25 | 2432.79 | 1342.64 | 566.78 | 414.45 |

* Secured by hypothecation of Raw material, Finished Goods, Stores & Spares and consumables stores & spares and receivables for cash credit.

Annexure – 11

STATEMENT OF DETAILS OF OTHER CURRENT LIABILITIES AND PROVISIONS



(Rs. In Lacs)

| Particulars | 31.12.17 | 31.03.17 | 31.03.16 | 31.03.15 | 31.03.14 | 31.03.13 |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Other Current Liabilities | | | | | | |
| Liabilities for Expense | 337.08 | 223.44 | 211.13 | 202.80 | 204.39 | 197.68 |
| Current Maturities of long term Debts | 306.50 | 77.00 | - | - | 12.16 | 253.50 |
| Sundry Debtors with credit balance | 139.68 | 341.38 | 12.38 | - | 47.56 | 6.84 |
| Security Deposits from Dealers | - | - | - | - | 25.00 | 69.00 |
| Sub Total (A) | 783.26 | 641.82 | 215.51 | 202.80 | 289.11 | 527.03 |
| Provisions | | | | | | |
| Provision for Gratuity | 106.62 | 111.46 | 104.60 | 85.15 | 74.61 | 68.19 |
| Provision for Income Tax | 38.17 | 18.55 | 7.64 | - | - | 1.68 |
| Provision for Earned Leave | 2.67 | 5.29 | 3.45 | 3.58 | 4.33 | 4.27 |
| Sub Total (B) | 147.46 | 135.30 | 109.07 | 90.02 | 78.94 | 74.14 |

Annexure – 12

STATEMENT OF DETAILS OF TANGIBLE ASSETS

(Rs. In Lacs)

| Particulars | 31.12.17 | 31.03.17 | 31.03.16 | 31.03.15 | 31.03.14 | 31.03.13 |
|-------------------------|-----------------|-----------------|---------------|---------------|---------------|---------------|
| Land & Site Development | 68.43 | 68.43 | 68.43 | 68.43 | 68.43 | 68.43 |
| Building | 555.99 | 575.00 | 168.25 | 180.00 | 191.74 | 204.93 |
| Plant & Machinery | 2,132.99 | 2,318.68 | 35.39 | 50.71 | 67.33 | 91.22 |
| Vehicle | 0.46 | 0.51 | 0.62 | 0.73 | 0.84 | 1.17 |
| Furniture & Fixture | 0.70 | 0.46 | 0.03 | 0.04 | - | - |
| Office Equipment | 5.86 | 5.69 | 6.45 | 6.54 | 7.80 | 6.40 |
| Fixed Assets (Kolkata) | 0.04 | 0.04 | 0.04 | 0.04 | 0.19 | 0.22 |
| Total | 2,764.42 | 2,968.82 | 279.21 | 306.48 | 336.33 | 372.36 |

* includes Furniture fixture, Computer and Air Conditioner at Kolkata Office. The Assets has been depreciated and only scrap value is showing as on 31.03.2017

Annexure – 13

STATEMENT OF DETAILS OF TRADE RECEIVABLES

(Rs. In Lacs)

| Particulars | 31.12.17 | 31.03.17 | 31.03.16 | 31.03.15 | 31.03.14 | 31.03.13 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| (A) Unsecured, Considered good outstanding for a period Less than six months | | | | | | |
| Others | 5354.70 | 2646.00 | 2201.76 | 1187.35 | 1087.26 | 666.44 |
| Amount due from Promoter/Group Companies and Directors | 190.84 | 752.43 | 113.62 | 36.19 | 0.36 | |
| (B) Unsecured, Considered good outstanding for a period More than six month | | | | | | |
| Others | - | 1479.70 | 573.86 | 16.71 | 139.88 | 525.39 |
| Amount due from Promoter/Group Companies and Directors | | 111.54 | 49.60 | 33.23 | | 0.33 |
| Total | 5545.54 | 4989.67 | 2938.84 | 1273.48 | 1227.50 | 1192.16 |

Annexure – 14

STATEMENT OF DETAILS OF SHORT TERM LOANS AND ADVANCES

(Rs. In Lacs)

| Particulars | 31.09.17 | 31.03.17 | 31.03.16 | 31.03.15 | 31.03.14 | 31.03.13 |
|---------------------------|----------|----------|----------|----------|----------|----------|
| Unsecured & Secured Goods | | | | | | |



| | | | | | | |
|-----------------------------------|---------------|---------------|---------------|--------------|---------------|--------------|
| Capital Advances | - | - | 39.67 | 13.50 | 96.14 | 34.03 |
| Balance with income tax | - | - | 1.00 | 1.00 | 1.00 | 0.08 |
| Sundry Creditors Debit Balance* | 41.28 | 9.87 | 29.39 | 25.46 | 11.03 | 5.65 |
| Others | | | | | | |
| Advance Against Expense | 80.53 | 83.42 | 61.13 | 3.53 | 3.77 | 14.42 |
| Balance with Excise & Service tax | 16.10 | 23.92 | 10.87 | 12.72 | 5.54 | 1.65 |
| Prepaid expenses | 1.5 | 0.50 | 1.44 | 5.23 | 3.64 | 2.38 |
| Advance to employee | 0.42 | 0.43 | 0.43 | 0.43 | 0.43 | 0.43 |
| Total | 140.78 | 118.13 | 143.93 | 61.87 | 121.55 | 58.64 |

*Advance paid to suppliers for supplying the goods.

Annexure – 15

STATEMENT OF DETAILS OF CURRENT INVESTMENTS

(Rs. In Lacs)

| Particulars | 31.12.17 | 31.03.17 | 31.03.16 | 31.03.15 | 31.03.14 | 31.03.13 |
|-----------------------------|--------------|--------------|-------------|-------------|-------------|-------------|
| National Saving Certificate | 25.10 | 14.38 | 1.88 | 0.88 | 0.75 | 0.75 |
| Claims Recoverable | 29.53 | | | | | |
| Total | 54.63 | 14.38 | 1.88 | 0.88 | 0.75 | 0.75 |

Annexure – 16

STATEMENT OF DETAILS OF INVENTORIES

(Rs. In Lacs)

| Particulars | 31.12.17 | 31.03.17 | 31.03.16 | 31.03.15 | 31.03.14 | 31.03.13 |
|------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Raw materials | 139.30 | 566.01 | 556.07 | 384.12 | 108.53 | 90.13 |
| Work-in-progress | - | - | - | - | - | - |
| Finished goods | 141.44 | 333.64 | 325.31 | 224.01 | 120.69 | 225.31 |
| Stores & Spares | 30.02 | 31.10 | 36.80 | 44.15 | 33.47 | 19.78 |
| Chemical & Dye | 18.63 | 16.37 | 20.48 | 13.16 | 12.80 | 14.22 |
| Packing | 10.14 | 11.11 | 6.25 | 9.73 | 2.83 | 1.47 |
| Coal | 4.06 | 18.72 | 16.12 | 114.00 | 12.25 | 2.40 |
| Husk | 2.26 | 3.92 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 345.85 | 980.88 | 961.02 | 789.16 | 290.57 | 353.30 |

Annexure – 17

STATEMENT OF DETAILS OF OTHER CURRENT ASSETS

(Rs. In Lacs)

| Particulars | 31.12.17 | 31.03.17 | 31.03.16 | 31.03.15 | 31.03.14 | 31.03.13 |
|---|-------------|-------------|-------------|-------------|--------------|--------------|
| Others (Interest on Accrued NSC, FD's & TDS on interest receivable) | 6.73 | 7.12 | 4.52 | 1.23 | 76.67 | 74.79 |
| Total | 6.73 | 7.12 | 4.52 | 1.23 | 76.67 | 74.79 |

Annexure – 18

STATEMENT OF DETAILS OF REVENUE FROM OPERATIONS

(Rs. In Lacs)

| Particulars | 31.12.17 | 31.03.17 | 31.03.16 | 31.03.15 | 31.03.14 | 31.03.13 |
|--|----------|----------|----------|----------|----------|----------|
| Sales: | | | | | | |
| of products manufactured by the Issuer | 4672.12 | 4860.96 | 4322.63 | 3735.02 | 3422.54 | 2232.48 |



| | | | | | | |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| of products traded in by the Issuer | 3312.12 | 2865.26 | 1955.41 | 416.06 | - | - |
| Total | 7984.26 | 7726.22 | 6278.04 | 4151.08 | 3422.54 | 2232.48 |

Annexure -19

STATEMENT OF DETAILS OF OTHER INCOME

(Rs. In Lacs)

| Particulars | 31.12.17 | 31.03.17 | 31.03.16 | 31.03.15 | 31.03.14 | 31.03.13 |
|--------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Interest Income | 6.59 | 6.02 | 6.30 | 6.49 | 1.54 | 1.00 |
| Income from Rent | 2.25 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Liabilities Written back | - | - | 0.21 | 0.00 | 0.66 | 2.88 |
| Miscellaneous | 0.021 | 0.17 | 0.00 | 0.06 | 1.91 | 0.04 |
| Insurance | - | - | 0.1 | - | 0.71 | - |
| Total | 8.87 | 9.19 | 9.62 | 9.55 | 7.82 | 6.92 |

Annexure-20

STATEMENT OF DETAILS OF OTHER EXPENSES

(Rs. In Lacs)

| Particulars | 31.12.17 | 31.03.17 | 31.03.16 | 31.03.15 | 31.03.14 | 31.03.13 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|---------------|
| <u>Manufacturing Expenses</u> | | | | | | |
| Power and Fuel | 770.86 | 1,001.96 | 801.31 | 801.74 | 833.46 | 532.02 |
| Stores & Spares : | | | | | | |
| Plant & Machinery | 170.66 | 175.35 | 214.16 | 117.74 | 78.86 | 84.38 |
| Others | 1.51 | 1.06 | 1.87 | 1.31 | 0.71 | 0.59 |
| Packing Expenses | 31.20 | 41.05 | 28.95 | 33.34 | 29.60 | 23.52 |
| Total A | 974.24 | 1,219.42 | 1,046.29 | 954.12 | 942.63 | 640.51 |
| <u>Administrative, Selling and Other Expenses</u> | | | | | | |
| Rate, Taxes & Fees | 5.57 | 23.60 | 35.79 | 21.02 | 11.41 | 4.52 |
| Travelling & Conveyance | 1.65 | 5.60 | 6.02 | 9.74 | 4.35 | 5.99 |
| Postage, Telegram & Telephone | 1.14 | 1.82 | 1.55 | 1.22 | 1.26 | 0.85 |
| Newspaper & Periodicals | - | 0.02 | 0.02 | 0.10 | 0.01 | - |
| Printing & Stationery | 1.12 | 1.65 | 2.72 | 1.84 | 0.76 | 0.56 |
| Vehicle Maintenance | 0.75 | 0.70 | 1.37 | 0.73 | 0.10 | 0.18 |
| Directors Remuneration | 9.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Legal & Professional fees | 1.81 | 1.58 | 6.18 | 2.30 | 1.03 | 1.74 |
| Advertisement | - | - | - | 0.20 | 0.34 | 0.89 |
| General Expenses | 1.20 | 0.42 | 2.23 | 1.84 | 0.92 | 0.61 |
| Club Expenses | 0.22 | 0.41 | 0.63 | 0.69 | 0.15 | 0.41 |
| Bank charges | 21.68 | 24.95 | 10.92 | 19.94 | 12.69 | 0.47 |
| DRI Timeshare write off | - | - | - | - | - | 0.27 |
| Auditors' Remuneration | - | 1.25 | 1.25 | 1.05 | 0.40 | 0.40 |
| Insurance | 3.04 | 3.67 | 4.10 | 1.15 | - | 0.56 |
| Penalty | 8.01 | 0.08 | 0.27 | - | - | 0.03 |
| Security Watch & Ward | 11.96 | 16.35 | 15.37 | 15.92 | 11.07 | 7.05 |
| Hire charges | 11.93 | 15.91 | 7.71 | 1.88 | 3.45 | 3.20 |
| Bad debts & Sundry Balance written off | 0.01 | 0.40 | 0.25 | 29.23 | 1.57 | - |
| Commission | 0.00 | 1.20 | 8.79 | 11.69 | 2.23 | 1.69 |
| Discount | 0.88 | 2.22 | 7.66 | 0.06 | 3.46 | 1.67 |
| Freight & Transportation charges | 3.44 | 12.61 | 9.87 | 35.97 | 39.78 | 12.67 |
| Total B | 83.43 | 117.44 | 125.68 | 159.59 | 97.99 | 46.73 |
| Total A + B | 1,057.67 | 1,336.86 | 1,171.97 | 1,113.71 | 1,040.63 | 687.25 |



Annexure-21

STATEMENT OF DETAILS OF COTINGENT LIABILITIES

(Rs. In Lacs)

| Particulars | 31.12.17 | 31.03.17 | 31.03.16 | 31.03.15 | 31.03.14 | 31.03.13 |
|---|----------|----------|----------|----------|----------|----------|
| Excise Duty for Matter pending before High Court of Orissa | 38.93 | 38.93 | 38.93 | 38.93 | 38.93 | 38.93 |
| CESCO for case pending before National Consumer Forum New Delhi | 190.37 | 190.37 | 190.37 | 190.37 | 190.37 | 190.37 |
| CESCO for case pending before High Court of Orissa | - | - | - | 22.70 | 22.70 | 22.70 |
| CESCO Electricity Duty for case pending before the High Court of Orissa | 213.00 | 179.30 | 139.31 | 105.62 | 78.74 | 45.76 |

Annexure-22

STATEMENT OF DETAILS OF RELATED PARTY TRANSACTIONS

Opening Balances

(Rs. In Lacs)

| Name | Relation-ship | Nature of Transaction | 01.04.17 | 01.04.16 | 01.04.15 | 01.04.14 | 01.04.13 | 01.04.12 |
|------------------------------------|----------------------|--|------------|------------|------------|------------|------------|------------|
| Yash Transport Corpn. Cuttack | Group Entity | Freight Payment | - | - | - | - | 1.96 Cr. | 0.98 Cr. |
| Yash Vardhan Gilra, Cuttack | Relative of Director | Hire charges Payment | 0.15 Dr. | - | - | - | - | - |
| Yash Commercial Corpn. Cuttack | Group Entity | Security Deposits | - | - | - | - | 48.65 Cr. | 48.65 Cr. |
| | | Sale of Goods & Purchase of Waste Paper Payments | 103.94 Dr. | 94.96 Dr. | 69.44 Dr. | 4.75 Cr. | 66.33 Cr. | 97.30 Cr. |
| | | Unsecured Loan | 50 Cr. | 50 Cr. | 50 Cr. | 50 Cr. | - | - |
| Harishankar Paper Products (P) Ltd | Group Entity | Unsecured Loan | 477.02 Cr. | 477.02 Cr. | 277.02 Cr. | 277.02 Cr. | 227.02 Cr. | 227.02 Cr. |
| | | Sale /Purchase of Waste paper & Amount Received | 143.39 Dr. | - | 192.36 Cr. | 3.71 Cr. | 545.96 Cr. | 515.85 Cr. |
| Abhishek Enterprises | Group Entity | Sale of Goods & Amount Received | 70.41 Dr. | 68.26 Dr. | 8.66 Cr. | 8.05 Cr. | 0.34 Dr. | 3.07 Dr. |
| | | Unsecured Loan | 45.00 Cr. | 45.00 Cr. | 45.00 Cr. | - | - | - |
| Rashi Paper House (P) | Group Entity | Sale of Goods & | - | - | - | - | - | 3.44 Dr. |



| Name | Relation-ship | Nature of Transaction | 01.04.17 | 01.04.16 | 01.04.15 | 01.04.14 | 01.04.13 | 01.04.12 |
|---------------------------|----------------------|---|------------|------------|------------|------------|-----------|-----------|
| Ltd | | Amount Received | | | | | | |
| Tirupati Kagads Pvt. Ltd. | Group Entity | Sale of Goods, Purchase & Amount Received | 546.22 Dr. | 0.32 Cr. | 101.10 Dr. | 0.36 Dr. | 95.79 Cr. | - |
| | | Unsecured Loan | 540.00 Cr. | 540.00 Cr. | 340.00 Cr. | 290.00 Cr. | - | - |
| Shri Ratan Kumar Girda | Relative of Director | Travelling Expense Payment | - | - | - | - | 1.18 Cr. | - |
| | | Unsecured Loan | - | - | 22.13 Cr. | 22.13 Cr. | 22.13 Cr. | 22.13 Cr. |
| Shri Anil Kumar Girda | Director | Unsecured Loan | 63.87 Cr. | 63.87 Cr. | 63.87 Cr. | 63.87 Cr. | 62.25 Cr. | 62.25 Cr. |
| | | Salary & Perquisites | - | 0.04 Cr. | 0.05 Cr. | 1.21 Cr. | 1.02 Cr. | 1.03 Cr. |
| | | Tractor hire Charges payment | - | - | - | 0.36 Cr. | 1.13 Cr. | 1.75 Dr. |
| Shri Shiv Shankar Taparia | Director | Unsecured Loan | 80 Cr. | 80 Cr. | 55 Cr. | - | - | - |
| | | Amount Received | - | 42.40 Cr. | 2.40 Cr. | - | - | - |

Transactions during the Year:

(Rs. In Lakhs)

| Name | Relation-ship | Nature of Transaction | Upto 31.12. 17 | 2016-17 | 2015-16 | 2014-15 | 2013-14 | 2012-13 |
|--------------------------------|----------------------|-------------------------|----------------|-----------|-----------|-----------|-----------|----------|
| Yash Transport Corpn. Cuttack | Group Entity | Freight | - | - | - | - | | 3.31 Cr. |
| | | Payment | | | | | 1.96 | 2.33 Dr. |
| Yash Vardhan Gilra, Cuttack | Relative of Director | Hire charges | (3.25) | 4.34 Cr. | - | - | - | - |
| | | Payment | 0.02 | 4.49 Dr. | | | | |
| Yash Commercial Corpn. Cuttack | Group Entity | Security Deposits | - | - | - | - | (48.65) | - |
| | | Purchase of Waste Paper | - | - | | 4.56 Cr. | | |
| | | Sale of Goods & | 62.79 Dr. | 63.20 Dr. | 79.57 Dr. | 62.14 Dr. | 59.58 | 25.03 |
| | | Car Hire Charges | 8.67 Cr. | 11.56 Cr. | 6.75 Cr. | | | |
| | | Payment/ Adjustment | 11.93 Cr. | 42.66 Cr. | 47.30 Dr. | 16.61 Dr. | 168.46 | 5.94 |
| | | Unsecured Loan | - | - | - | 50 Cr. | 50.00 Cr. | |



| Name | Relation-ship | Nature of Transaction | Upto 31.12. 17 | 2016-17 | 2015-16 | 2014-15 | 2013-14 | 2012-13 |
|------------------------------------|----------------------|---------------------------------|----------------|------------|------------|------------|---------|---------|
| Harishankar Paper Products (P) Ltd | Group Entity | Unsecured Loan | | - | 200.00 Cr. | 260.35 Dr. | 50 | - |
| | | Amount Received | 264.85 Cr. | 104.49 Cr. | 233.19 Dr. | 49.00 Cr. | 436.81 | 52.74 |
| | | Purchase of Goods | 654.95 Cr. | 568.81 Cr. | 659.59 Cr. | | | 1.73 |
| | | Sale of Goods | 776.41 Dr. | 816.69 Dr. | 618.76 Dr. | 400.00 Cr. | 105.44 | 24.36 |
| Abhishek Enterprises | Group Entity | Sale of Goods & Amount Received | 620.90 Dr. | 179.15 Dr. | 482.86 Dr. | 44.14 Dr. | 12.27 | 6.44 |
| | | Amount Received | 143.88 Cr. | 177.00 Cr. | 53.40 Cr. | 44.75 Cr. | 20.66 | 9.17 |
| | | Purchase of Paper | 547.43 Cr. | | 352.54 Cr. | | | - |
| | | Unsecured Loan | - | - | - | 45.00 Cr. | - | - |
| Rashi Paper House (P) Ltd | Group Entity | Sale of Goods | - | - | - | - | - | 10.20 |
| | | Amount Received | | | - | | | 24.99 |
| Tirupati Kagads Pvt. Ltd. | Group Entity | Sale of Goods | 962.42 Dr. | 785.16 Dr. | 217.16 Dr. | 102.49 | 9.45 | 16.25 |
| | | Purchase of Goods | 93.04 Cr. | 89.06 Cr. | 525.45 Cr. | | | |
| | | Amount Received | 1370.84 Cr. | 150.20 Cr. | 206.87 Dr. | 1.75 | 203.30 | 112.04 |
| | | Unsecured Loan | | - | 200 Cr. | 50.00 | 290.00 | - |
| Shri Ratan Kumar Girda | Relative of Director | Travelling Expense | - | - | - | - | | 1.63 |
| | | Amount paid | | | | | 1.18 | 0.45 |
| | | Unsecured Loan | - | - | 22.13 Dr. | - | - | - |
| Shri Anil Kumar Girda | Director | Unsecured Loan | - | - | - | - | 1.62 | - |
| | | Salary Perquisites & Payment | 5.02 Cr. | 0.04 | 2.69 Cr. | 2.69 Cr. | 3.29 | 3.24 |
| | | Amount paid | 0.84 Dr. | | 2.70 Dr. | 3.85 Dr. | 6.55 | 3.67 |
| | | Hire Charges | - | - | - | 1.87 Cr. | 3.45 | 3.20 |
| Shri Shiv Shankar Taparia | Director | Unsecured Loan | | - | 25.00 Cr. | - | - | - |
| | | Salary & | 3.66 Cr. | | | | | |



| Name | Relation -ship | Nature of Transaction | Upto 31.12. 17 | 2016-17 | 2015-16 | 2014-15 | 2013-14 | 2012-13 |
|------|----------------|-----------------------|----------------|---------|-----------|---------|---------|---------|
| | | Perquisites | | | | | | |
| | | Amount Received | | - | 40.00 Cr. | - | - | - |

Closing Balances

(Rs. In Lacs)

| Name | Relation -ship | Nature of Transaction | 31.12.17 | 31.03.17 | 31.03.16 | 31.03.15 | 31.03.14 | 31.03.13 |
|------------------------------------|----------------------|--|------------|------------|------------|------------|------------|------------|
| Yash Transport Corpn, Cuttack | Group Entity | Freight Payment | - | - | - | - | - | 1.96Cr. |
| Yash Vardhan Gilra, Cuttack | Relative of Director | Hire charges Payment | 3.08 Cr. | 0.15 Dr. | | | | |
| Yash Commercial Corpn. Cuttack | Group Entity | Security Deposits | - | - | - | - | - | 48.65Cr. |
| | | Sale of Goods | 146.13Dr | 103.94Dr | 94.96Dr. | 69.44Dr. | 4.75Cr. | 66.33Cr. |
| | | Purchase of Waste Paper | | | | | | |
| | | Payments | | | | | | |
| | | Unsecured Loan | 50.00 | 50.00 | 50.00 | 50.00 | 50.00 | - |
| Harishankar Paper Products (P) Ltd | Group Entity | Unsecured Loan | 477.02 Cr. | 477.02 Cr. | 477.02 Cr. | 277.02 Cr. | 277.02 Cr | 227.02 Cr. |
| | | Sale / Purchase of Waste Paper & Amount Received | - | 143.39 Dr. | - | 192.36 Cr. | 3.71 Cr. | 545.96 Cr. |
| Abhishek Enterprises | Group Entity | Sale of Goods & Amount Received | - | 70.41 Dr. | 68.26 Dr. | 8.66 Cr. | 8.05 Cr. | 0.34 Dr. |
| | | Unsecured Loan | 45.00 Cr. | 45.00 Cr. | 45.00Cr. | 45.00Cr. | - | |
| Rashi Paper House (P) Ltd | Group Entity | Sale of Goods & Amount Received | - | - | - | - | - | 11.35 Cr. |
| Tirupati Kagads Pvt. Ltd. | Group Entity | Sale of Goods, Purchase & Amount Received | - | 546.22 Dr. | 0.32 Cr. | 101.10 Dr. | 0.36 Dr. | 95.79 Cr. |
| | | Unsecured Loan | 540.00 Cr. | 540.00 Cr. | 540.00 Cr. | 340.00 Cr. | 290.00 Cr. | - |
| Shri Ratan Kumar Gilra | Relative of Director | Travelling Expense Payment | - | - | - | - | - | 1.18 Cr. |



| Name | Relation-ship | Nature of Transaction | 31.12.17 | 31.03.17 | 31.03.16 | 31.03.15 | 31.03.14 | 31.03.13 |
|---------------------------|---------------|---------------------------------------|-----------|-----------|-----------|----------|----------|-----------|
| | | Unsecured Loan | - | - | - | 22.13Cr. | 22.13Cr. | 22.13 Cr. |
| Shri Anil Kumar Girda | Director | Unsecured Loan | 63.87 Cr. | 63.87 Cr. | 63.87Cr. | 63.87Cr. | 63.87Cr. | 62.25 Cr. |
| | | Salary Perquisites & Payment | 4.18 Cr. | - | 0.04 Cr. | 0.05 Cr. | 1.21 Cr. | 1.02 Cr. |
| | | Tractor Advances hire Charges payment | - | - | - | - | 0.36 Cr. | 1.13 Cr. |
| Shri Shiv Shankar Taparia | Director | Unsecured Loan | 80.00 Cr. | 80 Cr. | 80 Cr. | - | - | - |
| | | Amount Received | 46.06 Cr. | 42.40 Cr. | 42.40 Cr. | - | - | - |



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our Restated Financial Statements beginning on page 111, prepared in accordance with the Companies Act, IND AS, Indian GAAP and the SEBI Regulations, including the schedules, annexure and notes thereto and the reports thereon, included in the section "Financial Statements" beginning on page 111. Unless otherwise stated, the financial information used in this section is derived from the Restated Financial Statements.

The degree to which the IND AS and Indian GAAP financial statements included in this Draft Letter of offer will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices.

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section "Risk Factors" on page 14.

In this section, unless the context otherwise requires, a reference to "we", "us", "our" or "the Company" is a reference to our Company.

Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are to the 12 months ended March 31 of that year.

Business overview

Our Company was originally incorporated as "Central Orissa Straw Board Private Limited" in Cuttack, Orissa as a private limited company under the provisions of the Companies Act, 1956 vide certificate of incorporation dated 30th December, 1980. Further, constitution of our Company has been changed to a limited company and name of our Company was changed to "Cosboard Industries Limited" vide fresh certificate of incorporation dated 20th May, 1993. Our Company operates in manufacturing of Paper & Paper products.

During the financial year 1994-1995, our Company came out with an Initial Public Offer of 29,85,700 Equity Shares of Rs. 10 each at a price of Rs. 14 per share including a premium of Rs. 4 per shares and the Shares of the Company were listed at Bombay Stock Exchange, Calcutta Stock Exchange, Bhubaneswar Stock Exchange, Delhi Stock Exchange and Hyderabad Stock Exchange. The object of the IPO was to setup a diversification project by installing 6600 TPA unit for manufacturing of folding cartons and similar other packaging applications. The project had been appraised by Industrial Finance Corporation of India.

In the year 2004, our Company had filed a reference to BIFR u/s 15(1) of Sick Industrial Companies (Special Provisions) Act, 1985 ("SICA") and pursuant to the reference, our Company was declared Sick Industrial Company u/s 3(1)(o) of SICA in the year 2005. Consequently, our Company could not comply with the listing agreement clauses and thus, the trading in Equity Shares of our Company was suspended from Bombay Stock Exchange. Our Company had filed for a voluntary delisting of Equity Shares from Calcutta Stock Exchange, Bhubaneswar Stock Exchange, Delhi Stock Exchange and Hyderabad Stock Exchange pursuant to BIFR Order in the year 2011. The Draft Rehabilitation Scheme had been sanctioned by the BIFR for necessary revival of our Company in 2011 and our Company cease to be Sick Industrial Company and discharged from the purview of SICA/BIFR in the year 2013.

Our Company commenced its manufacturing operations in 1980 with an installed production capacity of 3300 tonnes per annum (TPA) with one production plant. The entire unit is located adjacent to Mahanadi River, the lifeline of Odisha, from which the plant meets its water requirements. At present, our Company is having 4 plants out of which 3 plant is running with installed capacity combined 39000 TPA.

Our Company Manufacture grey board, Kraft Paper Media, News Print Paper, High B.F. Kraft Paper, this classification of products is based on its composition which ultimately determines the usage. Under the supervision



of Mr. Shiv Shankar Taparia, the manufacturing facilities were further enhanced by installation of High B.F. Plant having an annual capacity of 18,000 tons with an investment of Rs.30 Crores.

Our all manufacturing Units are situated at New Industrial Estate, Phase II Jagatpur, Cuttack, 754021, Orissa

SIGNIFICANT DEVELOPMENTS AFTER DECEMBER 31, 2017 THAT MAY AFFECT OUR FUTURE RESULTS OF OPERATIONS

To the knowledge of our Company and except as disclosed herein, since the date of the last financial statements contained in this Draft Letter of Offer, no other circumstances have arisen which would materially and adversely affect or which would be likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 (twelve) months.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We are a company engaged in the paper and packaging board manufacturing business produced at our four manufacturing plants. Our results of operations have been, and will continue to be, affected by a number of events and actions, some of which are beyond our control including the performance of the Indian economy and the paper and packaging board industries and the price of raw materials.

However, there are some specific items that we believe have impacted our results of operations, and in some cases, may continue to impact our results of operations on a consolidated level and at our individual projects in future. In this section, we discuss some of the significant factors that we believe have or could have an impact on our revenue and expenditure. Please also see the section titled Risk Factors on page 14.

Cost and availability of raw materials

The availability, cost and quality of certain raw materials such as hardwood, bamboo and imported pulp are key to our results of operations. Our cost of raw material consumed comprised 66.37% of our total sales in the FY 2017, 69.13% of our total sales in FY 2016 and 62.57% of our total sales in FY 2015. We have no formal commitments for the supply of the waste paper requirements and procure such requirement from local farmers and the open market.

The raw material required is being procured from farmers / suppliers primarily from the state of Cuttack, Bhubaneswar and in the surrounding areas of our manufacturing unit in order to minimize the transportation cost. The cost and supply of these raw materials depend on factors which are not under our control including, availability of such raw materials, competition, productivity, transportation costs, foreign exchange fluctuations, and import duties.

Competition

We compete in different markets and competitors within the paper and packaging board industry on the basis of the quality of our products, customer service, product development activities, price, and distribution. In particular, in the coated paper segment, our primary competitor is Ballarpur Industries Limited. In writing and printing paper segment, our primary competitors are Ballarpur Industries Limited, TNPL, AP Paper Mills, and West Coast Paper Mills, among others. In packaging board segment, ITC Limited is our major competitor. Further, we face competition from countries such as China, Korea, Indonesia from where lower price coated paper is imported into India. Additionally, the competition in paper industry ranges from large, well established players to small units in the unorganized segment. Small, unorganized players mainly compete in the low value added segments like cream wove and kraft paper whereas the high value added segments like copier paper, coated paper and high bright maplitho and packaging board are mainly controlled by the larger players.

The sustained demand for our products, our ability to remain competitive in the markets we operate in, and our ability to expand and meet the market demand may have a material impact on our business, operations and financial condition.

Other manufacturing expenses



Other manufacturing expenses comprise consumption of industrial chemicals, packing material, machine clothing, stores and spares (net of scrap sales). Industrial chemicals comprise lime, caustic soda, chlorine dioxide, hydrogen peroxide, sodium sulphite powder, starch and other chemicals used in the manufacture of coated paper and packaging board, required as raw materials for our manufacturing process. Stores and spares comprise spare parts, replacements which are required for the continued operation and maintenance of the machinery at our manufacturing units.

Compliance with environmental laws and regulations

We are subject to central and state environmental laws and regulations, which govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from its operations. In case of any change in environmental or pollution laws and regulations, we may be required to incur significant amounts on, among other things, environmental monitoring, pollution control equipment and emissions management. In addition, failure to comply with environmental laws may result in the assessment of penalties and fines against us by regulatory authorities.

Macroeconomic conditions

Our results of operations may be materially affected by conditions in the global capital markets and the economy generally in India and elsewhere around the world. As widely reported, financial markets in the United States, Europe and Asia, including India, experienced extreme disruption recently, including, among other things, extreme volatility in security prices, severely diminished liquidity and credit availability, rating downgrades of certain investments and declining valuation of others. Performance of global paper and packaging board industry is dependent, among other things, on economic growth and in particular on industrial growth.

SUMMARY OF THE RESULTS OF OPERATION:

| Particulars | For the year ended March 31, | | | |
|---|------------------------------|-----------------|-----------------|-----------------|
| | 2017 | 2016 | 2015 | 2014 |
| <u>Revenue:</u> | | | | |
| Sales of products manufactured | 4,860.96 | 4,322.63 | 3,735.02 | 3,422.54 |
| <i>As a % of Total Revenue from Operation</i> | 62.92% | 68.85% | 89.98% | 100.00% |
| Sales of products traded | 2,865.26 | 1,955.41 | 416.06 | - |
| <i>As a % of total Revenue from Operation</i> | 37.08% | 31.15% | 10.02% | 0.00% |
| Revenue From Operations (Net of Taxes) | 7,726.22 | 6,278.04 | 4,151.08 | 3,422.54 |
| <i>As a % of Total Revenue</i> | 99.88% | 99.85% | 99.77% | 99.77% |
| Other Income | 9.19 | 9.62 | 9.55 | 7.82 |
| <i>As a % of Total Revenue</i> | 0.12% | 0.15% | 0.23% | 0.23% |
| Total Revenue | 7,735.41 | 6,287.66 | 4,160.63 | 3,430.36 |
| <u>Expenses:</u> | | | | |
| Cost of Material Consumed | 5,127.77 | 4,340.26 | 2,603.38 | 2,037.39 |
| Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | -8.33 | -101.30 | -103.32 | 104.62 |
| Employee benefit expenses | 181.37 | 178.82 | 162.53 | 162.18 |
| Financial Cost | 725.33 | 475.65 | 128.79 | 27.22 |
| Depreciation and amortization expenses | 275.3 | 34.07 | 33.04 | 36.50 |
| Others Expenses | 1336.85 | 1,171.97 | 1113.71 | 1,040.63 |
| Total Expenses | 7,638.29 | 6,099.47 | 3,938.13 | 3,408.54 |
| <i>As a % of Total Revenue</i> | 98.74% | 97.01% | 94.65% | 99.36% |
| Profit before exceptional, extraordinary items and tax | 97.12 | 188.18 | 222.51 | 21.83 |
| <i>As a % of Total Revenue</i> | 1.26% | 2.99% | 5.35% | 0.64% |
| Less: Exceptional Items | - | - | - | - |



| | | | | |
|--|--------------|---------------|---------------|--------------|
| Profit before extraordinary items and tax (A-B) | 97.12 | 188.18 | 222.51 | 21.83 |
| <i>As a % of Total Revenue</i> | 1.26% | 2.99% | 5.35% | 0.64% |
| Prior Period Items | - | - | - | - |
| Profit before tax | 97.12 | 188.18 | 222.51 | 21.83 |
| <i>As a % of Total Revenue</i> | 2.46% | 1.85% | 1.87% | 0.64% |
| Tax expense : | | | | |
| Current tax | -18.55 | -7.64 | - | - |
| Deferred Tax | -51.65 | -3.53 | -2.49 | 1.64 |
| Total Tax Expenses | -70.2 | -11.17 | -2.49 | 1.64 |
| <i>As a % of Total Revenue</i> | -0.92% | -0.18% | -0.06% | 0.05% |
| Profit/(Loss) for the period After Tax (PAT) | 26.92 | 177.02 | 220.01 | 23.50 |
| <i>As a % of Total Revenue</i> | 0.35% | 2.82% | 5.29% | 0.69% |

OVERVIEW OF RESULTS OF OPERATION

Comparison of Financial Year ended March 31, 2017 with Financial Year ended March 31, 2016

Revenue from Operations:

The revenue from operation of the Company has increased from Rs. 6278.04 Lakhs in FY 2015-16 to Rs. 7726.Lakhs in FY 2016-17 showing an increase of 23.07%. The increase is in line with increase in our business operation.

Other Income:

Our other income decreased by 4.47% from Rs. 9.62 Lakhs in FY 2015-16 to Rs. 9.19 Lakhs in FY 2016-17. This was due to decrease in interest income, Discounts.

Expenditure:

Employee benefit expenses increased from Rs. 178.81 Lakhs in financial year 2015-16 to Rs. 181.37 Lakhs in financial year 2016-17 due to increase in salary levels and as well as increase in number of employees. Our other expenses increased by 14.09% from Rs. 1171.97 Lakhs in financial year 2015-16 to Rs. 1336.86 Lakhs in financial year 2016-17. The increase was due to increase in freight, rent, advertisement and business promotion expenses.

Cost of Material Consumed:

Material Consumed Cost increased from Rs. 4340.26 Lakhs in financial year 2015-16 to Rs. 5127.77 Lakhs in financial year 2016-17 due to increase in cost of material consumed on account of Increase in Sale of Products Manufactured/Traded.

Finance Cost:

Our finance costs include interest on term loan/Working Capital, Bank Processing charges and Commission etc. Our finance charges have increased from Rs. 475.65 Lakhs in financial year 2015-16 to Rs. 725.33 Lakhs in financial year 2016-17. This shows an increase of 52.49% compared to last financial year. The increased finance cost is contributed by increased borrowings.

Other Expenses:

Other expense mainly includes Power & Fuel Cost and Stores & Spares Expenses.

Depreciation:

Depreciation expenses for the Financial Year 2016-2017 have increased to Rs. 275.30 Lakhs as compared to Rs. 34.07 Lakhs for the Financial Year 2015-2016 showing a increase of 708.04%. The Increase in depreciation was majorly due to purchase of Fixed Assets.

Comparison of Financial Year ended March 31, 2016 with Financial Year ended March 31, 2015

Revenue from Operations:



The operating income of the Company for the year ending March 31, 2016 is Rs. 6278.04 Lakhs as compared to Rs.4151.08 for the year ending March 31, 2015, showing an increase 51.24%. This increase was in line with increase in our business operations.

Other Income:

Our other income increased by 0.73% from Rs. 9.55 Lakhs to Rs. 9.62 Lakhs. This was due to increase in interest income, Discounts

Expenditure

Employee benefit expenses increased from Rs. 162.53 Lakhs in financial year 2014-15 to Rs. 178.81 Lakhs in financial year 2015-16 due to increase in salary levels and well as increase in number of employees. Our other expenses increased by 6.23% from Rs. 1113.71 Lakhs in financial year 2014-15 to Rs. 1171.97 Lakhs in financial year 2015-16. The increase was due to increase in freight, rent, advertisement and business promotion expenses.

Cost of Material Consumed:

Material Consumed Cost increased from Rs. 2603.38 Lakhs in financial year 2014-15 to Rs. 4340.26 Lakhs in financial year 2015-16 due to increase in cost of Material Consumed on account of Increase in Sale of Products Manufactured/Traded.

Finance Charges

Our finance charges have increased from Rs. 128.79 Lakhs in financial year 2014-15 to Rs. 475.65 Lakhs in financial year 2015-16. This shows an increase of 269.32% compared to last financial year. The increased finance cost is contributed by increased borrowings.

Other Expenses:

Other expense mainly includes Power & Fuel Cost and Stores & Spares Expenses.

Depreciation

Depreciation expenses for the Financial Year 2015-16 have increased to Rs. 34.07 Lakhs as compared to Rs. 33.04 Lakhs for the Financial Year 2014-2015 showing an increase of 3.12%. The Increase in depreciation was majorly due to Increase in fixed Assets.

Profit before Tax

Profit before tax decreased from Rs. 232.06 Lakhs in financial year 2014-15 to Rs. 187.16 Lakhs in financial year 2015-16. The decrease in profits was due to Increase in depreciation, increase in finance cost.

Provision for tax and net profit

Tax expenses increase in Financial Year 2015-16 due to increase in Net Profit

Comparison of Financial Year ended March 31, 2015 with Financial Year ended March 31, 2014

Revenue from Operations:

The operating income of the Company for the year ending March 31, 2015 is Rs.4151.08 Lakhs as compared to Rs.3422.54 for the year ending March 31, 2014, showing a increase 21.29%. This increase was in line with increase in our business operations and trading of papers.

Other Income

Our other income increased by 22.12% from Rs. 7.82 Lakhs to Rs. 9.55 Lakhs. This was due to increase in interest income.

Expenditure

Employee benefit expenses increased from Rs. 162.18 Lakhs in financial year 2013-14 to Rs. 162.53 Lakhs in financial year 2014-15. Our other expenses increased by 6.23% from Rs. 1040.63 Lakhs in financial year 2013-14 to Rs. 1113.71 Lakhs in financial year 2014-15. The increase was due to increase in freight, rent, repairs and maintenance of plant and machinery.



Cost of Material Consumed:

Material Consumed Cost increased from Rs. 2037.39 Lakhs in financial year 2013-14 to Rs. 2603.38 Lakhs in financial year 2014-15 due to increase in cost of Material Consumed on account of Increase in Sale of Products Manufactured/Traded.

Finance Charges

Our finance charges have increased from Rs. 27.22 Lakhs in financial year 2013-14 to Rs. 128.79 Lakhs in financial year 2014-15. This shows an increase of 373.14% compared to last financial year. The increased finance cost is contributed by increased borrowings.

Other Expenses:

Other expense mainly includes Power & Fuel Cost and Stores & Spares Expenses.

Depreciation

Depreciation expenses for the Financial Year 2014-15 have decreased to Rs. 33.04 Lakhs as compared to Rs. 36.50 Lakhs for the Financial Year 2013-14 showing a decrease of 9.47%.

OTHER MATTERS

1. Unusual or infrequent events or transactions

Except as described in this Draft Letter of Offer, during the periods under review there have been no transactions or events, which in our best judgment, would be considered unusual or infrequent.

2. Significant economic changes that materially affected or are likely to affect income from continuing operations

Other than as described in the section titled *Risk Factors* beginning on page 14 of this Draft Letter of Offer to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

3. Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations

Other than as disclosed in the section titled *Risk Factors* beginning on page 14 of this Draft Letter of Offer to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

4. Future relationship between Costs and Income.

Our Company's future costs and revenues will be determined by demand/supply situation, government policies, subsidies available and prices of raw material.

5. The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased prices.

Increase in revenue is by and large linked to increases in volume of business activity by the Company.

6. Total turnover of each major industry segment in which the issuer company operates.

The Company is operating in paper and paper product industry. Relevant industry data, as available, has been included in the chapter titled *Industry Overview* beginning on page 62 of this Draft Letter of Offer.

7. Status of any publicly announced new products/projects or business segments

Our Company has not announced any new projects or business segments, other than disclosed in the Draft Letter of Offer.

8. The extent to which the business is seasonal

Our Company's business is not seasonal in nature.

9. Any significant dependence on a single or few suppliers or customers



The % of Contribution of our Company 's customer and supplier vis a vis the total revenue from operations and raw materials/ finished goods cost respectively as December 31, 2017 is as follows:

| Sr. No. | Customer name | Product Detail | % of Net Sales | Location |
|---------|---|-----------------|----------------|-------------|
| 1 | Tirupati Kagads Private Limited | Paper | 11.10% | Hyderabad |
| 2 | Anusha Interior & Projects Private Limited | Paper | 10.76% | Hyderabad |
| 3 | Tilakraj Publication | Newsprint Paper | 6.24% | Bhubaneswar |
| 4 | Navjat Printers & Media Private Limited | Newsprint Paper | 5.27% | Bhubaneswar |
| 5 | Hari Shankar Paper Products Private Limited | Paper | 5.11% | Hyderabad |
| 6 | Goutam Enterprises | Paper | 4.13% | Hyderabad |
| 7 | Sri Viswanadha Press Private Limited | Paper | 3.82% | Hyderabad |
| 8 | Pawan Traders | Newsprint Paper | 3.09% | Odisha |
| 9 | Subhashree Packers Private Limited | Kraft Paper | 2.45% | Cuttack |
| 10 | Kalinga Packers Private Limited | Kraft Paper | 2.31% | Cuttack |

Top ten customers of our Company for the current financial year:

| Sr. No | Supplier Name | Product Detail | % of Total Purchase | Location |
|--------|---|----------------|---------------------|-----------|
| 1 | Mittal Trading Company | Paper | 18.04 | Hyderabad |
| 2 | MM Industries | Waste Paper | 16.09 | Odisha |
| 3 | Bang Papers Private Limited | Paper | 12.17 | Hyderabad |
| 4 | Harishankar Papers Private Limited | Paper | 11.09 | Hyderabad |
| 5 | Hira Wastage Supply Co | Waste Paper | 9.75 | Odisha |
| 6 | Abhishek Enterprises | Paper | 9.27 | Hyderabad |
| 7 | Vikash Enterprises | Waste Paper | 5.64 | Cuttack |
| 8 | Nilachakra Agencies | Waste Paper | 3.29 | Odisha |
| 9 | Anusha Interior & Media Private Limited | Paper | 2.53 | Hyderabad |
| 10 | Trade Syndicate | Paper | 2.47 | Hyderabad |

10. Competitive Conditions

We face competition from existing and potential organised and unorganized competitors which is common for any business. We have, over a period of time, developed certain competitive strengths which have been discussed in section titled *Our Business* on page 70 of this Draft Letter of Offer.



CHAPTER VI: STOCK MARKET DATA

The Equity Shares of our Company are currently listed and traded on BSE. The equity shares are frequently traded at BSE.

The following table set forth the reported high, low and average closing market prices of the Equity Shares of our Company on the BSE for the years 2017, 2016 and 2015.

| Calendar Year | Date of High | High (in Rs.) | Volume on the date of High (No. of equity shares) | Date of Low | Low (in Rs.) | Volume on the date of Low (No. of equity shares) | Average Price for the year (Rs.) |
|---------------|--------------|---------------|---|-------------|--------------|--|----------------------------------|
| 2017 | 15-09-2017 | 50.65 | 4937 | 15-02-2017 | 32 | 9736 | 41.33 |
| 2016 | 03-11-2016 | 52.65 | 68022 | 10-05-2016 | 11.40 | 300 | 32.03 |
| 2015 | 31-12-2015 | 16.64 | 100 | 06-02-2015 | 6.37 | 100 | 11.67 |

(Source: www.bseindia.com)

Monthly high and low closing prices and trading volumes on BSE for the six months preceding the date of filing of the Draft Letter of Offer are stated below:

| Month | Date of High | High (in Rs.) | Volume on the date of High (No. of equity shares) | Date of Low | Low (in Rs.) | Volume on the date of Low (No. of equity shares) | Average Price for the month (Rs.) |
|----------------|--------------|---------------|---|-------------|--------------|--|-----------------------------------|
| March, 2018 | 05-03-2018 | 38.00 | 7937 | 23-03-2018 | 25.35 | 1050 | 31.68 |
| February, 2018 | 12-02-2018 | 44.25 | 5450 | 27-02-2018 | 37.45 | 12564 | 40.85 |
| January, 2018 | 15-01-2018 | 49.35 | 41118 | 31-01-2018 | 41 | 4310 | 45.18 |
| December, 2017 | 11-12-2017 | 46.80 | 7866 | 18-12-2017 | 42.70 | 5185 | 44.75 |
| November, 2017 | 27-11-2017 | 47.25 | 762 | 14-11-2017 | 40.25 | 72316 | 43.75 |
| October, 2017 | 25-10-2017 | 50.45 | 7682 | 04-10-2017 | 46.35 | 4392 | 48.40 |

(Source: www.bseindia.com)

The closing market price of the Equity Shares of our Company on the first business day after the Board approved the Issue i.e. on 30th August, 2017 was Rs. 45.40 per equity share on the BSE. The closing price of Equity Shares on 31st August, 2017 (the trading day immediately following the day on which the resolution of the Board was passed approving the Rights Issue) on the BSE was Rs. 44.95.



SECTION VII: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as stated below, there are no outstanding litigation, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, our Directors, our Promoters and Group Entities that would have a material adverse effect on our business. Further, except as stated below and/or specified elsewhere in the Draft Letter of Offer there are no defaults, non-payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions. No proceedings have been initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (a) of Part I of Schedule V of the Companies Act, 2013) other than unclaimed liabilities of our Company and no disciplinary action has been taken by SEBI against our Company, our Promoters, our Directors and Group Entities.

Our Rights Issue Committee has determined that any dues owed by our Company to small scale undertakings and other creditors, which exceeds Rs.10 Lakhs and above will be considered as material dues for the purposes of disclosure in this Draft Letter of Offer.

Further, our Rights Issue Committee has determined that any pending litigations, (a) where the amount exceeds Rs.5 Lakhs and above (b) where the decision in one litigation is likely to affect the decision in other litigations of similar nature, even though the amount involved in such single litigation individually may not exceed Rs.5 Lakhs and above, if other similar litigations put together collectively exceed Rs.5 Lakhs and above; (c) litigations whose outcome could have a material impact on the business, operations, prospects or reputations of the Company and the Board or any of its committees shall have the power and authority to determine the suitable materiality thresholds for the subsequent financial years on the aforesaid basis or any other basis as may be determined by the Board or any of its committee shall be considered as material.

Unless stated to the contrary, the information provided below is as of the date of this Draft Letter of Offer.

Further, except as stated below, in the last five years preceding the date of this Draft Letter of Offer there have been (a) no instances of material frauds committed against our Company (b) no inquiries, inspections or investigations initiated or conducted against our Company under the Companies Act 2013 and/or previous Companies Act 1956 respectively. Further there are no prosecutions filed (whether pending or not), fines imposed or compounding of offences against our Company (c) no litigation or legal action pending or taken by any ministry or department of the government or any statutory body against our Promoters.

Further, except as described below and/or specified elsewhere in this Draft Letter of Offer, there are no proceedings initiated or penalties imposed by any authorities against our Company or the Directors of the Company and no adverse findings in respect of our Company, our Promoters, our Group Entities and the persons/entities connected therewith, as regards compliance with securities laws. Further, except as described below, there are no instances where our Company, or the Directors have been found guilty in any suits or criminal or civil prosecutions, or proceedings initiated for economic or civil offences or any disciplinary action by SEBI or any stock exchange, or tax liabilities.

Further, except as disclosed below there are no (i) litigation against our Directors or our Promoters involving violation of statutory regulations or alleging criminal offence; (ii) past cases in which penalties were imposed by the relevant authorities on our Company, our Promoters, our Group Entities and the Directors; and (iii) outstanding litigation or defaults relating to matters likely to affect the operations and finances of our Company including disputed tax liabilities and prosecution under any enactment in respect of Schedule V to the Companies Act, 2013. Unless stated to the contrary, the information provided below is as on the date of this Draft Letter of Offer.

LITIGATION INVOLVING OUR COMPANY

I) Litigation against our Company

a) Litigation involving criminal laws: *NIL*



b) Litigation involving actions by statutory/regulatory authorities: NIL

c) Litigation involving tax liabilities:

i. Direct tax liabilities: Nil

ii. Indirect tax liabilities

1. *Case No. OTAPL 5 of 2012:* Our Company had received an order towards payment of duty along with interest for non-payment of self-assessed duty within the due date, but the Company had cleared goods valued Rs.1,20,44,851/- in contravention of the Rule 8(3A) of the Central Excise Act. Due to the contravention of the said Rule, the Commissioner of Central Excise demanded a duty amounting to Rs. 1,72,173/- along with the interest under section 11A of the above Act. The Commissioner of Central Excise also sought to impose penalty of Rs. 45,000/- under Section 11AC of the above Act read with Rule 25 of Central Excise Rules 2002, which was appealed by the Company before the Commissioner (Appeals), Central Excise, Customs & Service Tax, Bhubaneswar and the penalty amount was reduced to Rs. 20,000 and was further reduced by the CESTAT to Rs. 5,000. The Commissioner of Central Excise moved ahead and appealed the order passed by the CESTAT to set aside the order. Currently, the matter is pending with before the High Court of Orissa, Cuttack.
2. *Case No. WP (C) NO.12427: of 2004.* The Company had received a demand notice from Assistant Commissioner, Central Excise & Customs, Cuttack to pay Rs. 38,92,945/- referring prior notice issued dated 31st May, 2002 and Hon'ble CESTAT's Order dated December 20, 2002 confirming the said demand of duty. Thus, the Company has filed a Writ Petition before the Hon'ble High Court of Orissa against the order of CESTAT and Commissioner of Central Excise and Customs to set aside the said demand notice and challenging the inaction of the said Authorities in implementing the order passed by the BIFR. Currently, the matter is pending with before the High Court of Orissa, Cuttack.

The Company had filed appeals under section 35G of the Central Excise Act with the Hon'ble High Court of Orissa vide case no. OTAPL 1 of 2011, OTAPL 2 of 2011, OTAPL 3 of 2011, OTAPL 4 of 2011, OTAPL 5 of 2011 and OTAPL 6 of 2011 to set aside orders passed on 19th November, 2009 by the Assistant Commissioner of Central Excise, Customs and Service Tax, wherein the said authority had disallowed Cenvat Credit on input and capital goods due to default in payment of duties and levied interest. The BIFR vide its order dated 17th March, 2011 sanctioned the Draft Rehabilitation Scheme wherein relief/concession granted and considered to grant Cenvat Credit on inputs and capital goods earlier disallowed because of default in payment of duties. Thereafter, neither the Company nor the authority followed up the matter with the Court. The status of these cases is pending as per website of the Court.

d) Litigation involving labour laws:

1. *Case No. 2(C) CC 612 of 2011,* Provident Fund Inspector has filed a case against the Company under Section 14AC of the Employees Provident Fund and Miscellaneous Provisions Act, 1952. Currently, the matter is pending before the Court of the S.D.J.M. (SADAR), Cuttack.

e) Other Material Pending Litigations:

1. *Case No. WP(C) 14581 of 2014,* the Ombudsman-I, The President, Grievance Redressal Forum, CESU (Hereinafter called the GRF), the Executive Engineer, CESU the Company had passed an order dated 31st July 2014 for disallowing the complaint and stating that the meter was tampered by the Company. Thus, the Company has filed an appeal against the above authorities in the High Court to set aside the said order. The Company contended that, on 3rd September 2002, the MRT Staff of GRF visited the factory premises and had a thorough check up/ testing of the electric meter, the staff found the electric meter and the TP Box in proper and workable condition (Okay/Intact). Subsequently, after a month, the MRT staff visited the factory premises without any prior information or notice and without assigning any reasons replaced the electric meter on 3rd October 2002. Nevertheless, on 3rd September 2002, the electric meter was found to be perfectly in order as



per the testing report done by the GRF staff. Further, the GRF Staff prepared a report that there was some scratch on the unidirectional screw of the electric meter and crack on the plastic body and contended that the electric meter was tampered by the Company. Further, the Company was issued with a show cause notice on 10.10.2002, wherein the Company denied the allegation of tampering of electric meter stating that it is an afterthought and testing if any, of any electric meter on the basis of which show cause has been issued is not in accordance with law. In the interim, the Company had approached the State Consumer Redressal Commission, Orissa under the Consumer Protection Act challenging the above illegal action of the above said Authorities and by interim order dated 22.10.2002, and the Hon'ble Commission had directed no coercive action to be taken against the Company. Further to circumvent the said interim order the above said Authorities resorted to arbitrary method so as to disconnect power supply and to recover Rs. 7,16,322/- (imposed towards damage of the metering unit) and penal bills for Rs. 1,83,20,244/-. Currently the matter is pending before the High Court of Orissa, Cuttack.

2. *Case No. WA No.425 of 2014*, the Writ Application was filed by Coal India Ltd & Ors., Mahanadi Coalfields Limited and Chief General Manager (S&M) of Coal India Limited against an Order received from Board for Industrial and Financial Reconstruction ("BIFR") with certain concessions and exemption allowed to the Company. In view of which, the BIFR had passed an order directing Mahanadi Coalfields Limited (MCL) to release 1000 MT "F" grade coal per month to the Company on 17th March, 2011 but MCL challenged the Order dated 17th March, 2011 passed by the BIFR and refused to comply with the Order of enhancement of release of coal from 405 MT TO 1000 MT. Currently the matter is pending before the High Court of Orissa.
3. *Case No. S.C.C./879 of 2018*, the case is filed against the Company by Finor Piplaj Chemicals Ltd. Ankleshwar for dishonor of cheque. The Company had received its first lot of chemicals vide invoice dated 12th July, 2017 of Rs. 6,96,436/- against which the Company had issued post-dated cheque dated 11th September, 2017 of Rs. 7,19,800/- but as the quality of material was very low, the Company returned the chemicals of sum of Rs. 1,74,640/-. Further, the Company is liable to pay only Rs. 5,21,796/- as against amount claimed by Finor Piplaj Chemicals Ltd. Rs. 9,66,436/-. Currently, the Company is trying to settle the matter with Finor Piplaj Chemicals Limited.
4. *Case No. COPET NO.35 of 2015*, M/s. R.K Traders, Kolkata has filed the case against our Company. Currently, the matter is pending before the High Court of Orissa. **
5. *Case No. COPET NO. 24 of 2005*, Mr. Pawan Kumar Jain, Managing Partner of M/s. Chanduwar Udyog, one of the suppliers of the Company has filed the case against the Company on the matters relating to winding up. Currently, the matter is pending before the High Court of Orissa. **
6. *Case No. Exec No. 130 of 2013*, this case has been filed against the Company by M/s. Krishna Specialty Chemical Pvt. Ltd. through its Managing Director, Shri Arjunlal Agrawal. Currently, the matter is pending with the Court of District Judge, Cuttack. **
7. *Case No. COPET 30 of 2010*, the case has been filed against the Company by M/s. Krishna Specialty Pvt. Ltd., one of the suppliers of the Company. Currently, the matter is pending before the High Court of Orissa, Cuttack. **
8. *Case No. EX P/ 1963 of 2014*, the case is filed against the Company by M/s. Krishna Specialty Chemicals Pvt. Ltd., one of the suppliers of the Company. Currently, the matter is pending before the District and Sessions Judge, Cuttack. **
9. *Case No. WP(C) 22749 of 2015*, the Company has filed write petition with the High Court of Orissa. The High Court of Orissa, by way of ad interim relief, directed that the impugned award/ order dated 20.06.2015 shall remain stayed in the meantime.
10. *Writ Petition under Art. 226 & 227, 13526 of 2012*, the Company has filed a writ petition against the State of Orissa, Secretary Department of Finance, Commissioner of Commercial Taxes, Deputy Commissioner of Commercial Taxes to issue VAT Clearance Certificate to be filed before the Deputy Director of Mines, Talcher and Mining officer for the purpose of renewal of license to procure and store coal. The above Authorities rejected to issue the said Certificate as the Company had deferred in tax payment. The Company contended that they have already deposited the deferred tax amount for the year ended 2010-2011; 2011-2012 and 2012-13 and for the remaining year the Company has undertaken to furnish the Indemnity Bond i.e for the year ended 2013-2014 and 2014-2015 respectively for the total sum of Rs. 25,17,097/-. Therefore, upon the Company filling the indemnity bond, the above said Authorities are directed to issue VAT Clearance Certificate for renewal of license. The Company had furnished the indemnity bond for a sum of Rs. 25,17,097/-.



Currently, the matter is pending with the Hon'ble High Court of Orissa.

*** Details of these cases were found on the website of respective courts. Till the date of filing of this Draft Letter of Offer, our Company has not received any notices or any communication with respect to these litigations. Therefore, the claim amounts with respect to these cases cannot be ascertained at this stage.*

II) Litigation by our Company

a) Litigation involving criminal laws: *NIL*

b) Litigation involving actions by statutory/regulatory authorities: *NIL*

c) Litigation involving tax laws:

i. Direct tax laws: *NIL*

ii. Indirect tax laws:

1. Case No. WP (C) NO 23482/2012, the Company has filed a writ petition against the State of Orissa (Department of Finance), State of Orissa (Department of Industry), the Commissioner of Commercial Taxes, the Deputy Commissioner of Commercial Taxes, on account of inaction of the said Authorities with regard to the relief and concessions granted in favour of the Company by the BIFR Order dated 07th April 2011, such non- implementation of the Order is in violation of Articles 14 and 19 (1) (g) of the Constitution of India. Currently the matter is pending before the High Court of Orissa, Cuttack.

d) Other material pending litigations:

1. Case No. WP (c) NO. 27513 of 2011, the Central Electricity Supply Utility of Orissa passed an order to pay pending electricity amount and forsaking the order passed by the Board for Industrial and Financial Reconstruction. The Company has filed a Writ Petition before the Hon'ble High Court of Orissa against the State of Orissa (Secretary, Dept. of Energy), State of Orissa (Secretary, Dept. of Industry), Chief Electrical Inspector, Central Electricity Supply Utility of Orissa, Executive Engineers, and Central Electricity Supply Utility of Orissa challenging the inaction of the said Authorities in implementing the order passed by the BIFR which inter-alia states that to consider exemption of electricity duty as provided to New Industrial Units in the thrust sector as per IPOR 20007 for seven years. The said Hon'ble Court has directed that the Company has paid 50% amount of the electricity duty amounting to Rs. 2,50,000/- to the said Authorities. Further, the said Authorities shall not disconnect the electricity supply of the premises on the ground of non-payment of the electricity duty till next date. Currently, the matter is pending with before the High Court of Orissa, Cuttack. If the order passed by High Court of Orissa, Cuttack is against the Company, it shall require to pay the disputed amount. As on 31st December, 2017, there is disputed amount of electricity duty of Rs. 213.46 Lakhs.
2. Case No. CS/27136 of 2014, the case is filed by the Company in the Metropolitan Magistrate Court Calcutta against Mr. Debi Prosas Majumdar, a wire supplier of the Company. Currently, the matter is pending before the Metropolitan Magistrate Court Calcutta.

LITIGATION INVOLVING OUR DIRECTORS/ PROMOTERS

I) Litigation against our Directors:

a) Litigation involving Criminal Laws

1. Case No. 2(C) CC 10 of 2017, the case has been registered against the Director of the Company, Mr. Anil Kumar Gilra by the Assistant Labour Commissioner under Section 22A of Minimum Wages Act of 1948. Further, if the Director is found guilty may be punishable with imprisonment for a term which may extent to six months or with fine which may extent to Rs. 1000/- or with both. Currently the matter is pending before the Court of the S.D.J.M. (SADAR), Cuttack.



b) Litigations involving labour laws:

1. Case No. 2(C) CC 10 of 2017, the case has been registered against the Director of the Company, Mr. Anil Kumar Gilra by the Assistant Labour Commissioner under Section 22A of Minimum Wages Act of 1948. Further, if the Director is found guilty may be punishable with imprisonment for a term which may extent to six months or with fine which may extent to Rs. 1000/- or with both. Currently the matter is pending before the Court of the S.D.J.M. (SADAR), Cuttack.
2. Case No. 2(C) CC 11 of 2017, the case has been registered against the Director of the Company Mr. Anil. Kumar Gilra by the Assistant Labour Commissioner under section 20(2)(3) of the Payment of Wages Act, 1936. Further, if found guilty the Director may be punishable with fine which shall not be less than Rs 1,500/- but which may extend to Rs 7,500/-. Currently the matter is pending before the Court of the S.D.J.M. (SADAR), Cuttack.

LITIGATION INVOLVING OUR GROUP COMPANIES: NIL

Details of any inquiry and inspection or investigation initiated under present or previous company laws in last 5 years against the Company and group companies: **NIL**

OUTSTANDING DUES TO SMALL SCALE UNDERTAKING OR ANY OTHER CREDITORS

As at December 31, 2017, our Company has 59 creditors to whom a total amount of Rs. 402.02 Lakhs is outstanding. Out of that details of the Material Dues to the creditor and dues to small scale undertaking are as follows:

| Creditors | Amount |
|-----------------------------|---------------|
| Vikash Enterprises | 69.64 |
| Sri Vijaya Laxmi Coal Depot | 61.60 |
| Hira Wastage Supply Co. | 52.20 |
| Shree Jagannatha Traders | 22.00 |
| R.K Trader | 17.52 |
| Utkal Coal Trader | 16.76 |
| D P Polimer | 15.31 |
| Madeena Traders | 13.57 |
| Gita Traders | 10.06 |
| Total | 278.70 |



GOVERNMENT AND OTHER APPROVALS

Our Company has received the necessary licenses, permissions and approvals from the Central and State Governments and other government agencies/regulatory authorities/certification bodies required to undertake the Issue or continue our business activities. In view of the approvals listed below, we can undertake the Issue and our current/ proposed business activities and no further major approvals from any governmental/regulatory authority or any other entity are required to be undertaken, in respect of the Issue or to continue our business activities. It must, however, be distinctly understood that in granting the above approvals, the Government of India and other authorities do not take any responsibility for the financial soundness of our Company or for the correctness of any of the statements or any commitments made or opinions expressed in this behalf.

The main objects clause of the Memorandum of Association of our Company and the objects incidental, enable our Company to carry out its activities.

For further details in connection with the regulatory and legal framework within which we operate, please refer to the section titled “Key Industry Regulations and Policies” on page 92 of this Draft Letter of Offer.

Approval in relation to the Issue:

The Board of Directors have, pursuant to Section 62 of the Companies Act 2013, by a resolution passed at its meeting held on 30th August, 2017 authorized the Issue.

In Approval dated [•] from BSE Limited for listing

Material Approvals in Relation to the Business of our Company

| Sr. No. | Nature of Licenses/ Approval Granted | Issuing Authority | Registration/ License No. | Date of Granting Renewal/ Approval | Validity |
|-----------|--|---|---------------------------|------------------------------------|----------------------------------|
| A. | Corporate Approvals | | | | |
| 1) | Certificate of Incorporation as Central Orissa Straw Board Private Limited | Registrar of Companies, Orissa | 000916 | 30-12-1980 | Until cancellation or winding up |
| 2) | Certificate of Incorporation consequent to change of name from Central Orissa Straw Board Private Limited to Cosboard Industries Limited | Registrar of Companies, Orissa | 000916 | 20-05-1993 | Until cancellation or winding up |
| 3) | Import Export Code | Ass. Chief Controller of Imports & Exports, Ministry of Commerce | 2392000662 | 03-03-1993 | Until cancelled or surrendered |
| B. | Tax Related Approvals | | | | |
| 1) | Permanent Account Number | Income Tax Department, Govt. of India | AAACC7197D | - | Until cancelled or surrendered |
| 2) | Tax Deduction Number | Income Tax Department, Govt. of India | BBNC00247C | - | Until cancelled or surrendered |
| 3) | Central Excise Registration | Superintendent, Central Excise & Customs, Cuttack-II Range, Cuttack | AAACC7197D-XM-003 | 17-06-2002 | Until cancelled or surrendered |



| | | | | | |
|--|--|--|------------------------|------------|--------------------------------|
| 4) | Service Tax Registration | Central Board of Excise & Customs | AAACC7197DST 002 | 23-02-2012 | Until cancelled or surrendered |
| 5) | Certificate of Registration under Orissa Value Added Tax Act, 2004 | Assistant Commissioner of Sales Tax, Cuttack Central Circle, Cuttack | 21231201605 | 23-09-2009 | Until cancelled or surrendered |
| 6) | Provisional Certificate of Registration Goods and Service Tax | Central Board of Excise & Customs | 21AAACC7197D 1ZY | 28-06-2017 | Until cancelled or surrendered |
| C. Approvals Relating to Factory Operations | | | | | |
| 1) | Registration & license to work a factory (Phase-II) | Chief Inspector of Factories, Orissa | CK-589 | 12-12-2017 | 31-12-2018 |
| 2) | Registration & license to work a factory (Phase-III) | Chief Inspector of Factories, Orissa | CK-618 | 12-12-2017 | 31-12-2018 |
| 3) | Consent to Operate under the Water (Prevention & Control of Pollution) Act, 1974 and under the Air (Prevention & Control of Pollution) Act, 1981 | State Pollution Control Board, Odisha | 3741 | 28-03-2018 | 31-03-2020 |
| 4) | Certificate for use of a boiler | Orissa Boiler Inspection Department | OR-347 | 27-06-2017 | 26-06-2018 |
| 5) | Certificate for use of a boiler | Orissa Boiler Inspection Department | OR-528 | 12-02-2018 | 11-02-2019 |
| 6) | Trading License | Department of Steel & Mines | NLD7940/2014 | 19-07-2014 | 20-07-2019 |
| 7) | Industrial Entrepreneur Memorandum | Secretariat for Industrial Assistance | 1581/SIA/IMO/20 11 | 18-05-2011 | Until cancelled or surrendered |
| 8) | Registration of Provident Fund | Regional Provident Fund Commissioner, Orissa | ORBBS00032630 00 | 01-12-1986 | Until cancelled or surrendered |
| 9) | Registration for Employees State Insurance under Employees State Insurance Act, 1948 | Additional Commissioner & Regional Director, Orissa | 44000022000000 802 | - | Until cancelled or surrendered |
| 10) | Approval for reduction of C.D. from 2426 KVA to 2125 KVA | Electricity Supply Utility of Odisha | 5858 | 31-05-2008 | - |
| 11) | Professional Tax Enrollment Certificate | Commissioner of Professional Tax | 21231201605 | - | Until cancelled or surrendered |
| 12) | Provisional Trade License* | Greater Hyderabad Municipal Corporation | CSCREN2504170 25446 | 25-04-2017 | 31-03-2018 |

**We are yet to apply for renewal of Trade License under the Hyderabad Municipal Corporation Act, 1955 to carry on Trade / Operation of our Company at our Corporate Office situated at 411/412 No. 127/1, 2nd Floor, Srikrupa Market, Malakpet, Hyderabad-500036, India which was valid for the year 2017-18.*

Intellectual Property Law:

Our Company has obtained registration of our logo under the Trade Mark Registration Act, 1999 in class 16 under Trade Mark No. 3519580 as of 3rd April, 2017.



OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorized by our Board by a resolution passed at its meeting held on 30th August, 2017, pursuant to Section 62 of the Companies Act, 2013. The Issue Price of Rs. 35 per Rights Equity Share and the Rights Entitlement of 1 (One) Rights Equity Share for every 1 (One) fully paid-up Equity Shares held on the Record Date i.e. [●] has been determined by the Rights Issue Committee in its meeting held on [●]. The Issue Price has been arrived at in consultation with the Lead Manager.

Our Company has received in-principle approvals from the BSE under Regulation 28 of the SEBI Listing Regulations for listing of the Rights Equity Shares to be allotted in the Issue pursuant to its letters [●].

Prohibition by RBI, SEBI or other governmental authorities

Our Company, the Promoters, the Directors, Promoter Group have not been debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority.

The companies with which our Promoters, our Promoter Group, our Directors are or were associated as promoter, directors have not been debarred from accessing the capital market under any order or direction passed by SEBI or any other regulatory or governmental authority.

None of our Company, our Promoters, our Directors, our Promoter Group, relatives of promoters are or have been classified as a wilful defaulter by a bank or financial institution or a consortium thereof in accordance with the guidelines on wilful defaulters issued by RBI. Accordingly, no disclosures have been made pursuant to the requirements of Regulation 4(6) read with Part G of Schedule VIII of the SEBI ICDR Regulations.

None of our Directors are associated with the securities market in any manner.

Eligibility for the Issue

The Equity Shares of our Company are presently listed on the BSE. It is eligible to offer Rights Equity Shares pursuant to this Issue in terms of Chapter IV of the SEBI ICDR Regulations.

Our Company is in compliance with the conditions specified in Regulation 4(2) of SEBI ICDR Regulations, 2009, to the extent applicable. Further, in relation to compliance with Regulation 4(2)(d) of the SEBI ICDR Regulations, our Company undertakes to make an application to the Stock Exchange for listing of the Rights Equity Shares to be issued pursuant to this Issue. Our Company has chosen BSE as the Designated Stock Exchange for the Issue.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT LETTER OF OFFER TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. MARK CORPORATE ADVISORS PRIVATE LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.



IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT LETTER OF OFFER, MARK CORPORATE ADVISORS PRIVATE LIMITED IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, MARK CORPORATE ADVISORS PRIVATE LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED 19TH APRIL, 2018 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC., AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT LETTER OF OFFER PERTAINING TO THE SAID ISSUE;
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER,

WE CONFIRM THAT:

- (A) THE DRAFT LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
 - (B) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE, AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ ISSUED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
 - (C) THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2013, THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.
3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.
 4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITER TO FULFIL THEIR UNDERWRITING COMMITMENTS. - NOT APPLICABLE
 5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN WILL NOT BE DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT LETTER OF OFFER WITH SEBI UNTIL THE DATE OF COMMENCEMENT OF THE LOCK-IN PERIOD AS STATED IN THE DRAFT LETTER OF OFFER. - NOT APPLICABLE
 6. WE CERTIFY THAT REGULATION 33 OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND



APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER / LETTER OF OFFER. - NOT APPLICABLE

- 7. WE UNDERTAKE THAT SUB-REGULATION 4 OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUBREGULATION (2) OF REGULATION 8 OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. - NOT APPLICABLE**
- 8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**
- 9. WE CONFIRM THAT NECESSARY ARRANGEMENTS WILL BE MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 40(3) OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE DRAFT LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT TO BE ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. - NOT APPLICABLE FOR A RIGHTS ISSUE. TRANSFER OF MONIES RECEIVED PURSUANT TO THE ISSUE SHALL BE RELEASED TO OUR COMPANY AFTER FINALISATION OF THE BASIS OF ALLOTMENT IN COMPLIANCE WITH REGULATION 56 OF THE SEBI REGULATIONS.**
- 10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE EQUITY SHARES IN DEMAT OR PHYSICAL MODE.**
- 11. WE CERTIFY THAT ALL APPLICABLE DISCLOSURES MANDATED IN THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**
- 12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER:**
 - (A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND**
 - (B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.**
- 13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE. NOTED FOR COMPLIANCE**



14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, RISK FACTORS, PROMOTER EXPERIENCE, ETC.
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.
16. WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE)', AS PER THE FORMAT SPECIFIED BY THE BOARD THROUGH CIRCULAR. - NOT APPLICABLE
17. WE CERTIFY THAT THE PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS. - COMPLIED WITH TO THE EXTENT OF RELATED PARTY TRANSACTIONS REPORTED IN ACCORDANCE WITH IND AS 24 IN THE AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE NINE MONTHS PERIOD ENDED DECEMBER 31, 2017.
18. WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y (1) (A) OR (B) (AS THE CASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM, UNDER CHAPTER XC OF THESE REGULATIONS (IF APPLICABLE) - NOT APPLICABLE

THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER SECTION 34 OR SECTION 36 OF THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER, ANY IRREGULARITIES OR LAPSES IN THE DRAFT LETTER OF OFFER.

Disclaimer clauses from our Company and the Lead Manager

Our company and the lead manager accept no responsibility for statements made otherwise than in this draft letter of offer/Letter of Offer or in the advertisement or any other material issued by or at the instance of our company and that anyone placing reliance on any other source of information would be doing so at his own risk.

Investors who invest in the issue will be deemed to have been represented by our company and the lead manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire equity shares of our company, and are relying on independent advice / evaluation as to their ability and quantum of investment in this issue.

Caution

Our Company and the Lead Manager accept no responsibility for statements made otherwise than in the Letter of Offer or in any advertisement or other material issued by us or by any other persons at our instance and anyone placing reliance on any other source of information would be doing so at his own risk.

Our Company and the Lead Manager shall make all information available to the Eligible Equity Shareholders and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Draft Letter of Offer with SEBI.



No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Draft Letter of Offer. You must not rely on any unauthorized information or representations. This Draft Letter of Offer is an offer to sell only the Equity Shares and rights to purchase the Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Draft Letter of Offer is current only as of its date.

Investors who invest in the Issue will be deemed to have represented to our Company and Lead Manager, and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares, and are relying on independent advice/evaluation as to their ability and quantum of investment in the Issue.

The Lead Manager and its affiliates may engage in transactions with, and perform services for, our Company and our Group Entities or affiliates in the ordinary course of business and have engaged, or may in the future engage, in transactions with our Company and our Group Entities or affiliates, for which they have received, and may in the future receive, compensation.

Disclaimer with respect to jurisdiction

This Draft Letter of Offer has been prepared under the provisions of Indian Laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Orissa, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purposes of the Issue will be BSE.

Disclaimer Clause of the BSE

As required, a copy of the Draft Letter of Offer has been submitted to BSE (the designated stock exchange). The disclaimer clause as intimated by the BSE to us, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to filing with the Stock Exchanges.

Selling restrictions

The distribution of the Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by the legal requirements prevailing in those jurisdictions. Persons into whose possession of the Letter of Offer may come are required to inform themselves about and observe such restrictions. We are making this Issue of Equity Shares on a rights basis to our Eligible Equity Shareholders and will dispatch the Letter of Offer/Abridged Letter of Offer and CAFs to the Eligible Equity Shareholders who have provided an Indian address.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Draft Letter of Offer is filed with SEBI for observations. Accordingly, the Right Entitlement or Rights Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer may not be distributed in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction.

Receipt of the Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, under those circumstances, the Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of the Letter of Offer should not, in connection with the issue of the Equity Shares, distribute or send the same in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If the Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the rights referred to in the Letter of Offer.



Neither the delivery of the Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or that the information contained herein is correct as at any time subsequent to this date.

Filing

The Draft Letter of Offer will be filed with SEBI at Securities and Exchange Board of India, Eastern Regional Office, L & T Chambers, 3rd Floor, 16, Camac Street, Kolkata, India, Pin Code – 700017 for its observations. SEBI has vide its letter [●] dated [●] issued its final observations and the Letter of Offer has been filed with the Designated Stock Exchange.

Listing

The existing Equity Shares are listed on the BSE. We will file in-principle approval application to obtain in-principle approval from the BSE in respect of the Equity Shares being offered in terms of the Issue.

If the permission to deal in and for an official quotation of the securities is not granted by the Stock Exchange mentioned above, we shall forthwith repay, without interest, all monies received from applicants in pursuance of the Draft Letter of Offer.

We will issue and dispatch Allotment advice / share certificates / demat credit and / or letters of regret along with refund order or credit the allotted Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date.

If the subscription amount is not refunded within 15 days from the Issue Closing date, we shall be liable to pay interest for the period of delay, after such aforesaid 15 days, in accordance with the provisions of the Companies Act, 2013 and SEBI ICDR Regulations.

Consents

Consents in writing of the Promoter, Directors, Compliance Officer, Lead Manager to the Issue, Legal Counsel, Registrar to the Issue, Bankers to the Company, Statutory Auditors and Banker to the Issue to act in their respective capacities have been obtained and such consents have not been withdrawn up to the date of the Letter of Offer.

Expert opinion

Except for (i) the reports of the Statutory Auditors on the Restated Financial Information, and (ii) the Statement of Tax Benefits available to our Company and its Shareholders included in this Draft Letter of Offer, we have not obtained any expert opinions.

Expenses of the Issue

The total expenses of the Issue are estimated to be approximately Rs. 50 Lakhs (3.32% of the Issue Size). The expenses of the Issue include, among others, fees of the Lead Manager, fees of the Registrar to the Issue, fees of the other advisors, printing and stationery expenses, advertising, travelling and marketing expenses and other expenses. The estimated Issue expenses are as follows:

| Particulars | Estimated Expenses (Rs. in Lakhs) | % of Estimated Issue size | % of Estimated Issue expenses |
|---|--|--|--|
| Fees payable to intermediaries including Lead Manager and Registrar to the Issue | 25.00 | 1.66 | 50.00 |
| Advertising, travelling and marketing expenses | 9.00 | 0.60 | 18.00 |
| Printing and stationery expenses | 5.00 | 0.33 | 10.00 |
| Other expenses (including but not limited to legal counsel fees, SEBI fees, listing charges, depository fees, auditor | 11.00 | 0.73 | 22.00 |



| | | | |
|---|--------------|-------------|---------------|
| fees, brokerage, out of pocket reimbursements, etc. | | | |
| Total | 50.00 | 3.32 | 100.00 |

Public or rights issues by our Company during the last five years

Our Company has not made a public issue or rights issue of Equity Shares in the last five years preceding the date of this Draft Letter of Offer. However, Our Company filed Draft Letter of Offer dated September 13, 2017 with SEBI, Kolkata through another Merchant Banker, viz. Navigant Corporate Advisors Limited and same was withdrawn on January 11, 2018 due to certain structural issues.

Previous issues of securities otherwise than for cash

Except as disclosed in “*Capital Structure*” on page 44, our Company has not made any issue of securities for consideration otherwise than cash.

Commission or brokerage in previous issue of Equity Shares

No sum is been payable as commission or brokerage for any of our previous issue(s) of Equity Shares.

Previous capital issue during the previous three years by listed Promoter Group and Subsidiaries of our Company

Our Company doesn’t have any subsidiaries are listed. None of our Promoter Group has made any public or rights issue during the last three years.

Outstanding debentures, bonds, redeemable preference shares or other instruments

Except as disclosed in the Offer Document, our Company does not have any outstanding debentures, bonds, redeemable preference shares or other instruments as of the date of this Draft Letter of Offer.

Investor Grievances and Redressal System

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the Listing Regulations.

Our Company has a Stakeholder’s Relationship/ Share Transfer/ Investor Grievance Committee which meets as and when required, to deal and monitor redressal of complaints from shareholders. Generally, the investor grievances are dealt within five days of the receipt of the complaint. Bigshare Services Private Limited is our Registrar and Share Transfer Agent. All investor grievances received by us have been handled by the Registrar and Share Transfer Agent in consultation with the Compliance Officer.

Our Board has constituted the Stakeholder’s Relationship/ Share Transfer/ Investor Grievance Committee. This committee currently comprises of 3 members, namely Mr. Akram Abu, Mr. Inderpal Singh Pasricha and Mr. Anil Kumar Gilra. Our Stakeholders Relationship Committee oversees the reports received from the registrar and transfer agent and facilitates the prompt and effective resolution of complaints from our shareholders and investors. Its broad terms of reference include:

- Redressal of Equity Shareholder and Investor complaints including, but not limited to non-receipt of share certificates, transfer of Equity Shares and issue of duplicate share certificates, non-receipt of balance sheet, non- receipt of declared dividends, etc. and
- Monitoring transfers, transmissions, dematerialization, rematerialization, splitting and consolidation of shares issued by our Company.

| Period | Complaint Received | | | Complaint Disposed | Complaint Outstanding |
|---|--------------------|--------|-------|--------------------|-----------------------|
| | Direct | SCORES | Total | | |
| FY 2018-19 (Upto the date of this Draft | Nil | Nil | Nil | Nil | Nil |



| | | | | | |
|------------------|-----|-----|-----|-----|-----|
| Letter of Offer) | | | | | |
| FY 2017-18 | Nil | Nil | Nil | Nil | Nil |
| FY 2016-17 | Nil | 1 | 1 | 1 | Nil |
| FY 2015-16 | Nil | Nil | Nil | Nil | Nil |
| FY 2014-15 | Nil | Nil | Nil | Nil | Nil |

Investor Grievances arising out of the Issue

Any investor grievances arising out of the Issue will be handled by the Registrar to the Issue. The Registrar to the Issue will have a separate team of personnel handling only our post-Issue correspondence.

Our agreement with the Registrar to the Issue provides for retention of records with the Registrar for a period of at least three years.

All grievances relating to the Issue may be addressed to the Registrar to the Issue or the SCSB in case of ASBA Applicants giving full details such as folio no. / demat account no. / name and address, contact telephone / cell numbers, email id of the first applicant, number of Equity Shares applied for, CAF serial number, amount paid on application and the name of the bank / SCSB and the branch where the CAF, or the plain paper Application, as the case may be, was deposited, alongwith a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

The average time taken by the Registrar to the Issue for attending to routine grievances will be 15 working days from the date of receipt. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to the Issue to attend to them as expeditiously as possible. We undertake to resolve the investor grievances in a time bound manner.

Investors may contact the Registrar to the Issue at:

Bigshare Services Private Limited

1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road,
Marol, Andheri (E), Mumbai - 400 059

Tel: +91-22-6263 8200;

Fax: +91-22-6263 8299

E-Mail: rightsissue@bigshareonline.com

Website: www.bigshareonline.com

Investor Grievance Email: investor@bigshareonline.com

Contact person: Mr. Srinivas Dornala

SEBI Regn No: INR000001385

Investors may contact the Compliance Officer at the below mentioned address and/ or Registrar to the Issue at the above mentioned address in case of any pre-Issue/ post -Issue related problems such as non-receipt of allotment advice / share certificates / demat credit / refund orders etc.

Address of our Compliance Officer:

Ms. Alka Jain

Phase II, New Industrial Estate, Jagatpur, Cuttack, Orissa, 754021.

Tel No : +91-671-2491966

Fax: +91-671-2490944, 2491295

E-mail id: cs@cosboard.com

Change in auditors during last three years

There has been no change the auditors of our Company during last three year preceding the date of this Draft Letter of Offer.

**Capitalisation of reserves or profits**

Our Company has not capitalised reserves or profits during last five years.

Revaluation of assets

Our Company has not revalued its assets during last five years.

Minimum Subscription

If we do not receive the minimum subscription of 90% including subscription of any unsubscribed portion by the Promoters of our Company, our Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If the subscription amount is not refunded within 15 days from the Issue Closing date, we shall be liable to pay interest for the period of delay, after such aforesaid 15 days, in accordance with the provisions of the Companies Act, 2013 and SEBI ICDR Regulations.



SECTION VIII- ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Rights Equity Shares are subject to the terms and conditions contained in this Draft Letter of Offer, the Abridged Letter of Offer, including the CAF, SAF, the Memorandum of Association and Articles of Association, the provisions of the Companies Act, applicable guidelines and regulations issued by SEBI and RBI or other statutory and regulatory authorities from time to time, the uniform Equity Listing Agreement entered into by our Company with the Bombay Stock Exchange, terms and conditions as stipulated in the allotment advice or security certificate and rules as may be applicable and introduced from time to time.

Please note that in accordance with the provisions of the SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011 all QIB Applicants, Non-Institutional Investors and Non-Retail Individual Investors complying with the eligibility conditions prescribed under the SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009 can participate in the Issue only through the ASBA process. All Retail Individual Investors complying with the above conditions may optionally apply through the ASBA process. The Investors who are not (i) QIB Applicants, (ii) Non-Institutional Investors, or (iii) Investors whose application amount is more than Rs. 2,00,000 can participate in the Issue either through the ASBA process or the non ASBA process. Renouncees are not eligible ASBA Investors and must only apply for the Rights Equity Shares through the non ASBA process irrespective of the application value. ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non-ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please see “Procedure for Application through the Applications Supported by Blocked Amount (“ASBA”) Process” on page 167. Notwithstanding anything contained hereinabove, all Renouncees (including Renouncees who are individuals) shall apply in the Issue only through the non-ASBA process.

Please note that subject to SCSBs complying with the requirements of SEBI Circular CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public issues / rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, for ensuring compliance with the applicable regulations.

Please note that in terms of the SEBI (Foreign Portfolio Investors) Regulations, 2014 (“**SEBI FPI Regulations**”), foreign institutional investor or qualified foreign investor who holds a valid certificate of registration shall be deemed to be a foreign portfolio investor till the expiry of the block of three years for which fees have been paid as per the SEBI (Foreign Institutional Investors) Regulations, 1995. All rights / obligations of the Eligible Shareholders in relation to application and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

Authority for the Issue

The Issue has been authorized by a resolution of our Board passed at its meetings held on 30th August, 2017 pursuant to Section 62(1) (a) of the Companies Act, 2013.

Basis for the Issue

The Equity Shares are being offered for subscription for cash to those existing Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories for the purpose of this Rights Issue in respect of the Equity Shares held in the electronic form and on the Register of Members in respect of the



Equity Shares held in physical form at the close of business hours on the Record Date, fixed in consultation with BSE.

Ranking of Equity Shares

The Equity Shares shall be subject to the Memorandum and Articles of Association. The Equity Shares allotted in the Issue shall rank *pari passu* with the existing Equity Shares in all respects, including payment of dividends.

Mode of Payment of Dividend

We shall pay dividends, in the event of declaration of such dividends, to our equity shareholders as per the provisions of the Companies Act and our Articles of Association.

The distribution of the Letter of Offer and the issue of the Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. We are making the issue of the Equity Shares on a rights basis to the Equity Shareholders and the Draft Letter of Offer, Abridged Letter of Offer and the CAFs will be dispatched only to those Equity Shareholders who have a registered address in India or who have provided an Indian address. Any person who acquires Rights Entitlements or the Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Draft Letter of Offer, that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States and in other restricted jurisdictions



PRINCIPAL TERMS OF THE ISSUE

Face Value

Each Equity Share will have the face value of Rs.10 each.

Issue Price

Each Equity Share shall be offered at an Issue Price of Rs. 35/- for cash at a premium of Rs. 25/- per Equity Share. The Issue Price has been arrived at, by us and in consultation with the Lead Manager.

Rights Entitlement Ratio

The Equity Shares are being offered on a rights basis to the existing equity shareholders of our Company in the ratio of 1 (One) Equity Share for every 1 (One) Equity Shares held as on the Record Date. As your name appears as a beneficial owner in respect of Equity Shares held in the electronic form or appears in the register of members as an equity shareholder of our Company as on the Record Date, you are entitled to the number of Equity Shares as set out in Part A of the CAF enclosed with the Draft Letter of Offer. An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an Application to subscribe to the Issue on plain paper.

Terms of payment

The entire amount of Rs. 35 per Equity Share is payable on application. Where an applicant has applied for additional Equity Shares and is allotted lesser number of Equity Shares than applied for, the excess Application Money paid shall be refunded. The monies would be refunded within 15 days from the Issue Closing Date. If the subscription amount is not refunded within 15 days from the Issue Closing date, we shall be liable to pay interest for the period of delay, after such aforesaid 15 days, in accordance with the provisions of the Companies Act, 2013 and SEBI ICDR Regulations.

Fractional Entitlements

The Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of 1 Equity Shares for every 1 Equity Shares held as on the Record Date. Therefore, none of the Eligible Equity Shareholders shall have any fractional entitlement due to the aforesaid ratio.

Arrangement for Odd Lot Equity Shares

Our Company's Equity Shares are traded in dematerialised form only and therefore the marketable lot is 1 (One) share and hence, no arrangements for disposal of odd lots are required.

Listing and trading of Rights Equity Shares proposed to be issued

Our existing Equity Shares are currently listed and traded on BSE (Scrip Code: 530859) under the ISIN – INE496D01016. The fully paid-up Rights Equity Shares proposed to be issued pursuant to the Issue shall, in terms of SEBI Circular No. CIR/MRD/DP/21/2012 dated August 2, 2012, be Allotted under a temporary ISIN shall be frozen till the time final listing and trading approval is granted by the Stock Exchange. Upon receipt of such listing and trading approval, the Rights Equity Shares proposed to be issued pursuant to the Issue shall be debited from such temporary ISIN and credited in the existing ISIN and thereafter be available for trading.

The listing and trading of the Equity Shares shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would affect the listing and trading schedule. Upon Allotment, the Equity Shares shall be traded on Stock Exchanges in the demat segment only.



The Rights Equity Shares allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of the necessary formalities for listing and commencement of trading of the Rights Equity Shares shall be taken within seven Working Days of finalization of Basis of Allotment. We have made an application for “in-principle” approval for listing of the Equity Shares to the BSE and have received such approval from the BSE pursuant to the letter numbers [●], dated [●].

Our Company will apply to the BSE for final approval for the listing and trading of the Rights Equity Shares. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or that the price at which the Rights Equity Shares offered under the Issue will trade after listing on the Stock Exchanges.

Rights of the Equity Shareholder

Subject to applicable laws, Equity Shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability of shares; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and the Memorandum and Articles of Association.



GENERAL TERMS OF THE ISSUE

Market lot

The Equity Shares of the Company is tradable only in dematerialized form. The market lot for Equity Shares in dematerialised mode is one.

In case of holding in physical form, the Company would issue to the allottees one certificate for the Equity Shares allotted to one folio ("Consolidated Certificate"). In respect of the Consolidated Certificate, the Company will, upon receipt of a request from the Equity Shareholder, split such Consolidated Certificate into smaller denomination within one month's time from the request of the Equity Shareholder in accordance with the provisions of the Articles of Association.

Joint-Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint-holders with benefits of survivorship subject to provisions contained in the Articles of Association.

Nomination facility

In terms of Section 72 of the Companies Act, 2013, nomination facility is available in case of Equity Shares. An applicant can nominate, by filling the relevant details in the CAF in the space provided for this purpose.

A sole Eligible Equity Shareholder or first Eligible Equity Shareholder, along with other joint Eligible Equity Shareholders being individual(s) may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Equity Shares. A Person, being a nominee, becoming entitled to the Equity Shares by reason of the death of the original Eligible Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the Equity Shares. Where the nominee is a minor, the Eligible Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Equity Share by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. When the Equity Share is held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all the holders. Fresh nominations can be made only in the prescribed form available on request at our Registered and Corporate Office or such other person at such addresses as may be notified by our Company. The applicant can make the nomination by filling in the relevant portion of the CAF.

Only one nomination would be applicable for one folio. Hence, in case the Eligible Equity Shareholder(s) has already registered the nomination with our Company, no further nomination needs to be made for Equity Shares to be allotted in the Issue under the same folio. However, new nominations, if any, by the Eligible Equity Shareholder(s) shall operate in supersession of the previous nomination, if any.

In case the Allotment of Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be allotted in the Issue. Nominations registered with respective Depository Participant of the applicant would prevail. If the applicant wants to change the nomination, they are requested to inform their respective Depository Participant.

Notices

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English National Daily and one Hindi National Daily with wide circulation (including the place where our Registered Office is situated) and/ or will be sent by ordinary post or registered post or speed post to the registered address of the Equity Shareholders in India as updated with the Depositories/ registered with the Registrar and Transfer Agent from time to time.



Subscription by the Promoter/Promoter Group

Our Promoters have confirmed, on behalf of the Promoter Group, vide their letter dated 24th January, 2018 that they intend to subscribe to the full extent of their Rights Entitlement in the Issue, in compliance with regulation 10(4) of the SEBI Takeover Regulations.

Any of our Promoters and/or any member of the Promoter Group, may subscribe on their own account to the extent of their rights entitlement in the Issue or renounce, any or all, of their respective rights entitlement in favour of any other Promoter and/or the member of Promoter Group. They have also confirmed that they intend to both through themselves or through other members of the Promoter and/or Promoter Group (i) subscribe to additional Equity Shares, and (ii) subscribe for unsubscribed portion in the Issue, if any such that at least minimum subscription of 90% of the Issue is achieved. Further, they reserve the right to additionally subscribe for any unsubscribed portion over and above minimum subscription in order to achieve full subscription in the Issue. Such subscription to additional Equity Shares and the unsubscribed portion, if any, shall be in accordance with regulation 10(4) of Takeover Regulations subject to their shareholding not exceeding 75% of the issued, outstanding and fully paid up Equity Share capital in accordance with the provisions of the SEBI Listing Regulations.

Such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Any such acquisition of additional Equity Shares of the Company shall not result in a change of control of the management of the Company in accordance with provisions of the Takeover Regulations and shall be exempt in terms of Regulation 10 (4) (b) of the Takeover Regulations. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

Procedure for Application

The CAF for Rights Equity Shares offered as a part of the Issue would be printed for all Eligible Equity Shareholders. In case the original CAFs are not received by the Eligible Equity Shareholders or is misplaced by the Eligible Equity Shareholders, the Eligible Equity Shareholders may request the Registrar to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID, Client ID and their full name and address. In case the signature of the Eligible Equity Shareholder(s) does not match with the specimen registered with us or the DP, the application is liable to be rejected.

Please note that neither our Company, nor the Lead Manager nor the Registrar shall be responsible for delay in the receipt of the CAF/ duplicate CAF attributable to postal delays or if the CAF/ duplicate CAF are misplaced in the transit. Eligible Shareholders should note that those who are making the application in such duplicate CAF should not utilize the original CAF for any purpose, including renunciation, even if the original CAF is received or found subsequently. If any Eligible Shareholder violates any of these requirements, he/she shall face the risk of rejection of both applications.

Please note that in accordance with the provisions of the SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011 QIB Applicants, Non-Institutional Investors and other Applicants whose application amount exceeds Rs. 2,00,000 complying with the eligibility conditions prescribed under the SEBI circular no. SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009 must mandatorily participate in the Issue only through the ASBA process. The Investors who are not (i) QIBs, (ii) Non-Institutional Investors or (iii) Investors whose application amount is more than Rs. 2,00,000, can participate in the Issue either through the ASBA process or the non ASBA process

Please also note that by virtue of the circular No. 14 dated September 16, 2003 issued by the RBI, erstwhile Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of Investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Eligible Shareholder being an erstwhile OCB is required to obtain prior approval from RBI for applying to the Issue.

CAF



The Registrar will dispatch the CAF to all Eligible Equity Shareholders as per their Rights Entitlement on the Record Date. Those Eligible Equity Shareholders who must apply or who wish to apply through the ASBA process and have complied with the parameters mentioned above will have to select the relevant mechanism in Part A of the CAF and provide necessary details.

Application in electronic mode will only be available with SCSBs. The Eligible Equity Shareholder shall submit the CAF to the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the Application in the said bank account maintained with the same SCSB.

Please note that no more than five Applications (including CAF and plain paper) can be submitted per bank account in the Issue. ASBA Investors are also advised to ensure that the CAF is correctly filled up, stating therein the bank account number maintained with the SCSB in which an amount equivalent to the amount payable on Application as stated in the CAF will be blocked by the SCSB.

The CAF consists of four parts:

- Part A: Form for accepting the Rights Equity Shares offered as a part of this Issue, in full or in part, and for applying for additional Rights Equity Shares;
- Part B: Form for renunciation of Rights Equity Shares;
- Part C: Form for application of Rights Equity Shares by Renouncee(s);
- Part D: Form for request for split Application forms.

Option available to the Eligible Equity Shareholders

The CAFs will clearly indicate the number of Rights Equity Shares that the Shareholder is entitled to. An Eligible Equity Shareholder can:

- Apply for his Rights Entitlement of Rights Equity Shares in full;
- Apply for his Rights Entitlement of Rights Equity Shares in part;
- Apply for his Rights Entitlement of Rights Equity Shares in part and renounce the other part of the Rights Equity Shares;
- Apply for his Rights Entitlement in full and apply for additional Rights Equity Shares;
- Renounce his Rights Entitlement in full.

Acceptance of the Issue

You may accept the offer to participate and apply for the Rights Equity Shares, either in full or in part without renouncing the balance by filling Part A of the CAFs and submit the same along with the application money payable to the collection branches of the Banker to the Issue as mentioned on the reverse of the CAFs before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by our Board in this regard. Investors at centres not covered by the branches of the Banker to the Issue can send their CAFs together with the cheque drawn at par on a local bank at Cuttack, demand draft payable at Cuttack to the Registrar to the Issue by registered post/ speed post so as to reach the Registrar to the Issue prior to the Issue Closing Date.

Please note that neither our Company nor the Lead Manager nor the Registrar to the Issue shall be responsible for delay in the receipt of the CAF attributable to postal delays or if the CAF is misplaced in transit. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected. For further details on the mode of payment, please see the headings “*Mode of Payment for Resident Eligible Equity Shareholders/ Investors*” and “*Mode of Payment for Non-Resident Eligible Equity Shareholders/ Investors*” on page 184.

Additional Rights Equity Shares

You are eligible to apply for additional Rights Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Rights Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Rights Equity Shares shall be considered and allotment shall be made at the sole discretion of our Board, subject to sectoral caps



and prescribed limits as per applicable laws and in consultation if necessary with the Designated Stock Exchange.

If you desire to apply for additional Rights Equity Shares, please indicate your requirement in the place provided for additional Rights Equity Shares in Part A of the CAF. Renouncee(s) applying for all the Rights Equity Shares renounced in their favour may also apply for additional Rights Equity Shares by indicating the details of additional Rights Equity Shares applied in place provided for additional Rights Equity Shares in Part C of CAF. In terms of Regulation 6 of Notification No. FEMA 20 12000-RB dated May 3, 2000, as amended from time to time, only the existing Non-Resident shareholders may subscribe for additional equity shares over and above the equity shares offered on rights basis by our Company.

Where the number of additional Rights Equity Shares applied for exceeds the number of Rights Equity Shares available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

Renunciation

This Issue includes a right exercisable by you to renounce the Rights Equity Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that we shall not Allot and/ or register the Rights Equity Shares in favour of more than three persons (including joint holders), partnership firm(s) or their nominee(s), minors, HUF, any trust or society (unless the same is registered under the Societies Registration Act, 1860 or the Indian Trust Act, 1882 or any other applicable law relating to societies or trusts and is authorized under its constitution or bye-laws to hold Equity Shares, as the case may be). Additionally, existing Eligible Equity Shareholders may not renounce in favour of persons or entities in the U.S., or to, or for the account or benefit of a “U.S. Person” (as defined in Regulation S), or who would otherwise be prohibited from being offered or subscribing for Rights Equity Shares or Rights Entitlement under applicable securities laws.

Any renunciation other than as stated above is subject to the renouncer(s)/renouncee(s) obtaining the approval of the FIPB and/or necessary permission of the RBI under the FEMA and such permissions should be attached to the CAF or SAF. In case of Applications which are not accompanied by the aforesaid approvals, our Board reserves the right to reject such CAF or SAF.

Renunciations by OCBs

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, OCBs have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, the existing Eligible Equity Shareholders who do not wish to subscribe to the Rights Equity Shares being offered but wish to renounce the same in favour of Renouncee shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s).

The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/ 2000- RB dated May 3, 2000 under FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through Automatic Route on case by case basis. Shareholders renouncing their rights in favour of OCBs may do so provided such Renouncee obtains a prior approval from the RBI. On submission of such approval to us at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the CAF.

Part ‘A’ of the CAF must not be used by any person(s) other than those in whose favour this Issue has been made. If used, this will render the application invalid. Submission of the CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part ‘B’ of the CAF) duly filled in shall be conclusive evidence for us of the fact of renouncement to the person(s) applying for Rights Equity Shares in Part ‘C’ of the CAF for the purposes of Allotment of such Rights Equity Shares. The Renouncees applying for all the Rights Equity Shares renounced in their favour may also apply for additional Rights Equity Shares. Part ‘A’ of the



CAF must not be used by the Renouncee(s) as this will render the application invalid. Renouncee(s) will have no further right to renounce any Rights Equity Shares in favour of any other person. In terms of Regulation 6 of Notification No. FEMA 20 12000-RB dated May 3, 2000, as amended from time to time, only the existing Non-Resident shareholders may subscribe for additional equity shares over and above the equity shares offered on rights basis by our Company.

The right of renunciation is subject to the express condition that our Board shall be entitled in its absolute discretion to reject the application from the Renouncees without assigning any reason thereof.

Procedure for renunciation

To renounce all the Rights Equity Shares offered to an Equity Shareholder in favour of one Renouncee

If you wish to renounce the Rights Entitlement indicated in Part 'A', in whole, please complete Part 'B' of the CAF. In case of joint holding, all joint holders must sign Part 'B' of the CAF. The person in whose favour renunciation has been made should complete and sign Part 'C' of the CAF. In case of joint Renouncees, all joint Renouncees must sign Part 'C' of the CAF.

To renounce in part/ or renounce the whole to more than one person(s)

If you wish to either accept this offer in part and renounce the balance or renounce the entire Rights Entitlement under this Issue in favour of two or more Renouncees, the CAF must be first split into requisite number of SAFs. Please indicate your requirement of SAFs in the space provided for this purpose in Part 'D' of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for SAFs as mentioned herein. On receipt of the required number of SAFs from the Registrar, the procedure as mentioned in paragraph above shall have to be followed. In case the signature of the Eligible Equity Shareholder(s), who has renounced the Rights Equity Shares, does not match with the specimen registered with us/ Depositories, the application is liable to be rejected.

Renouncee(s)

The person(s) in whose favour the Equity Shares are renounced should fill in and sign Part 'C' of the CAF and submit the entire CAF to the Banker to the Issue or to any of the collection branches of the Bankers to the Issue as mentioned in the reverse of the CAF on or before the Issue Closing Date along with the application money in full. The Renouncee cannot further renounce.

Change and/ or introduction of additional holders

If you wish to apply for the Rights Equity Shares jointly with any other person(s), not more than three (including you), who is/ are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.

However, this right of renunciation is subject to the express condition that our Board shall be entitled in its absolute discretion to reject the request for Allotment from the Renouncee(s) without assigning any reason thereof.

Instructions for Options

The summary of options available to the Eligible Equity Shareholder is presented below. You may exercise any of the following options with regard to the Rights Equity Shares offered, using the CAF:

| S. No. | Option Available | Action Required |
|---------------|---|--|
| (i) | Accept whole or part of your Rights Entitlement without renouncing the balance. | Fill in and sign Part A (All joint holders must sign in the same sequence) |
| (ii) | Accept your Rights Entitlement in full and | Fill in and sign Part A including Block III relating to the |



| | | |
|-------|---|---|
| | apply for additional Rights Equity Shares | acceptance of Rights Entitlement and Block IV relating to additional Equity Shares (All joint holders must sign in the same sequence) |
| (iii) | Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s) OR Renounce your Rights Entitlement of all the Rights Equity Shares offered to you to more than one Renouncee | Fill in and sign Part D (all joint holders must sign in the same sequence) requesting for SAFs. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for SAFs. Splitting will be permitted only once. On receipt of the SAF take action as indicated below. For the Equity Shares you wish to accept, if any, fill in and sign Part A. For the Rights Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand it over to the Renouncee. Each of the Renouncee should fill in and sign Part C for the Equity Shares accepted by them. |
| (iv) | Renounce your Rights Entitlement in full to one person (Joint Renouncees are considered as one) | Fill in and sign Part B (all joint holders must sign in the same sequence) indicating the number of Equity Shares renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C (All joint Renouncees must sign) |
| (v) | Introduce a joint holder or change the sequence of joint holders | This will be treated as a renunciation. Fill in and sign Part B and the Renouncee must fill in and sign Part C. |

In case of Rights Equity Shares held in physical form, applicants must provide information in the CAF as to their respective bank account numbers, name of the bank, to enable the Registrar to print the said details on the refund order. Failure to comply with this may lead to rejection of application. In case of Rights Equity Shares held in demat form, bank account details furnished by the Depositories will be printed on the refund order.

Please note that:

- Part 'A' of the CAF must not be used by any person(s) other than the Eligible Equity Shareholder to whom this Draft Letter of Offer has been addressed. If used, this will render the application invalid.
- Request for SAF should be made for a minimum of one Equity Share or, in either case, in multiples thereof, and one SAF for the balance corresponding Rights Equity Shares, if any.
- Request by the Eligible Equity Shareholder for the SAFs should reach the Registrar on or before [●].
- Only the Eligible Equity Shareholder to whom the Letter of Offer has been addressed shall be entitled to renounce and to apply for SAFs. Forms once split cannot be split further.
- SAFs will be sent to the Eligible Equity Shareholder(s) by post at the Applicant's sole risk.
- Eligible Equity Shareholders may not renounce in favour of persons or entities in the restricted jurisdictions including the U.S. or to or for the account or benefit of a "U.S. Person" (as defined in Regulation S), or who would otherwise be prohibited from being offered or subscribing for Rights Equity Shares or Rights Entitlement under applicable securities laws.
- Submission of the CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part 'B' of the CAF) duly filled in shall be conclusive evidence for us of the person(s) applying for Rights Equity Shares in Part 'C' of the CAF to receive Allotment of such Rights Equity Shares.
- While applying for or renouncing their Rights Entitlement, joint Equity Shareholders must sign the CAF in the same order as per specimen signatures recorded with us or the Depositories.
- Non-resident Eligible Equity Shareholders: Application(s) received from Non-Resident/ NRIs, or persons of Indian origin residing abroad for allotment of Rights Equity Shares allotted as a part of this Issue shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of Rights Equity Shares, subsequent issue and allotment of Rights Equity Shares, interest, export of share certificates, etc. In case a Non-Resident or NRI Eligible Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.



- Applicants must write their CAF number at the back of the cheque / demand draft.
- The RBI has mandated that CTS 2010 compliant cheques can only be presented in clearing hence the CAFs accompanied by non-CTS cheques could get rejected.

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by the Eligible Equity Shareholder, the Registrar to the Issue will issue a duplicate CAF on the request of the Eligible Equity Shareholder who should furnish the registered folio number/ DP and Client ID number and his/ her full name and address to the Registrar to the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue at least 7 days prior to the Issue Closing Date. Please note that those who are making the application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the Eligible Equity Shareholder violates such requirements, he/ she shall face the risk of rejection of either original CAF or both the applications. Neither the Registrar nor the Lead Manager or our Company, shall be responsible for postal delays or loss of duplicate CAFs in transit, if any.

Application on Plain Paper (Non - ASBA)

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with account payee cheque drawn on a bank payable at par, pay order/demand draft (after deducting banking and postal charges) payable at Cuttack which should be drawn in favour of “**Cosboard Industries Limited – Rights Issue - R**” in case of resident shareholders and non-resident shareholders applying on non-repatriable basis and in favour of “**Cosboard Industries Limited – Rights Issue– NR**” in case of non-resident shareholders applying on repatriable basis and send the same by registered post directly to the Registrar to the Issue so as to reach Registrar to the Issue on or before the Issue Closing Date. The envelope should be super scribed “**Cosboard Industries Limited – Rights Issue - R**” in case of resident shareholders and Non- resident shareholders applying on non-repatriable basis, and “**Cosboard Limited – Rights Issue – NR**” in case of non-resident shareholders applying on repatriable basis.

- The application on plain paper, duly signed by the applicant(s) including joint holders, in the same order as per specimen recorded with us or the Depositories, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:
- Name of Issuer, being Cosboard Industries Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Number of Rights Equity Shares held as on Record Date;
- Number of Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for; Number of additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for;
- Total amount paid at the rate of Rs. 35/- per Rights Equity Share;
- Particulars of cheque/ demand draft;
- Savings/ current account number and name and address of the bank where the Eligible Equity Shareholder will be depositing the refund order. In case of Rights Equity Shares allotted in demat form, the bank account details will be obtained from the information available with the Depositories;
- Except for applications on behalf of the Central or State Government and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue; Documentary evidence for exemption to be provided by the applicants;
- Share certificate numbers and distinctive numbers of Rights Equity Shares, if held in physical form;
- Allotment option preferred - physical or demat form, if held in physical form;
- If the payment is made by a draft purchased from NRE/ FCNR/ NRO account, as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account;
- Signature of the Applicant to appear in the same sequence and order as they appear in our records / Depositories; and
- For ASBA Investors, application on plain paper should have details of their ASBA Account.



- Additionally, all such applicants are deemed to have accepted the following:

“I/ We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence. I/ We understand and agree that the Rights Entitlement and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/ We (i) am/ are, and the person, if any, for whose account I/ we am/ are acquiring such Rights Entitlement and/ or the Rights Equity Shares is/ are, outside the U.S., (ii) am/ are not a “U.S. Person” as defined in Regulation S, and (iii) is/ are acquiring the Rights Entitlement and/ or the Rights Equity Shares in an offshore transaction meeting the requirements of Regulation S.

I/ We acknowledge that the Company, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Eligible Equity Shareholder violates such requirements, he/ she shall face the risk of rejection of both the applications. We shall refund such application amount to the Eligible Equity Shareholder without any interest thereon and no liability shall arise on part of our Company, Lead Manager and our Directors. In cases where multiple CAFs are submitted, including cases where an investor submits CAFs along with a plain paper application, such applications shall be liable to be rejected. Investors are requested to strictly adhere to these instructions. Failure to do so could result in an application being rejected, with our Company, the Lead Manager and the Registrar not having any liability to the Investor. The plain paper application format will be available on the website of the Registrar to the Issue.

Last date for Application

The last date for submission of the duly filled in CAF is [●]. Our Board may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the CAF together with the amount payable is not received by the Banker to the Issue/ Registrar to the Issue on or before the close of banking hours on the aforesaid last date or such date as may be extended by our Board or any authorised committee thereof, the invitation to offer contained in this Draft Letter of Offer shall be deemed to have been declined and our Board or any authorised committee thereof shall be at liberty to dispose of the Rights Equity Shares hereby offered.

PROCEDURE FOR APPLICATION THROUGH THE APPLICATIONS SUPPORTED BY BLOCKED AMOUNT (“ASBA”) PROCESS

This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA Process. The Lead Manager and we are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors who are eligible to apply under the ASBA Process are advised to make their independent investigations and to ensure that the CAF is correctly filled up.

The Lead Manager, we, our Directors, Affiliates, Associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs, applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be



presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.

Please note that, in terms of SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011, all QIB Applicants, Non- Institutional Investors and other Applicants whose application amount exceeds Rs. 2,00,000, complying with the eligibility conditions of SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, can participate in the Issue only through the ASBA process. The Investors who are not (i) QIBs, (ii) Non-Institutional Investors or (iii) Investors whose application amount is more than Rs. 2,00,000, can participate in the Issue either through the ASBA process or the non ASBA process. Renouncees are not eligible ASBA investors and must only apply for the Rights Equity Shares through the non ASBA process. ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please see “General Terms of the Issue” on page [•].

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in their own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.

Self-Certified Syndicate Banks

The list of banks which have been notified by SEBI to act as SCSBs for the ASBA Process is provided on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html and/or such other website(s) as may be prescribed by the SEBI or Stock Exchange(s) from time to time. For details on Designated Branches of SCSBs collecting the CAF, please refer the above mentioned SEBI link.

Eligible Equity Shareholders who are eligible to apply under the ASBA Process

The option of applying for Rights Equity Shares through the ASBA Process is available only to the Eligible Equity Shareholders on the Record Date.

To qualify as ASBA Applicants, Eligible Equity Shareholders:

- are required to hold Rights Equity Shares in dematerialized form as on the Record Date and apply for: (i) their Rights Entitlement; or (ii) their Rights Entitlement and Rights Equity Shares in addition to their Rights Entitlement in dematerialized form;
- should not have renounced their Right Entitlement in full or in part;
- should not have split the CAF and further renounced it;
- should not be Renouncees;
- should apply through blocking of funds in bank accounts maintained with SCSBs; and
- are eligible under applicable securities laws to subscribe for the Rights Entitlement and the Rights Equity Shares in the Issue.

CAF

The Registrar will dispatch the CAF to all Eligible Equity Shareholders as per their Rights Entitlement on the Record Date for the Issue. Those Eligible Equity Shareholders who must apply or who wish to apply through the ASBA will have to select for this ASBA payment mechanism in Part A of the CAF and provide necessary details.

Eligible Equity Shareholders desiring to use the ASBA Process are required to submit their applications by selecting the ASBA option in Part A of the CAF. Application in electronic mode will only be available with such SCSBs who provide such facility. The Eligible Equity Shareholder shall submit the CAF to the Designated Branch of the SCSB



for authorising such SCSB to block an amount equivalent to the amount payable on the application in the ASBA Account.

More than one ASBA Investor may apply using the same ASBA Account, provided that SCSBs will not accept a total of more than five CAFs with respect to any single ASBA Account as provided for under the SEBI Circular dated December 30, 2009.

Acceptance of the Issue under the ASBA process

You may accept the Issue and apply for the Rights Equity Shares either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA option in Part A of the CAF and submit the same to the Designated Branch of the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by our Board or any committee thereof in this regard.

Mode of payment under the ASBA process

The Eligible Equity Shareholder applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in an ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar. Upon receipt of instructions from the Registrar, the SCSBs shall transfer amount to the extent of Rights Equity Shares allotted in the Rights Issue as per the Registrar's instruction from the ASBA Account. This amount will be transferred in terms of the SEBI ICDR Regulations, into the separate bank account maintained by our Company for the purpose of the Issue. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar and the Lead Manager to the respective SCSB.

The Eligible Equity Shareholders applying under the ASBA Process would be required to give instructions to the respective SCSBs to block the entire amount payable on their application at the time of the submission of the CAF.

The SCSB may reject the application at the time of acceptance of CAF if the ASBA Account, details of which have been provided by the Equity Shareholder in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, we would have a right to reject the application only on technical grounds.

A Retail Individual Investor applying for a value of up to Rs. 2,00,000, can participate in the Issue either through the ASBA process or non-ASBA process.

Options available to the Eligible Equity Shareholders applying under the ASBA Process

The summary of options available to the Eligible Equity Shareholders is presented below. You may exercise any of the following options with regard to the Rights Equity Shares, using the respective CAFs received from Registrar:

| S. No. | Option Available | Action Acquired |
|---------------|--|---|
| 1. | Accept whole or part of your Rights Entitlement without renouncing the balance | Fill in and sign Part A of the CAF (All joint holders must sign) |
| 2. | Accept your Rights Entitlement in full and apply for additional Rights Equity Shares | Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Rights Equity Shares (All joint holders must sign) |

The Eligible Equity Shareholders applying under the ASBA Process will need to select the ASBA process option in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is



tendered to the designated branch of the SCSBs with the relevant details required under the ASBA process option and the SCSBs block the requisite amount, then that CAF would be treated as if the Eligible Equity Shareholder has selected to apply through the ASBA process option.

Additional Rights Equity Shares

You are eligible to apply for additional Rights Equity Shares over and above the number of Rights Equity Shares that you are entitled to, provided that you are eligible to apply for the Rights Equity Shares under applicable law and you have applied for all the Rights Equity Shares (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Where the number of additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment in consultation with the Designated Stock Exchange. Applications for additional Rights Equity Shares shall be considered and Allotment shall be made at the sole discretion of our Board, in consultation with the Designated Stock Exchange and in the manner prescribed under “*Terms of the Issue*” on page 156.

If you desire to apply for additional Rights Equity Shares, please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF. The Renouncee applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares.

Renunciation under the ASBA Process

ASBA Investors can neither be Renouncees, nor can renounce their Rights Entitlement.

Application on Plain Paper under the ASBA process

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF and who is applying under the ASBA Process may make an application to subscribe to the Issue on plain paper. The Equity Shareholder shall submit the plain paper application to the Designated Branch of SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB. Applications on plain paper from any address outside India will not be accepted.

The envelope should be super scribed “***Cosboard Industries Limited – Rights Issue- R***” or “***Cosboard Industries Limited – Rights Issue- NR***”, as the case may be. The application on plain paper, duly signed by the Investors including joint holders, in the same order as per the specimen recorded with us or the Depositories, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being Cosboard Industries Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Certificate numbers and distinctive numbers of Rights Equity Shares, if held in physical form;
- Number of Rights Equity Shares held as on Record Date;
- Number of Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for;
- Number of additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for;
- Total amount to be paid at the rate of Rs. 35/- per Rights Equity Share;
- Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- In case of non-resident investors, details of the NRE/ FCNR/ NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
- Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts (subject to submitting sufficient documentary evidence in support of their claim for exemption, provided that such transactions are undertaken on behalf of the Central and State names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue;
- Signature of the Shareholders to appear in the same sequence and order as they appear in our records or depositories records; and



- Additionally, all such applicants are deemed to have accepted the following:
“I/ We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/ We understand and agree that the Rights Entitlement and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/ We (i) am/ are, and the person, if any, for whose account I/ we am/ are acquiring such Rights Entitlement and/ or the Rights Equity Shares is/ are, outside the U.S., (ii) am/ are not a “U.S. Person” as defined in (“**Regulation S**”), and (iii) is/ are acquiring the Rights Entitlement and/ or the Rights Equity Shares in an offshore transaction meeting the requirements of Regulation S.

I/ We acknowledge that the Company, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Investor violates such requirements, he/she shall face the risk of rejection of both the applications. We shall refund such application amount to the Investor without any interest thereon.

Option to receive Rights Equity Shares in Dematerialized Form

ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE RIGHTS EQUITY SHARES ARE HELD BY SUCH ASBA APPLICANT ON THE RECORD DATE.

General instructions for Eligible Equity Shareholders applying under the ASBA Process

- 1) Please read the instructions printed on the CAF carefully.
- 2) Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of this Draft Letter of Offer and the Abridged Letter of Offer are liable to be rejected. The CAF must be filled in English. No correction of name, folio/DP client id etc., should be made in the printed CAF sent.
- 3) ASBA Applicants are required to select this mechanism in Part A of the CAF and provide necessary details, including details of the ASBA Account, authorizing the SCSB to block an amount equal to the Application Money in the ASBA Account mentioned in the CAF, and including the signature of the ASBA Account holder if the ASBA Account holder is different from the Applicant.
- 4) The CAF/plain paper application in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose ASBA Account/ bank account details are provided in the CAF and not to the Banker to the Issue/ Collecting Banks (assuming that such Collecting Bank is not a SCSB), to us or Registrar or Lead Manager to the Issue.
- 5) All applicants, and in the case of application in joint names, each of the joint applicants, should mention his/ her PAN allotted under the IT Act, irrespective of the amount of the application. Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, **CAFs without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended for credit” and no allotment and credit of Rights Equity Shares shall be made into the accounts of such Investors.**



- 6) All payments will be made by blocking the amount in the ASBA Account. Cash payment or payment by cheque/ demand draft/ pay order is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- 7) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Eligible Equity Shareholders must sign the CAF as per the specimen signature recorded with us and/ or Depositories.
- 8) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the depository/ us. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.
- 9) All communication in connection with application for the Rights Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/ sole applicant Equity Shareholder, folio numbers and CAF number.
- 10) Only the person or persons to whom the Rights Equity Shares have been offered and not renouncee(s) shall be eligible to participate under the ASBA process.
- 11) Only persons outside restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Rights Equity Shares under applicable securities laws are eligible to participate.
- 12) Only the Eligible Equity Shareholders holding shares in demat are eligible to participate through ASBA process.
- 13) Eligible Equity Shareholders who have renounced their entitlement in part/ full are not entitled to apply using ASBA process.
- 14) Please note that subject to SCSBs complying with the requirements of SEBI circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs. 15) In case of non - receipt of CAF, application can be made on plain paper mentioning all necessary details as mentioned under the heading "*Application on Plain Paper*" on page [•] and [•].

Do's:

- 1) Ensure compliance with eligibility conditions prescribed under the SEBI circular no. SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009.
- 2) Ensure that the ASBA Process option is selected in part A of the CAF and necessary details are filled in.
- 3) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Rights Equity Shares will be allotted in the dematerialized form only.
- 4) Ensure that the CAFs are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the CAF.
- 5) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares as the case may be applied for} X {Issue Price of Rights Equity Shares, as the case may be}) available in the ASBA Account mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.
- 6) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF, in the ASBA Account, of which details are provided in the CAF and have signed the same.
- 7) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the CAF in physical form.
- 8) Except for CAFs submitted on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, each applicant should mention their PAN allotted under the Income Tax Act.
- 9) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.
- 10) Ensure that the Demographic Details are updated, true and correct, in all respects.
- 11) Ensure that the account holder in whose bank account the funds are to be blocked has signed authorising such funds to be blocked.
- 12) Apply under ASBA process only if you comply with the definition of an ASBA Investor.

**Don'ts:**

- Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.
- Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.
- Do not pay the amount payable on application in cash, by money order, by pay order or by postal order.
- Do not send your physical CAFs to the Lead Manager/ Registrar/ Collecting Banks (assuming that such Collecting Bank is not a SCSB)/ to a branch of the SCSB which is not a Designated Branch of the SCSB/ Company; instead submit the same to a Designated Branch of the SCSB only.
- Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- Do not apply if the ASBA account has already been used for five Eligible Equity Shareholders.
- Do not apply through the ASBA Process if you are not an ASBA Investor.
- Do not instruct the SCSBs to release the funds blocked under the ASBA Process.

Grounds for Technical Rejections under the ASBA Process

In addition to the grounds listed under “Grounds for Technical Rejections for non-ASBA Investors” on page [•], applications under the ASBA Process are liable to be rejected on the following grounds:

- Application on a SAF
- Application for allotment of Rights Entitlements or additional Rights Equity Shares which are in physical form.
- DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.
- Submission of an ASBA application on plain paper to a person other than a SCSB.
- Sending CAF to a Lead Manager/ Registrar/ Collecting Bank (assuming that such Collecting Bank is not a SCSB)/ to a branch of a SCSB which is not a Designated Branch of the SCSB/ Company.
- Insufficient funds being available with the SCSB for blocking the amount.
- Funds in the bank account with the SCSB whose details have been mentioned in the CAF / Plain Paper Application having been frozen pursuant to regulatory order.
- ASBA Account holder not signing the CAF or declaration mentioned therein.
- CAFs which have evidence of being executed in/ dispatched from a restricted jurisdiction or executed by or for the account or benefit of a U.S. Person (as defined in Regulation S).
- Renounees applying under the ASBA Process.
- Submission of more than five CAFs per ASBA Account.
- QIBs, Non-Institutional Investors and other Eligible Shareholders applying for Rights Equity Shares in the Issue for value of more than Rs. 2,00,000 who hold Equity Shares in dematerialised form and is not a renouncer or a Renounee not applying through the ASBA process.
- The application by an Eligible Shareholder whose cumulative value of Rights Equity Shares applied for is more than Rs.2,00,000 but has applied separately through split CAFs of less than Rs. 2,00,000 and has not done so through the ASBA process.
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.
- Submitting the GIR number instead of the PAN.
- An investor, who is not complying with any or all of the conditions for being an ASBA Investor, applies under the ASBA process.
- Applications by persons not competent to contract under the Contract Act, 1872, as amended, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
- Failure to mention an Indian address in the Application. Application with foreign address shall be liable to be rejected.
- If an Investor is (a) debarred by SEBI and/or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlement.
- ASBA Bids by SCSBs applying through the ASBA process on own account, other than through an ASBA Account in its own name with any other SCSB.

Depository account and bank details for Eligible Equity Shareholders applying under the ASBA Process



IT IS MANDATORY FOR ALL THE ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE RIGHTS EQUITY SHARES ARE HELD BY THE EQUITY SHAREHOLDER ON THE RECORD DATE. ALL ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF / PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Eligible Equity Shareholders applying under the ASBA Process should note that on the basis of name of these Eligible Equity Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF / plain paper applications, as the case may be, the Registrar to the Issue will obtain from the Depository demographic details of these Eligible Equity Shareholders such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, Eligible Equity Shareholders applying under the ASBA Process should carefully fill in their Depository Account details in the CAF.

These Demographic Details would be used for all correspondence with such Eligible Equity Shareholders including mailing of the letters intimating unblocking of their respective ASBA Accounts. The Demographic Details given by the Eligible Equity Shareholders in the CAF would not be used for any other purposes by the Registrar. Hence, Eligible Equity Shareholders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs, the Eligible Equity Shareholders applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Eligible Equity Shareholders (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such applications are liable to be rejected.

Issue Schedule

| | |
|---|------------|
| Issue Opening Date: | [•] |
| Last date for receiving requests for SAFs: | [•] |
| Issue Closing Date: | [•] |

The Board may however decide to extend the Issue period, as it may determine from time to time, but not exceeding 30 days from the Issue Opening Date.

Basis of Allotment

Subject to the provisions contained in this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer, CAF, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to Allot the Rights Equity Shares in the following order of priority:

- (i) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has/ have applied for Equity Shares renounced in their favour, in full or in part.
- (ii) Investors whose fractional entitlements are being ignored and Eligible Equity Shareholders with Zero entitlement would be given preference in allotment of one additional Equity Share each if they apply for additional Equity Share. Allotment under this head shall be considered if there are any unsubscribed Equity



Shares after allotment under (i) above. If number of Equity Shares required for Allotment under this head are more than number of Equity Shares available after Allotment under (i) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange, as a part of Issue and will not be a preferential allotment.

- (iii) Allotment to the Eligible Equity Shareholders who having applied for all the Equity Shares offered to them as part of the Issue and have also applied for additional Equity Shares. The Allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there is an unsubscribed portion after making full Allotment in (i) and (ii) above. The Allotment of such Equity Shares will be at the sole discretion of our Board/Committee in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.
- (iv) Allotment to Renouncees who having applied for all the Equity Shares renounced in their favour, have applied for additional Equity Shares provided there is surplus available after making full Allotment under (i), (ii) and (iii) above. The Allotment of such Equity Shares will be at the sole discretion of our Board/ Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.
- (v) Allotment to any other person that the Board as it may deem fit provided there is surplus available after making Allotment under (i), (ii), (iii) and (iv) above, and the decision of the Board in this regard shall be final and binding.

Our Promoters and the members of the Promoter Group have, by way of their letters dated 31st March, 2018, undertaken to subscribe, either through themselves or through other Promoter and/or members of the Promoter Group to subscribe to their Rights Entitlement in full in the Issue, in compliance with regulation 10(4)(a) and 10(4)(b) of the Takeover Regulations.

Any of our Promoter and/or any member of the Promoter Group, may subscribe on their own account to the extent of their rights entitlement in the Issue or renounce, any or all, of their respective rights entitlement in favour of any other Promoter and/or the member of Promoter Group. They have also confirmed that they intend to either through themselves or through other members of the Promoter and/or Promoter Group (i) subscribe to additional Equity Shares, and (ii) subscribe for unsubscribed portion in the Issue, if any such that at least minimum subscription of 90% of the Issue is achieved. Further, they reserve the right to additionally subscribe for any unsubscribed portion over and above minimum subscription in order to achieve full subscription in the Issue. Such subscription to additional Equity Shares and the unsubscribed portion, if any, shall be in accordance with regulation 10(4) of Takeover Regulations subject to their shareholding not exceeding 75% of the issued, outstanding and fully paid up Equity Share capital in accordance with the provisions of the SEBI Listing Regulations.

Such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Any such acquisition of additional Equity Shares of the Company shall not result in a change of control of the management of the Company in accordance with provisions of the Takeover Regulations and shall be exempt in terms of Regulation 10 (4) (b) of the Takeover Regulations. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

After taking into account Allotment to be made under (i) to (iv) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches, a list of the ASBA Investors who have been allocated Equity Shares in the Issue, along with:

- 1) The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful ASBA Investors;
- 2) The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- 3) The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

Underwriting



The issue is proposed not to be underwritten.

Allotment Advices/ Refund Orders

Our Company will issue and dispatch allotment advice/ share certificates/ demat credit and/ or letters of regret along with refund order or credit the allotted Equity Shares to the respective beneficiary accounts, if any, within 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

Investors residing at centres where clearing houses are managed by the Reserve Bank of India (“RBI”), payment of refund would be done through NACH except where Investors have not provided the details required to send electronic refunds.

In case of those Investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, advice regarding their credit of the Rights Equity Shares shall be given separately.

Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.

In case of those Investors who have opted to receive their Rights Entitlement in physical form and our Company issues letter of allotment, the corresponding Rights Equity Share certificates will be kept ready within two months from the date of Allotment thereof under section 56 of the Companies Act or other applicable provisions, if any. Investors are requested to preserve such letters of allotment, which would be exchanged later for the Rights Equity Share certificates.

The letter of allotment/ refund order would be sent by registered post/ speed post to the sole/ first Investor’s registered address in India or the Indian address provided by the Eligible Equity Shareholders from time to time. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked ‘Account Payee only’ and would be drawn in favour of the sole/ first Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

Our Company shall ensure at par facility is provided for encashment of refund orders or pay orders at the places where applications are accepted.

As regards allotment/refund to Non-residents, the following further conditions shall apply:

In the case of Non-resident Shareholders or Investors who remit their Application Money from funds held in NRE/FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts, the details of which should be furnished in the CAF. Subject to the applicable laws and other approvals, in case of Non-resident Shareholders or Investors who remit their application money through Indian Rupee demand drafts purchased from abroad, refund and/or payment of dividend or interest and any other disbursement, shall be credited to such accounts and will be made after deducting bank charges or commission in US Dollars, at the rate of exchange prevailing at such time. Our Company will not be responsible for any loss on account of exchange rate fluctuations for conversion of the Indian Rupee amount into US Dollars. The Share Certificate(s) will be sent by registered post / speed post to the address in India of the Non-Resident Shareholders or Investors.

The Letter of Offer/ Abridged Letter of Offer and the CAF shall be dispatched to only such Non-resident Shareholders who have a registered address in India or have provided an Indian address.

Payment of Refund

Mode of making refunds

The payment of refund, if any, including in the event of oversubscription, would be done through any of the following modes:



1. NACH – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.
2. National Electronic Fund Transfer (“NEFT”) - Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
3. Direct Credit - Investors having bank accounts with the Banker to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.
4. RTGS - If the refund amount exceeds Rs. 2,00,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.
5. For all other Investors the refund orders will be dispatched through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.
6. Credit of refunds to Investors in any other electronic manner, permissible under the banking laws, which are in force, and is permitted by SEBI from time to time.

Refund payment to Non- resident

Where applications are accompanied by Indian rupee drafts purchased abroad and payable at Cuttack, refunds will be made in the Indian rupees based on the U.S. dollars equivalent which ought to be refunded. Indian rupees will be converted into U.S. dollars at the rate of exchange, which is prevailing on the date of refund. The exchange rate risk on such refunds shall be borne by the concerned applicant and our Company shall not bear any part of the risk.

Where the applications made are accompanied by NRE/FCNR/NRO cheques, refunds will be credited to NRE/FCNR/NRO accounts respectively, on which such cheques were drawn and details of which were provided in the CAF.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders/ refund warrants which can then be deposited only in the account specified. We will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Allotment advice/ Share Certificates/ Demat Credit

Allotment advice/ Share Certificates/ demat credit or letters of regret will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within the timeline prescribed under applicable law. In case our Company issues Allotment advice, the respective Share Certificates will be dispatched within one month from the date of the Allotment. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for Share Certificates.



Option to receive Equity Shares in Dematerialized Form

Investors shall be allotted the Equity Shares in dematerialized (electronic) form at the option of the Investor. We have signed a tripartite agreement with NSDL and the Registrar to the Issue on September 19, 2001, which enables the Investors to hold and trade in Equity Shares in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates. We have also signed a tripartite agreement with CDSL and the Registrar to the Issue on September 18, 2001, which enables the Investors to hold and trade in Equity Shares in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

In this Issue, the Allottees who have opted for Rights Equity Shares in dematerialized form will receive their Rights Equity Shares in the form of an electronic credit to their beneficiary account as given in the CAF, after verification with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Equity Shares to the Investor's depository account. CAFs, which do not accurately contain this information, will be given the Equity Shares in physical form. No separate CAFs for Equity Shares in physical and/ or dematerialized form should be made. If such CAFs are made, the CAFs for physical Rights Equity Shares will be treated as multiple CAFs and is liable to be rejected. In case of partial Allotment, Allotment will be done in demat option for the Rights Equity Shares sought in demat and balance, if any, will be allotted in physical Rights Equity Shares. Eligible Shareholders of our Company holding Equity Shares in physical form may opt to receive Rights Equity Shares in the Issue in dematerialized form.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Equity Shares in this Issue in the electronic form is as under:

- Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in our records. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in our records). In case of Investors having various folios with different joint holders, the Investors will have to open separate accounts for such holdings. Those Eligible Equity Shareholders who have already opened such beneficiary account(s) need not adhere to this step.
- For Eligible Equity Shareholders already holding Equity Shares in dematerialized form as on the Record Date, the beneficiary account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Equity Shares by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Equity Shares arising out of this Issue may be made in dematerialized form even if the original Equity Shares are not dematerialized. Nonetheless, it should be ensured that the depository account is in the name(s) of the Eligible Equity Shareholders and the names are in the same order as in our records.
- The responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis- a-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in CAF should be the same as registered with the Investor's depository participant.
- If incomplete / incorrect beneficiary account details are given in the CAF, the Investor will get Rights Equity Shares in physical form.
- The Rights Equity Shares allotted to applicants opting for issue in dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's depository participant will provide to the applicant the confirmation of the credit of such Equity Shares to the applicant's depository account. It may be noted that Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL.
- Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Equity Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.



- Non-transferable allotment advice/refund orders will be directly sent to the Investors by the Registrar.
- Dividend or other benefits with respect to the Equity Shares held in dematerialized form would be paid to those Eligible Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.

General instructions for non-ASBA Investors

- (i) Please read the instructions printed on the CAF carefully.
- (ii) Applicants that are not QIBs or are not Non – Institutional Investor or those who's Application Money does not exceed Rs. 200,000 may participate in the Issue either through ASBA or the non-ASBA process. Eligible Equity Shareholders who have renounced their entitlement (in full or in part), Renouncees and Applicants holding Equity Shares in physical form and/or subscribing in the Issue for Allotment in physical form may participate in the Issue only through the non ASBA process.
- (iii) Application should be made on the printed CAF, provided by us except as mentioned under the head "Application on Plain Paper" on page 189 and 194 and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of this Draft Letter of Offer or Abridged Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Investors, details of occupation, address, father's/ husband's name must be filled in block letters.
- (iv) Eligible Equity Shareholders participating in the Issue other than through ASBA are required to fill Part A of the CAF and submit the CAF along with Application Money before close of banking hours on or before the Issue Closing Date or such extended time as may be specified by our Board in this regard. The CAF together with the cheque/ demand draft should be sent to the Banker to the Issue/ Collecting Bank or to the Registrar to the Issue and not to us or Lead Manager to the Issue. Investors residing at places other than cities where the branches of the Banker to the Issue have been authorised by us for collecting applications, will have to make payment by demand draft payable at Orissa of an amount net of bank and postal charges and send their CAFs to the Registrar to the Issue by registered post/speed post. If any portion of the CAF is/ are detached or separated, such application is liable to be rejected. **CAF's received after banking hours on closure day will be liable for rejection.**
Applications where separate cheques/demand drafts are not attached for amounts to be paid for Equity Shares are liable to be rejected. Applications accompanied by cash, postal order or stockinvest are liable to be rejected.
- (v) Except for applications on behalf of the Central and State Government, the residents of Sikkim and the officials appointed by the courts, all Investors, and in the case of application in joint names, each of the joint Investors, should mention his/ her PAN allotted under the Income Tax Act, irrespective of the amount of the application. CAFs without PAN will be considered incomplete and are liable to be rejected.
- (vi) Investors, holding Equity Shares in physical form, are advised that it is mandatory to provide information as to their savings/current account number, the nine digit MICR number and the name of the bank with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected.
- (vii) All payment should be made by cheque/ demand draft only. Application through the ASBA process as mentioned above is acceptable. Cash payment is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- (viii) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Eligible Equity Shareholders must sign the CAF as per the specimen signature recorded with us/ Depositories.
- (ix) In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and certified true a copy of the Memorandum and Articles of Association and/ or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case the above referred documents are already registered with us, the same need not be a furnished again. In case these



- papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Banker to the Issue.
- (x) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with us or the Depositories. Further, in case of joint Investors who are Renouncees, the number of Investors should not exceed three. In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.
 - (xi) Application(s) received from NRs/ NRIs, or persons of Indian origin residing abroad for Allotment of Equity Shares shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA, including regulations relating to QFI's, in the matter of refund of application money, Allotment of Equity Shares, subsequent issue and Allotment of Equity Shares, interest, export of share certificates, etc. In case a NR or NRI Eligible Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Additionally, applications will not be accepted from NRs/ NRIs in the U.S. or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.
 - (xii) All communication in connection with application for the Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/ sole Investor, folio numbers and CAF number. Please note that any intimation for change of address of Eligible Equity Shareholders, after the date of Allotment, should be sent to our Registrar and Transfer Agent, in the case of Equity Shares held in physical form and to the respective depository participant, in case of Equity Shares held in dematerialized form.
 - (xiii) SAFs cannot be re-split.
 - (xiv) Only the Equity Shareholder(s) and not Renouncee(s) shall be entitled to obtain SAFs.
 - (xv) Investors must write their CAF number at the back of the cheque/ demand draft.
 - (xvi) Only one mode of payment per application should be used. The payment must be by cheque/ demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the Bankers Clearing House located at the centre indicated on the reverse of the CAF where the application is to be submitted.
 - (xvii) A separate cheque/ draft must accompany each CAF. Outstation cheques/ demand drafts or post-dated cheques and postal/ money orders will not be accepted and applications accompanied by such outstation cheques/ outstation demand drafts/ money orders or postal orders will be rejected.
 - (xviii) No receipt will be issued for application money received. The Banker to the Issue/ Collecting Bank/ Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.
 - (xix) The distribution of this Draft Letter of Offer and issue of Equity Shares and Rights Entitlements to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in such jurisdictions are instructed to disregard this Draft Letter of Offer and not to attempt to subscribe for Equity Shares.
 - (xx) Investors are requested to ensure that the number of Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.

Do's for non-ASBA Investors:

- Check if you are eligible to apply i.e. you are an Equity Shareholder on the Record Date;
- Read all the instructions carefully and ensure that the cheque/ draft option is selected in Part A of the CAF and necessary details are filled in;
- In the event you hold Equity Shares in dematerialised form, ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be allotted in the dematerialized form only;
- Ensure that your Indian address is available with our Company and the Registrar, in case you hold Equity Shares in physical form or the depository participant, in case you hold Equity Shares in dematerialised form;
- Ensure that the value of the cheque/ draft submitted by you is equal to the {(number of Equity Shares applied for) X (Issue Price of Equity Shares, as the case may be)} before submission of the CAF. Investors residing at places other than cities where the branches of the Banker to the Issue have been authorised by us for collecting



applications, will have to make payment by demand draft payable at Orissa of an amount net of bank and postal charges;

- Ensure that you receive an acknowledgement from the collection branch of the Banker to the Issue for your submission of the CAF in physical form;
- Ensure that you mention your PAN allotted under the Income Tax Act with the CAF, except for Applications on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;
- Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF;
- Ensure that the demographic details are updated, true and correct, in all respects.

Don'ts for non-ASBA Investors:

- Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction;
- Do not apply on duplicate CAF after you have submitted a CAF to a collection branch of the Banker to the Issue;
- Do not pay the amount payable on application in cash, by money order or by postal order;
- Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground;
- Do not submit Application accompanied with Stock invest;

Grounds for Technical Rejections for non-ASBA Investors

Investors are advised to note that applications are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable;
- Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialized holdings) or the Registrar (in the case of physical holdings);
- Submission of CAFs to the SCSBs;
- Submission of plain paper Applications to any person other than the Registrar to the Issue;
- Age of Investor(s) not given (in case of Renouncees);
- Except for CAFs on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN not given for application of any value;
- In case of CAF under power of attorney or by limited companies, corporate, trust, relevant documents are not submitted;
- If the signature of the Equity Shareholder does not match with the one given on the CAF and for Renouncee(s) if the signature does not match with the records available with their Depositories;
- CAFs are not submitted by the Investors within the time prescribed as per the CAF and this Draft Letter of Offer;
- CAFs not duly signed by the sole/ joint Investors;
- CAFs/ SAFs by OCBs not accompanied by a copy of an RBI approval to apply in this Issue;
- CAFs accompanied by Stockinvest/ outstation cheques/ post-dated cheques/ money order/ postal order/ outstation demand draft;
- In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Investors (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;
- CAFs that do not include the certifications set out in the CAF to the effect that the subscriber is not a "U.S. Person" (as defined in Regulation S) and does not have a registered address (and is not otherwise located) in the U.S. or other restricted jurisdictions and is authorized to acquire the Rights Entitlements and Equity Shares in compliance with all applicable laws and regulations;
- CAFs which have evidence of being executed in/ dispatched from restricted jurisdictions;
- CAFs by ineligible non-residents (including on account of restriction or prohibition under applicable local laws) and where the registered address in India has not been provided;
- CAFs where we believe that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements;



- In case the GIR number is submitted instead of the PAN;
- CAFs submitted by Renouncees where Part B of the CAF is incomplete or is unsigned. In case of joint holding, all joint holders must sign Part 'B' of the CAF;
- Applications by persons not competent to contract under the Contract Act, 1872, as amended, except bids by minors having valid demat accounts as per the demographic details provided by the Depositories.
- Applications by Renouncees who are persons not competent to contract under the Indian Contract Act, 1872, including minors;
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application; and
- Applications from QIBs, Non-Institutional Investors or Investors applying in this Issue for Equity Shares for an amount exceeding Rs. 200,000, not through ASBA process.
- Failure to mention an Indian address in the Application. Application with foreign address shall be liable to be rejected.
- If an Investor is debarred by SEBI and if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlement.
- Non – ASBA applications made by QIBs and Non – Institutional Investors.

Please read this Draft Letter of Offer or Abridged Letter of Offer and the instructions contained therein and in the CAF carefully, before filling the CAF. The instructions contained in the CAF are an integral part of this Draft Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of the provisions contained in this Draft Letter of Offer or the CAF.

Investment by FPIs, FIIs and QFIs

SEBI, On January 07, 2014, notified the SEBI FPI Regulations pursuant to which FIIs, its sub-accounts and QFIs categories of investors were merged to form a new category called 'Foreign Portfolio Investors'. Prior to the notification of the SEBI FPI Regulations, portfolio investments by FIIs and sub-accounts were governed by SEBI under the FII Regulations and portfolio investments by QFIs were governed by various circulars issued by SEBI from time to time (QFI Circulars). Pursuant to the notification of the SEBI FPI Regulations, the FII Regulations were repealed and the QFI Circulars were rescinded.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an Investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to exceed 10% of our Company's post-Issue Equity Share Capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up Equity Share Capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid up Equity Share Capital of our Company. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board followed by a special resolution passed by the Eligible Equity Shareholders of our Company.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

An FII who holds a valid certificate of registration from SEBI shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. An FII or a sub-account (other than a sub-account which is a foreign corporate or a foreign individual) may participate in the Issue, until expiry of its registration as an FII or sub-account or until it obtains a certificate of registration as an FPI, whichever is earlier. If the registration of an FII or sub-account has expired or is about to expire, such FII or sub-account may, subject to payment of conversion fees as applicable under the SEBI FPI Regulations, participate in the Issue. An FII or sub-account shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations.

In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included.

Further, in terms of the SEBI (FPI) Regulations, a QFI may continue to buy, sell or otherwise deal in securities, subject to the provisions of the SEBI (FPI) Regulations, until January 06, 2015 (or such other date as may be specified by SEBI) or until the QFI obtains a certificate of registration as FPI, whichever is earlier.



The existing individual and aggregate investment limits for Eligible QFIs in an Indian company are 5% and 10% of the paid-up capital of an Indian company, respectively. In terms of the FEMA Regulations, a QFI shall not be eligible to invest as a QFI upon obtaining registration as an FPI. However, all investments made by a QFI in accordance with the regulations, prior to registration as an FPI shall continue to be valid and taken into account for computation of the aggregate limit.

Investment by NRIs

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3)(i) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended. Applications will not be accepted from NRIs in restricted jurisdictions.

NRI Applicants may please note that only such Applications as are accompanied by payment in free foreign exchange shall be considered for Allotment under the reserved category. The NRI Applicants who intend to make payment through NRO accounts shall use the Application Form meant for resident Indians and shall not use the Application Forms meant for reserved category.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/ CFD/ DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs, Non- Institutional Investors or are applying in this Issue for Equity Shares for an amount exceeding Rs. 2,00,000 shall mandatorily make use of ASBA facility.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs, Non-Institutional Investors or are applying in this Issue for Equity Shares for an amount exceeding Rs. 200,000 shall mandatorily make use of ASBA facility, subject to their fulfilling the eligibility conditions to be an ASBA Investor. Further, all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed Rs. 200,000, subject to their fulfilling the eligibility conditions to be an ASBA Investor.

Procedure for Applications by AIFs, FVCIs and VCFs

The SEBI (Venture Capital Funds) Regulations, 1996, as amended (“SEBI VCF Regulations”) and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, as amended (“SEBI FVCI Regulations”) prescribe, amongst other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI (Alternative Investments Funds) Regulations, 2012 (“SEBI AIF Regulations”) prescribe, amongst other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue.

Venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations.

Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.



Mode of payment for Resident Eligible Equity Shareholders/ Investors

- All cheques/ drafts accompanying the CAF should be drawn in favour of “Cosboard Industries Limited – Rights Issue - R” crossed ‘A/c Payee only’ and should be submitted along with the CAF to the Banker to the Issue or to the Registrar to the Issue;
- Investors residing at places other than places where the bank collection centres have been opened by us for collecting applications, are requested to send their CAFs together with Demand Draft for the full application amount, net of bank and postal charges favouring the Banker to the Issue, crossed ‘A/c Payee only’ and marked “Cosboard Industries Limited – Rights Issue - R” payable at Orissa directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. We, the Lead Manager or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

Applications through mails should not be sent in any other manner except as mentioned above. The CAF along with the application money must not be sent to our Company or the Lead Manager. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Eligible Equity Shareholders/ Investors

As regards the application by non-resident Eligible Equity Shareholders/ Investors, the following conditions shall apply:

Individual non-resident Indian applicants who are permitted to subscribe for Equity Shares by applicable local securities laws can also obtain application forms from the following address:

BIGSHARE SERVICES PRIVATE LIMITED

1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road,
Marol, Andheri (E), Mumbai - 400 059

Tel: +91-22-6263 8200;

Fax: +91-22-6263 8299

E-Mail: rightsissue@bigshareonline.com

Website: www.bigshareonline.com

Investor Grievance Email: investor@bigshareonline.com

Contact person: Mr. Srinivas Dornala

SEBI Regn No: INR000001385

Note: The Letter of Offer/ Abridged Letter of Offer and CAFs to NRIs shall be sent only to their Indian address, if provided.

- Applications will not be accepted from non-resident from any jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.
- All non-resident investors should draw the cheques/ demand drafts for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Banker to the Issue/ collection centres or to the Registrar to the Issue.
- Non-resident investors applying from places other than places where the bank collection centres have been opened by our Company for collecting applications, are requested to send their CAFs together with Demand Draft for the full application amount, net of bank and postal charges, and marked “Cosboard Industries Limited – Rights Issue - R” payable at Cuttack directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.
- Payment by non-residents must be made by demand draft payable at Cuttack cheque payable drawn on a bank account maintained at Cuttack or funds remitted from abroad in any of the following ways:

Application with repatriation benefits

- (i) By Indian Rupee drafts purchased from abroad and payable at Cuttack or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate);



- (ii) By local cheque / bank drafts remitted through normal banking channels or out of funds held in Non- Resident External Account (NRE) or FCNR Account maintained with banks authorized to deal in foreign currency in India, along with documentary evidence in support of remittance;
- (iii) By Rupee draft purchased by debit to NRE/ FCNR Account maintained elsewhere in India and payable in Cuttack;
- (iv) FIIs/FPIs registered with SEBI must remit funds from special non-resident rupee deposit account;
- (v) Non-resident investors applying with repatriation benefits should draw cheques/ drafts in favour of 'Cosboard Industries Limited – Rights Issue - NR' and must be crossed 'account payee only' for the full application amount;
- (vi) Investors may note that where payment is made by drafts purchased from NRE/ FCNR accounts, as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.

Application without repatriation benefits

- (i) As far as non-residents holding Equity Shares on non-repatriation basis are concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in India or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Cuttack. In such cases, the Allotment of Equity Shares will be on non-repatriation basis.
- (ii) All cheques/ drafts submitted by non-residents applying on a non-repatriation basis should be drawn in favour of 'Cosboard Industries Limited – Rights Issue – R' and must be crossed 'account payee only' for the full application amount. The CAFs duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- (iii) Investors may note that where payment is made by drafts purchased from NRE/ FCNR/ NRO accounts, as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.
- (iv) New demat account shall be opened for holders who have had a change in status from resident Indian to NRI. Any application from a demat account which does not reflect the accurate status of the Applicant are liable to be rejected.

Notes

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to the I.T. Act.
- In case Equity Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.
- The CAF duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- In case of an application received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

Impersonation

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of section 38 of the Companies Act which is reproduced below:

“Any person who:

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*



(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under section 447”.

Section 447 of the Companies Act provides for punishment for fraud which inter alia states punishment of imprisonment for a term which shall not be less than six months but which may extend to ten years and shall be liable to a fine which shall not be less than the amount involved in the fraud, but which may extend to three times the amount involved in the fraud.

Payment by Stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/ 24.47.00/ 2003-04 dated November 5, 2003, the Stockinvest Scheme has been withdrawn. Hence, payment through Stockinvest would not be accepted in this Issue.

Disposal of application and application money

No acknowledgment will be issued for the application moneys received by us. However, the Banker to the Issue/ Registrar to the Issue/ Designated Branch of the SCSBs receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF. Our Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Rights Equity Shares allotted, will be refunded to the Investor within the timelines prescribed under applicable law. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law. For further instructions, please read the CAF carefully.

Utilisation of Issue Proceeds

The Board of Directors declares that:

- All monies received out of the Issue shall be transferred to a separate bank account referred to in the Companies Act, 2013;
- Details of all monies utilized out of the Issue shall be disclosed under an appropriate separate head in balance sheet of our Company indicating the purpose for which such monies have been utilised till the time any of the Issue Proceeds remained unutilised;
- Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested; and
- We may utilize the funds collected in the Issue only after finalisation of the Basis of Allotment.

Undertakings by our Company

Our Company undertake the following:

1. The complaints received in respect of the Issue shall be attended to by us expeditiously and satisfactorily.
2. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Equity Shares are to be listed will be taken within 7 working days of finalisation of Basis of Allotment.
3. The funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by us.
4. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. The allotment of Equity Shares and dispatch of refund orders / share certificate and demat credit is completed within 15 days from the Issue Closing Date
6. The certificates of the securities / demat credit / refund orders to the non-resident Indians shall be dispatched within the specified time.



7. The Company agrees that it shall pay interest @ 15% p.a. if the allotment is not made and / or the refund orders are not dispatched to the investors within 15 days from the Issue Closure Date for the period of delay beyond 15 days.
8. No further issue of securities affecting equity capital of our Company shall be made till the securities issued/offered through the Draft Letter of Offer Issue are listed or till the application money are refunded on account of non-listing, under-subscription etc.
9. Adequate arrangements shall be made to collect all ASBA applications and to consider them similar to non-ASBA applications while finalising the Basis of Allotment.
10. At any given time, there shall be only one denomination of Equity Shares.
11. We accept full responsibility for the accuracy of information given in the Draft Letter of Offer and confirm that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in the Draft Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.
12. All information shall be made available by the Lead Manager and the Issuer to the Investors at large and no selective or additional information would be available for a section of the Investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc.
13. We shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Important

- Please read the Draft Letter of Offer carefully before taking any action. The instructions contained in the accompanying CAF are an integral part of the conditions of the Draft Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.
- It is to be specifically noted that the Issue of Equity Shares is subject to the risk factors mentioned in the section titled “Risk Factors” on page 14 of the Draft Letter of Offer.
- All enquiries in connection with the Draft Letter of Offer or accompanying CAF and requests for Split Application Forms must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Eligible Equity Shareholder as mentioned on the CAF and super scribed “**Cosboard Industries Limited - Rights Issue**” on the envelope) to the Registrar to the Issue at the following address:

Bigshare Services Private Limited

1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road,
Marol, Andheri (E), Mumbai - 400 059

Tel: +91-22-6263 8200;

Fax: +91-22-6263 8299

E-Mail: rightsissue@bigshareonline.com

Website: www.bigshareonline.com

Investor Grievance Email: investor@bigshareonline.com

Contact person: Mr. Srinivas Dornala

SEBI Regn No: INR000001385

The Issue will remain open for a minimum of 15 days unless extended, in which case it will be kept open for maximum of 30 days.



SECTION IX: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

INTERPRETATION

- I (1) In these regulations—**
(a) “the Act” means the Companies Act, 2013,
(b) “the seal” means the common seal of the company.
- (2) Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these regulations become binding on the company.

PRIVATE COMPANY

- II 1.** The “Private Company” under section 2(68) of the Companies Act, 2013, means a company having a minimum paid-up share Capital as may be prescribed, and which by its articles,-
- (i) restricts the right to transfer its shares;
 - (ii) Except in case of One Person Company, limits the number of its members to two hundred:
Provided that where two or more persons hold one or more shares in a company jointly, they shall, for the purposes of this clause, be treated as a single member:
Provided further that—
Persons who are in the employment of the company; and
Persons who, having been formerly in the employment of the company, were members of the company while in that employment and have continued to be members after the employment ceased, shall not be included in the number of members; and
 - (iii) prohibits any invitation to the public to subscribe for any securities of the company;

SHARE CAPITAL AND VARIATION OF RIGHTS

- 2** (a) Subject to the provisions of the Act and these Articles, the shares in the capital of the company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.
- (b) The Authorized Share Capital shall be such amount as may be from time to time be altered as per Clause 5th of Memorandum of Association of the Company.
- 3** (i) Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after allotment or within one month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be provided, —
- (a) one certificate for all his shares without payment of any charges; or
 - (b) several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.
- (ii) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.
- (iii) In respect of any share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.
- 4** (i) If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of twenty rupees for each certificate.
- (ii) The provisions of Articles (2) and (3) shall *mutatis mutandis* apply to debentures of the company.
- 5** Except as required by law, no person shall be recognised by the company as holding any share upon any trust, and the company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.



- 6 (i) The company may exercise the V powers of paying commissions conferred by sub-section (6) of section 40, provided that the rate per cent. or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made thereunder.
- (ii) The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40.
- (iii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.
- 7 (i) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 48, and whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.
- (ii) To every such separate meeting, the provisions of these regulations relating to general meetings shall *mutatis mutandis* apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.

LIEN

- 8 Subject to the provisions of section 55, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the company before the issue of the shares may, by special resolution, determine.
- 9 (i) The company shall have a first and paramount lien—
- (a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and
- (b) on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the company:
- Provided that the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.
- (ii) The company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares.
- 10 The company may sell, in such manner as the Board thinks fit, any shares on which the company has a lien:
- Provided that no sale shall be made—
- (a) unless a sum in respect of which the lien exists is presently payable; or
- (b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.
- 11 (i) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.
- (ii) The purchaser shall be registered as the holder of the shares comprised in any such transfer.
- (iii) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
- 12 (i) The proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.
- (ii) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

CALLS ON SHARES

- 13 (i) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed it.
- Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.
- (ii) Each member shall, subject to receiving at least fourteen days' notice specifying the time or



times and place of payment, pay to the company, at the time or times and place so specified, the amount called on his shares.

- (iii) A call may be revoked or postponed at the discretion of the Board.
- 14 A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments.
- 15 The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
- 16 (i) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent. per annum or at such lower rate, if any, as the Board may determine.
(ii) The Board shall be at liberty to waive payment of any such interest wholly or in part.
- 17 (i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.
(ii) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
- 18 The Board—
(a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and
(b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the company in general meeting shall otherwise direct, twelve per cent. per annum, as may be agreed upon between the Board and the member paying the sum in advance.

TRANSFER OF SHARES

- 19 (i) The instrument of transfer of any share in the company shall be executed by or on behalf of both the transferor and transferee.
(ii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.
- 20 The Board may, subject to the right of appeal conferred by section 58 decline to register—
(a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or
(b) any transfer of shares on which the company has a lien.
- 21 The Board may decline to recognise any instrument of transfer unless—
(a) the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56;
(b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and
(c) the instrument of transfer is in respect of only one class of shares.
- 22 On giving not less than seven days' previous notice in accordance with section 91 and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:
Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

TRANSMISSION OF SHARES

- 23 (i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the company as having any title to his interest in the shares.
(ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons
- 24 (i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either—



- (a) to be registered himself as holder of the share; or
 - (b) to make such transfer of the share as the deceased or insolvent member could have made.
- (ii) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.
- 25
 - (i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects.
 - (ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.
 - (iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.
- 26 A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company:
Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

FORFEITURE OF SHARES

- 27 If a member fails to pay any call, or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.
- 28 The notice aforesaid shall—
 - (a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and
 - (b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.
- 29 If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.
- 30
 - (i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.
 - (ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.
- 31
 - (i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the company all monies which, at the date of forfeiture, were presently payable by him to the company in respect of the shares.
 - (ii) The liability of such person shall cease if and when the company shall have received payment in full of all such monies in respect of the shares.
- 32
 - (i) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the company, and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;
 - (ii) The company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;
 - (iii) The transferee shall thereupon be registered as the holder of the share; and
 - (iv) The transferee shall not be bound to see to the application of the purchase money if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the



forfeiture, sale or disposal of the share.

- 33** The provisions of these regulations as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified

ALTERATION OF CAPITAL

- 34** The company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.
- 35** Subject to the provisions of Section 61, the company may, by ordinary resolution-
- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
 - (b) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;
 - (c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;
 - (d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.
- 36** Where shares are converted into stock-
- (a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:
Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.
 - (b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
 - (c) such of the regulations of the company as are applicable to paid-up shares shall apply to stock and the words “share” and “shareholder” in those regulations shall include “stock” and “stock-holder” respectively.
- 37** The company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law-
- (a) its share capital;
 - (b) any capital redemption reserve account; or
 - (c) any share premium account

CAPITALISATION OF PROFITS

- 38** (i) The company in general meeting may, upon the recommendation of the Board, resolve—
- (a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the company’s reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and
 - (b) that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions
- (ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards—
- (a) paying up any amounts for the time being unpaid on any shares held by such members respectively;
 - (b) paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid
 - (c) partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B);
 - (d) A securities premium account and a capital redemption reserve account may, for the purposes of



this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares;

- (e) The Board shall give effect to the resolution passed by the company in pursuance of this regulation.
- 39 (i) Whenever such a resolution as aforesaid shall have been passed, the Board shall—
- (a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and
 - (b) generally do all acts and things required to give effect thereto.
- (ii) The Board shall have power—
- (a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and
 - (b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares;
- (iii) Any agreement made under such authority shall be effective and binding on such members.

BUY-BACK OF SHARES

- 40 Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.

VOTING RIGHTS

- 41 Subject to any rights or restrictions for the time being attached to any class or classes of shares—
- (a) on a show of hands, every member present in person shall have one vote; and
 - (b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company.
- 42 A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.
- 43 (i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.
- (ii) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.
- 44 A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.
- 45 Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.
- 46 No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid.
- 47 (i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.
- (ii) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.

PROXY

- 48 The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.
- 49 An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.
- 50 A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the



previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given: Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

BOARD OF DIRECTORS

- 51** a) The Number of the Directors and the names of the first directors shall be determined in writing by the subscribers of the Memorandum or a majority of them.
b) The Subscribers to the Memorandum of Association shall become the First Directors of the Company i.e.
i. SHRI RATAN KUMAR GILRA
ii. SHRI GURUCHARAN GILL
iii. SHRI HARI SHANKAR GILRA
iv. SHRI MANOJ KUMAR GILRA
c) The Board of Directors of the company consisting of individuals as directors and shall have a minimum number of three directors and maximum number of limits as prescribed by the Companies Act, 2013.
- 52** (i) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.
(ii) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them—
(a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company; or
(b) in connection with the business of the company.
- 53** The Board may pay all expenses incurred in getting up and registering the company.
- 54** The company may exercise the powers conferred on it by section 88 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may think fit respecting the keeping of any such register.
- 55** All cheques, promissory notes, drafts, *hundis*, bills of exchange and other negotiable instruments, and all receipts for monies paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.
- 56** Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.
- 57** (i) Subject to the provisions of section 149, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles.
(ii) Such person shall hold office only up to the date of the next annual general meeting of the company but shall be eligible for appointment by the company as a director at that meeting subject to the provisions of the Act.
- 58** (i) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.
(ii) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.
- 59** (i) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.
(ii) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote
- 60** The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.
- 61** (i) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.



- (ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting.
- 62 (i) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.
(ii) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.
- 63 (i) A committee may elect a Chairperson of its meetings.
(ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting
- 64 (i) A committee may meet and adjourn as it thinks fit.
(ii) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.
- 65 All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.
- 66 Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.
- 67 Every company shall hold the first meeting of the Board of Directors within thirty days of the date of its incorporation and thereafter hold a minimum number of four meetings of its Board of Directors every year in such a manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board:
Provided that the Central Government may, by notification, direct that the provisions of this sub-section shall not apply in relation to any class or description of companies or shall apply subject to such exceptions, modifications or conditions as may be specified in the notification.
- 68 The participation of directors in a meeting of the Board may be either in person or through video conferencing or other audio visual means, as may be prescribed, which are capable of recording and recognizing the participation of the directors and of recording and storing the proceedings of such meetings along with date and time:
Provided that the Central Government may, by notification, specify such matters which shall not be dealt with in a meeting through video conferencing or other audio visual means.
- 69 A meeting of the Board shall be called by giving not less than seven days' notice in writing to every director at his address registered with the company and such notice shall be sent by hand delivery or by post or by electronic means:
Provided that a meeting of the Board may be called at shorter notice to transact urgent business subject to the condition that at least one independent director, if any, shall be present at the meeting:
- 70 The quorum for a meeting of the Board of Directors of a company shall be one third of its total strength or two directors, whichever is higher, and the participation of the directors by video conferencing or by other audio visual means shall also be counted for the purposes of quorum under this sub-section.
- 71 The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company and for no other purpose.
- 72 Where at any time the number of interested directors exceeds or is equal to two thirds of the total strength of the Board of Directors, the number of directors who are not interested directors and present at the meeting, being not less than two, shall be the quorum during such time.
Explanation.—For the purposes of this sub-section, “interested director” means a director within the meaning of sub-section (2) of section 184.
- 73 Where a meeting of the Board could not be held for want of quorum, then, unless the articles of the company otherwise provide, the meeting shall automatically stand adjourned to the same day at the same



time and place in the next week or if that day is a national holiday, till the next succeeding day, which is not a national holiday, at the same time and place.

Explanation.—For the purposes of this section,—

(i) any fraction of a number shall be rounded off as one;

(ii) “total strength” shall not include directors whose places are vacant.

- 74** The Board of Directors of a company shall be entitled to exercise all such powers, and to do all such acts and things, as the company is authorised to exercise and do:

Provided that in exercising such power or doing such act or thing, the Board shall be subject to the provisions contained in that behalf in this Act, or in the memorandum or articles, or in any regulations not inconsistent therewith and duly made thereunder, including regulations made by the company in general meeting:

Provided further that the Board shall not exercise any power or do any act or thing which is directed or required, whether under this Act or by the memorandum or articles of the company or otherwise, to be exercised or done by the company in general meeting.

GENERAL MEETINGS

- 75** All General Meetings other than annual general meeting shall be called Extraordinary General Meeting.
- 76** The Board may, whenever it deems fit, call an extraordinary general meeting of the company.
- 77** The Board shall, at the requisition made by—
- (a) in the case of a company having a share capital, such number of members who hold, on the date of the receipt of the requisition, not less than one-tenth of such of the paid-up share capital of the company as on that date carries the right of voting;
 - (b) in the case of a company not having a share capital, such number of members who have, on the date of receipt of the requisition, not less than one-tenth of the total voting power of all the members having on the said date a right to vote, call an extraordinary general meeting of the company within the period specified in subsection (4)
- 78** The requisition made under sub-section (2) shall set out the matters for the consideration of which the meeting is to be called and shall be signed by the requisitionists and sent to the registered office of the company.
- 79** If the Board does not, within twenty-one days from the date of receipt of a valid requisition in regard to any matter, proceed to call a meeting for the consideration of that matter on a day not later than forty-five days from the date of receipt of such requisition, the meeting may be called and held by the requisitionists themselves within a period of three months from the date of the requisition.
- 80** A meeting under sub-section (4) by the requisitionists shall be called and held in the same manner in which the meeting is called and held by the Board.
- 81** Any reasonable expenses incurred by the requisitionists in calling a meeting under sub-section (4) shall be reimbursed to the requisitionists by the company and the sums so paid shall be deducted from any fee or other remuneration under section 197 payable to such of the directors who were in default in calling the meeting.
- 82** A general meeting of a company may be called by giving not less than clear twenty-one days’ notice either in writing or through electronic mode in such manner as may be prescribed:
Provided that a general meeting may be called after giving a shorter notice if consent is given in writing or by electronic mode by not less than ninety-five per cent. of the members entitled to vote at such meeting.
- 83** Every notice of a meeting shall specify the place, date, day and the hour of the meeting and shall contain a statement of the business to be transacted at such meeting.
- 84** The notice of every meeting of the company shall be given to—
- (a) every member of the company, legal representative of any deceased member or the assignee of an insolvent member;
 - (b) the auditor or auditors of the company; and
 - (c) every director of the company.
- 85** Any accidental omission to give notice to, or the non-receipt of such notice by, any member or other person who is entitled to such notice for any meeting shall not invalidate the proceedings of the meeting.
- 86** Two members personally present, shall be the quorum for a meeting of the company.
- 87** If the quorum is not present within half-an-hour from the time appointed for holding a meeting of the company—
- (a) the meeting shall stand adjourned to the same day in the next week at the same time and place, or to



- such other date and such other time and place as the Board may determine; or
- (b) the meeting, if called by requisitionists under section 100, shall stand cancelled:
Provided that in case of an adjourned meeting or of a change of day, time or place of meeting under clause (a), the company shall give not less than three days notice to the members either individually or by publishing an advertisement in the newspapers (one in English and one in vernacular language) which is in circulation at the place where the registered office of the company is situated.
- 88 If at the adjourned meeting also, a quorum is not present within half-an-hour from the time appointed for holding meeting, the members present shall be the quorum.
- 89 (i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.
(ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103.
- 90 The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the company.
- 91 If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.
- 92 If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting
- 93 (i) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.
(ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
(iii) Then a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
(iv) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY OR CHIEF FINANCIAL OFFICER

- 94 Subject to the provisions of the Act-
- (i) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;
- (ii) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.
- 95 A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

THE SEAL

- 96 (i) The Board shall provide for the safe custody of the seal.
(ii) The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorised by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.

DIVIDENDS AND RESERVE

- 97 The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.
- 98 Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.



- 99 (i) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalising dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, thinks fit.
- (ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.
- 100 (i) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.
- (ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.
- (iii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.
- 101 The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the company on account of calls or otherwise in relation to the shares of the company.
- 102 (i) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.
- (ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
- 103 Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.
- 104 Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.
- 105 No dividend shall bear interest against the company.

ACCOUNTS

- 106 (i) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors.
- (ii) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or by the company in general meeting.

WINDING UP

- 107 Subject to the provisions of Chapter XX of the Act and rules made thereunder—
- (i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.
- (ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.
- (iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

INDEMNITY

- 108 Every officer of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in



his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.

DEMATERIALISATION OF SECURITIES

109 For the interpretation of Member, the following definition of “Member” be substituted as:

a) “Member” means the duly registered holder from time to time of the shares of the company and includes the subscribers to the Memorandum of the Company and every person whose name is entered as beneficial owner in the records of the Depository”.

Also the following definition are added after the above definition as:

- i) “Beneficial Owner” means a person whose name is recorded as such with a depository.
- ii) “Depository” means a company formed and registered under the Depositories act, 1996 and which has been granted a certificate of registration to act as a depository by Securities and Exchange Board of India Act, 1992
- iii) “Depositories Act” means the Depositories Act, 1996 and shall include any statutory modification(s) or re-enactment thereof for the time being in force.
- iv) “SEBI” means the Securities and Exchange Board of India
- v) “Security” means such security as may be specified by SEBI from time to time. Notwithstanding anything contained in these Articles, the company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, and the rules framed thereunder.

OPTIONS FOR INVESTORS

- 109** 1. Every person subscribing to securities offered by the company shall have the option to receive certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by the Law, in respect of any security in the manner provided by the Depositories Act, and the company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of the securities.
2. If a person opts to hold his security with a Depository, the company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

Securities in depository to be in fungible form

All securities held by a depository shall be dematerialized and be in fungible form. Nothing contained in Section 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

Distinctive numbers of securities held in a depository

Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the company shall apply to securities held with depository.

Rights of depository and beneficial owners

Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.

- 1. Save as otherwise provided above, the depository as the registered owner of the securities shall not have any voting rights, or any other rights in respect of the securities held by it.
- 2. Every person holding securities of the company and whose name is entered in the records of the depository shall be deemed to be a member of the company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

Service of documents

Notwithstanding anything contained in the Act or these Articles, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the company by means of electronic mode or by delivery of floppies or disc.

**Transfer of securities**

Nothing contained in section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entitled as beneficial owners in the records of a depository.

Allotment of securities dealt with in a depository

Notwithstanding anything contained in the Act or these Articles, where securities are dealt with by a depository, the company shall intimate the details thereof to the depository immediately on allotment of such securities.

Register and index of members

The register and index of beneficial owners maintained by a depository under the Depository Act shall be deemed to be the Register and Index of Members of security holders for the purpose of these Articles.

PURCHASE ITS OWN SECURITIES

- 110** The Company shall have power, subject to and in accordance with all applicable provisions of the Act, to purchase any of its own shares or other securities whether or not redeemable, from out of the sources as permissible under the Law.



SECTION X: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of the Draft Letter of Offer), which are or may be deemed material have been entered or are to be entered into by our Company. These contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company situated at Phase II, New Industrial Estate, Jagatpur, Cuttack, Orissa, 754021 from 10.00 AM to 02.00 p.m. from the date of the Draft Letter of Offer until the date of closure of the Rights Issue.

A) Material Contracts

1. MOU dated 16th April, 2018 entered between our Company and the Lead Manager.
2. Agreement dated September 1, 2017 entered between our Company and the Registrar to the Issue.
3. Tripartite Agreement dated September 19, 2001 between our Company, National Securities Depository Ltd. (NSDL) and Registrar & Share Transfer Agent;
4. Tripartite Agreement dated September 18, 2001 between our Company, Central Depository Services (India) Limited (CDSL) and Registrar & Share Transfer Agent;
5. Banker to the Issue Agreement dated [●] between our Company, the Lead Manager, the Registrar to the Issue and Banker to the Issue.

B) Documents available for inspection

1. Certificate of Incorporation of our Company dated 30th December, 1980.
2. Fresh Certificate of Incorporation dated 20th May, 1993 pursuant to change in name and constitution.
3. Certified true copy of Memorandum and Articles of Association of our Company, as amended.
4. Copy of the Resolution passed by the Directors in their meeting dated 30th August, 2017 approving the Issue.
5. Copy of Resolution of Rights Issue Committee dated 23rd April, 2018 approving Draft Letter of Offer and resolution of our Rights Issue Committee dated [●] finalizing the Record Date and approving modification made to Draft Letter of Offer.
6. Consents of our Promoters, our Directors, our Company Secretary and Compliance Officer, our Chief Financial Officer, Lead Manager to the Issue, Legal Advisor to the Issue, Registrar to the Issue, Bankers to our Company, Peer Reviewed Statutory Auditors, Banker to the Issue to include their names in the Draft Letter of Offer to act in their respective capacities.
7. Statement of Tax Benefits dated 26th March, 2018 received from the Statutory and Peer Reviewed Auditors of our Company.
8. The report of the Statutory and Peer Reviewed dated 18th April, 2018 in relation to the Restated Financial Statements of our Company for nine months' period ended on 31st December, 2017 and financial year ended on 31st March, 2017, 2016, 2015, 2014 and 2013.
9. Annual Reports for the financial years ended 31st March, 2017, 31st March, 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013.
10. Copy of the Prospectus document dated 27th December, 1994 issued by the Company for IPO.
11. In-principle listing approval for this Issue dated [●] from BSE Limited.
12. Observation letter No. [●] dated [●] received from SEBI with respect to the Issue.

Any of the contracts or documents mentioned in the Draft Letter of Offer may be amended or modified at any time, if so required, in the interest of our Company or if required by the other parties, without reference to the Shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.



DECLARATION

We, the Directors, hereby certify and declare that, all relevant provisions of the Companies Act, 2013, applicable provisions of Companies Act, 1956 and the guidelines issued by the Government of India or the Regulations/Guidelines issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in the Letter of Offer is contrary to the provisions of the Companies Act, 2013, applicable provisions of Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under or regulations / guidelines issued, as the case may be. We further certify that all the disclosures and statements made in the Letter of Offer are true and correct.

Signed by the Directors of Our Company

Shiv Shankar Taparia

Managing Director

DIN:0566650

Anil Kumar Gilra

Whole Time Director

DIN:0883125

Suresh Babu Chava

Non-Executive Director

DIN: 02161692

Akram Abu

Independent Director

DIN:07823398

Inderpal Singh Pasricha

Independent Director

DIN:0016273

Rekha Bhawsinka

Independent Director

DIN:06625873

Signed by the Chief Financial Officer & Company Secretary of our Company:

Alka Jain

Company Secretary & Compliance Officer

Ashok Kumar Jena

Chief Financial Officer

Place: **Cuttack**

Date: **23rd April, 2018**