SHREE AJIT PULP AND PAPER LIMITED

Shree Ajit Pulp and Paper Limited ("**Company**" or "**Issuer**") was incorporated as *'Shree Ajit Pulp and Paper Private Limited'* on March 23, 1995, under the Companies Act, 1956 vide certificate of incorporation issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli. Subsequently, our Company was converted into a public limited company and the name of our Company was changed to *'Shree Ajit Pulp and Paper Limited'* vide special resolution dated October 15, 1995, vide a fresh certificate of incorporation dated November 13,1995 issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli. For further details of the change in name and registered office of our Company, please refer to "*General Information*" beginning on page 39 of this Draft Letter of Offer.

Registered Office: Survey No. 239, Near Morai, Railway Crossing, Village Salvav, Via-Vapi, Valsad - 396191, Gujarat, India.
Contact person: Shanoo Mathew Karikkamppally, Company Secretary & Compliance Officer
Telephone: +91 260 6635700 | **E-mail id:** investors@shreeajit.com | **Website**: www.shreeajit.com
Corporate Identity Number: L21010GJ1995PLC025135

OUR PROMOTERS: GAUTAM SHAH, SURESH SHAH, BELA SHAH AND SUNITA SHAH

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF SHREE AJIT PULP AND PAPER LIMITED. (THE "COMPANY" OR THE "ISSUER") ONLY

ISSUE OF UP TO [●] PARTLY PAID-UP EQUITY SHARES OF FACE VALUE OF ₹10 EACH OF OUR COMPANY ("RIGHTS EQUITY SHARES") FOR CASH AT A PRICE OF ₹[●] EACH (INCLUDING A PREMIUM OF ₹[●] PER RIGHTS EQUITY SHARE), AGGREGATING UPTO ₹ 3,500.00 LAKHS# ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF [●] EQUITY SHARE FOR EVERY [●] FULLY PAID-UP EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●] (THE "ISSUE"). THE ISSUE PRICE FOR THE RIGHTS EQUITY SHARES IS [●] ([●]) TIMES THE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, PLEASE REFER TO THE CHAPTER TITLED *"TERMS OF THE ISSUE"* ON PAGE 152 OF THIS DRAFT LETTER OF OFFER.

#Assuming full subscription and receipt of all Call Monies with respect to Right Shares.

PAYMENT METHOD FOR THE ISSUE

AMOUNT PAYABLE PER RIGHTS EQUITY SHARE	FACE VALUE(₹)	PREMIUM (₹)	TOTAL (₹)
On Application	[●]	[●]	[●]
One or more subsequent Call(s) as determined by our Board / Rights Issue Committee at its sole discretion, from time to time	[●]	[●]	[●]
Total	[●]	[●]	[●]

WILFUL DEFAULTERS OR FRAUDULENT BORROWERS

NEITHER OUR COMPANY NOR ANY OF OUR PROMOTERS OR DIRECTORS IS CATEGARISED AS A WILLFUL DEFAULTER OR A FRAUDULENT BORROWER.

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their entire 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 Rights Equity Shares 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 this Draft Letter of Offer. Specific attention of investors is invited to the section titled *"Risk Factors"* on page 21 of this Draft Letter of Offer.

COMPANY'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter of Offer contains all information with regard to the Company and the Issue, which is material in the context of the 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 such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares are listed on BSE Limited ("**BSE**" or "**Stock Exchange**"). Our Company has received the 'in-principle' approval from BSE for listing the Rights Equity Shares to be allotted pursuant to the Issue through its letter dated [●]. Our Company will also make applications to the BSE to obtain trading approval for the Rights Entitlements as required under the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020. For the purposes of this Issue, the Designated Stock Exchange is BSE

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
Vivro Financial Services Private Limited Vivro House, 11 Shashi Colony, Opp. Suvidha Shopping Centre, Paldi, Ahmedabad – 380 007, Gujarat, India. **Telephone:** +91-79-4040 4242 **E-mail:** investors@vivro.net **Website:** www.vivro.net **Investor Grievance E-mail:** investors@vivro.net **Contact Person:** Kruti Saraiya/ Jay Dodiya **SEBI Registration No.:** INM000010122	**Link Intime India Private Limited** C 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400083, Maharashtra, India. **Telephone**: +91 810 811 4949 **Email**: ajitP.rightsissue@linkintime.co.in **Website**: www.linkintime.co.in **Investor Grievance E-mail**: ajitP.rightsissue@linkintime.co.in **Contact Person**: Sumeet Deshpande **SEBI Registration No.:** INR000004058

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR ON MARKET RENUNCIATION*	ISSUE CLOSES ON**
[●]	[●]	[●]

**Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*

***Our Board or the Rights Issue Committee will have the right to extend the Issue Period as it may determine from time to time, provided that the Issue will not remain open in excess of 30 (thirty) days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

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TABLE OF CONTENTS

SECTION I - GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Letter of Offer uses the definitions and abbreviations set forth below, which you should consider when reading the information contained herein. The following list of certain capitalised terms used in this Draft Letter of Offer is intended for the convenience of the reader/prospective investor only and is not exhaustive.

This Draft Letter of Offer uses the definitions and abbreviations set forth below, which, unless the context otherwise indicates or implies, or unless otherwise specified, shall have the meaning as provided below. References to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act, regulation, rules, guidelines or policies as amended, supplemented, or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

The words and expressions used in this Draft Letter of Offer, but not defined herein, shall have the same meaning (to the extent applicable) ascribed to such terms under the SEBI ICDR Regulations, the Companies Act, 2013, the SCRA, the Depositories Act, and the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in sections / chapters titled "Industry Overview", "Statement of Tax Benefits", "Financial Information", "Outstanding Litigation and Defaults" and "Terms of the Issue" on pages 55, 51, 85, 140 , , and 152respectively, shall, unless indicated otherwise, have the meanings ascribed to such terms in the respective sections/ chapters.

General Terms

Term	Description
"Shree Ajit Pulp and Paper Limited" or "SAPPL" or "Our Company" or "the Company" or "the Issuer"	Shree Ajit Pulp and Paper Limited, a public limited company incorporated under the erstwhile Companies Act, 1956 and having its registered office at Survey No. 239, Near Morai, Railway Crossing, Village Salvav, Via-Vapi, Valsad - 396191, Gujarat, India.

Company Related Terms

Term	Description
Articles of Association / Articles / AoA	The Articles of Association of our Company, as amended from time to time.
Audit Committee	The Board of Directors of our Company constituted audit committee in accordance with Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and Section 177 of the Companies Act, 2013.
Audited Consolidated Financial Statements	The audited consolidated financial statements of our Company for the financial year ended March 31, 2023, which comprise of the consolidated balance sheet as of March 31, 2023, the consolidated statement of profit and loss including other comprehensive income, the consolidated cash flow statement, the consolidated statement of changes in equity for the year ended March 31, 2023, and notes to the consolidated to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information. For details, see *"Financial Information"* on page *85* of this Draft Letter of Offer.
Auditor / Statutory Auditor	The current statutory auditor of our Company, namely, M/s G B Laddha and Co. LLP.
Board / Board of Directors	Board of Directors of our Company including duly constituted committee thereof. For details of the Board of Directors, see *"Our Management and Organisational Structure"* on page 81 of the Draft Letter of Offer.
Chairman and Managing Directors	Gautam Shah, the Chairman and Managing Director of our Company.
Chief Financial Officer / CFO	Bela Shah, the Chief Financial Officer of our Company.
Company Secretary and Compliance Officer	Shanoo Mathew Karikkamppally, the Company Secretary and the Compliance Officer of our Company.
D&B	Dun & Bradstreet

Term	Description
D&B Report	Report on "Kraft Paper Industry in India" dated April 2023, prepared by Dun & Bradstreet, commissioned and paid for by our Company
Directors	Directors on the Board, as may be appointed from time to time.
Equity Shareholder / Shareholders	A Holder of Equity Share(s) of our Company, from time to time.
Equity Shares	Equity shares of face value of ₹10 each of our Company.
Executive Directors	Executive directors of our Company.
Independent Director(s)	Independent director(s) of our Company as per Section 2(47) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI Listing Regulations, and as described in the chapter *"Our Management and Organisational Structure"* beginning on page 81 of this Draft Letter of Offer.
Joint Venture / JV	Joint venture company of our Company as on the date of this Draft Letter of Offer, Shree Samrat Pulp and Paper Private Limited. **On May 30, 2023, the board of directors of Shree Samrat Pulp and Paper Private Limited passed a resolution, approving conversion of itself into a limited liability partnership firm (LLP).*
Key Managerial Personnel / KMP	Key managerial personnel of our Company as per the definition provided in Section 2(51) of the Companies Act, 2013 and Regulation 2(1)(bb) of the SEBI ICDR Regulations as described in the *"Our Management"* on page 81 of this Draft Letter of Offer.
Materiality Policy	Policy for Determination and Disclosure of Materiality of an Event or Information adopted by our Board in accordance with the requirements under Regulation 30 of the SEBI Listing Regulations, read with the materiality threshold adopted by the Board of Directors through its resolution dated July 14, 2023 for the purpose of litigation disclosures in this Draft Letter of Offer.
Memorandum of Association / Memorandum / MoA	The Memorandum of Association of our Company, as amended from time to time.
Nomination and Remuneration Committee	The Board of Directors of our Company constituted nomination and remuneration committee in accordance with Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and Section 178 of the Companies Act, 2013.
Promoter(s)	The Promoters of our Company, namely, Gautam Shah, Suresh Shah, Bela Shah and Sunita Shah.
Promoter Group	The Promoter Group of our Company as determined in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations and which are disclosed by the Company to Stock Exchange from time to time.
Registered Office	The registered office of our Company Survey No 239, Near Morai Railway Crossing, Village Salvav, Via-Vapi, Valsad - 396191, Gujarat, India.
Registrar of Companies / RoC	The Registrar of Companies, Gujarat at Ahmedabad.
Rights Issue Committee	The committee of our Board constituted through the board resolution dated July 14, 2023.
Stakeholders' Relationship Committee	The Board of Directors of our Company constituted a stakeholder relationship committee in accordance with Regulation 20 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and Section 178 of the Companies Act, 2013.
Wholly Owned Subsidiary / WOS / Subsidiary	Shree Samrudhi Industrial Papers Private Limited is the wholly owned subsidiary of our Company.
Whole-time Director	The whole-time director of our Board

Issue Related Terms

Term	Description
Abridged Letter of Offer / ALOF	Abridged Letter of Offer to be sent to the Eligible Equity Shareholders with respect to the Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act, 2013.

Term	Description
Additional Rights Equity Shares / Additional Equity Shares	The Rights Equity Shares applied or allotted under this Issue in addition to the Rights Entitlement
Allotment / Allot / Allotted	Unless the context otherwise requires, the Allotment of Rights Equity Shares pursuant to the Issue.
Allotment Account	The accounts opened with the Banker(s) to the Issue, into which the Application Money blocked by Application Supported by Blocked Amount in the ASBA Account, with respect to successful Applicants will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act, 2013.
Allotment Account Bank	Bank which are clearing members and registered with SEBI as bankers to an issue and with whom the Allotment Accounts will be opened, in this case being, [●].
Allotment Advice	The note, advice or intimation of Allotment, sent to each successful Applicant who has been or is to be Allotted the Rights Equity Shares after approval of the Basis of Allotment by the Designated Stock Exchange.
Allotment Date / Date of Allotment	Date on which the Allotment is made pursuant to the Issue.
Allottee(s)	Person(s) to whom the Rights Equity Shares are Alloted pursuant to the Issue.
Applicant(s) or Investors	Eligible Equity Shareholder(s) and/or Renouncee(s) who are entitled to apply or make an application for the Rights Equity Shares pursuant to the Issue in terms of this Draft Letter of Offer.
Application	Application made through submission of the Application Form or plain paper Application to the Designated Branch(es) of the SCSBs or online / electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process to subscribe to the Rights Equity Shares at the Issue Price.
Application Form / Common Application Form	Unless the context otherwise requires, an application form (including online application form available for submission of application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process) used by an Investor to make an application for the Allotment of Rights Equity Shares in the Issue.
Application Money	Aggregate amount payable at the time of Application in respect of the Rights Equity Shares applied for in the Issue at the Issue Price.
Application Supported by Blocked Amount / ASBA	Application (whether physical or electronic) used by an ASBA Applicants to make an Application authorizing the SCSB to block the Application Money in a the ASBA Account maintained with the SCSB.
ASBA Account	Account maintained with the SCSB and as specified in the Application Form or the plain paper Application, as the case may be, by the Applicant for blocking the amount mentioned in the Application Form or the plain paper Application.
ASBA Circulars	Collectively, SEBI circular bearing reference number SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, SEBI circular bearing reference number CIR/CFD/DIL/1/2011 dated April 29, 2011, SEBI ICDR Master Circular, to the extent it pertains to the rights issue process and any other circular issued by SEBI in this regard and any subsequent circulars or notifications issued by SEBI in this regard.
Banker(s) to the Issue	Collectively, the Escrow Collection Bank and the Refund Bank to the Issue, in this case being [●].
Banker to the Issue Agreement	Agreement dated [●] entered into by and among our Company, the Registrar to the Issue, the Lead Manager and the Banker(s) to the Issue for collection of the Application Money from Applicants/Investors making an application for the Rights Equity Shares.
Basis of Allotment	The basis on which the Rights Equity Shares will be Allotted to successful Applicants in consultation with the Designated Stock Exchange under this Issue, as described in *"Terms of the Issue"* beginning on page 152 of this Draft Letter of Offer.
Call(s)	The notice issued by our Company to the holders of the Rights Equity Shares as on the Call Record Date for making a payment of the Call Monies.
Call Money(ies)	The balance amount payable by the holders of the Rights Equity Shares pursuant to the Payment Schedule, being ₹ [●] per Rights Equity Share after payment of the Application Money.

Term	Description
Call Record Date	A record date fixed by our Company for the purpose of determining the names of the holders of Rights Equity Shares for the purpose of issuing of the Call.
Controlling Branches / Controlling Branches of the SCSBs	Such branches of the SCSBs which co-ordinate with the Registrar to the Issue and the Stock Exchange, a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes, updated from time to time or at such other website(s) as may be prescribed by the SEBI from time to time.
Demographic Details	Details of Investors including the Investor's address, PAN, DP ID, Client ID, occupation and bank account details, where applicable.
Designated Branches / Designated SCSB Branches	Such branches of the SCSBs which shall collect the Application Form or the plain paper application, as the case may be, used by the ASBA Investors and a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes, updated from time to time or at such other website(s) as may be prescribed by the SEBI from time to time.
Designated Stock Exchange	BSE Limited
Depository(ies)	NSDL and CDSL or any other depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as amended from time to time read with the Depositories Act, 1996.
Draft Letter of Offer / DLOF	This draft letter of offer dated September 20, 2023 filed with the Stock Exchange, for its observation and in-principle approval.
Eligible Equity Shareholder(s) / Eligible Shareholder(s)	Existing Equity Shareholder(s) as on the Record Date i.e., [●]. Please note that the investors eligible to participate in the Issue exclude certain overseas shareholders. For, further details, see *"Notice to Investors"* on page 11 of this Draft Letter of Offer.
Fraudulent Borrower	Company or person, as the case may be, categorized as a fraudulent borrower by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on fraudulent borrower issued by RBI.
IEPF	Investor Education and Protection Fund
Investor(s)	Eligible Equity Shareholder(s) of our Company on the Record Date, [●] and the Renouncee(s).
Issue / Rights Issue	Issue of up to [●] Rights Equity Shares of face value of ₹10 each of our Company for cash at a price of ₹[●] per Rights Equity Share (including a premium of ₹[●] per Rights Equity Share) aggregating to ₹3,500.00 lakhs* on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of [●]Rights Equity Share for every [●]fully paid-up Equity Shares held by the Eligible Equity Shareholders of our Company on the Record Date On Application, Investors will have to pay ₹[●] per Rights Equity Share which constitutes [●]% of the Issue Price and the balance ₹[●] per Rights Equity Share which constitutes [●]% of the Issue Price, must be paid, on one or more subsequent Call(s), as determined, from time to time, by our Board or any duly constituted committee at their sole discretion. **Assuming full subscription and receipt of all Call Monies with respect to Rights Equity Shares.*
Issue Agreement	Issue agreement dated September 20, 2023 entered into between our Company and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Issue.
Issue Closing Date	[●]
Issue Materials	Collectively, the Letter of Offer, the Abridged Letter of Offer, the Application Form and Rights Entitlement Letter, any other issue material relating to the Issue.
Issue Opening Date	[●]
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants / Investors can submit their Applications, in accordance with the SEBI ICDR Regulations.

Term	Description
Issue Price	₹ [●] per Rights Equity Share. On Application, Investors will have to pay ₹[●] per Rights Equity Share which constitutes [●]% of the Issue Price and the balance ₹[●] per Rights Equity Share which constitutes [●]% of the Issue Price, will have to be paid, on one more additional calls as may be decided by the Board / Rights Issue Committee of the Board from time to time.
Issue Proceeds/ Gross Proceeds	The gross proceeds raised through the Issue.
Issue Size	Amount aggregating up to ₹ 3,500.00 lakhs#. #*Assuming full subscription and receipt of all Call Monies with respect to Rights Equity Shares.*
Lead Manager to the Issue / Lead Manager	Vivro Financial Services Private Limited
Letter of Offer / LOF	The letter of offer dated [●] filed the Stock Exchange and with SEBI.
Listing Agreement	The listing agreements entered into between our Company and the Stock Exchange in terms of the SEBI Listing Regulations.
Multiple Application Forms	Multiple application forms submitted by an Eligible Equity Shareholder / Renouncee in respect of the Rights Entitlement available in their demat account. However supplementary applications in relation to further Equity Shares with / without using additional Rights Entitlements will not be treated as multiple application.
Net Proceeds	Issue Proceeds less the Issue related expenses. For further details, please refer to "*Objects of the Issue*" beginning on page 45 of this Draft Letter of Offer.
Non-Institutional Investor / NII	An Investor other than a Retail Individual Investor or Qualified Institutional Buyer as defined under Regulation 2(1)(jj) of the SEBI ICDR Regulations.
Off Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by transferring them through off-market transfer through a depository participant in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Depositories, from time to time, and other applicable laws.
On Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchange through a registered stock broker in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Stock Exchange, from time to time, and other applicable laws, on or before [●].
Payment Schedule	Payment schedule under which [●]%of the Issue Price is payable on Application, i.e., ₹[●] (Rupees [●] Only) per Rights Share, and the balance unpaid capital constituting [●]% of the Issue Price i.e., ₹[●] (Rupees [●] Only) will have to be paid, on one or more additional calls as may be decided by the Board / Rights Issue Committee of the Board from time to time.
Qualified Institutional Buyer / QIB	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
Record Date	Designated date for the purpose of determining the Equity Shareholders eligible to apply for Rights Equity Shares, being [●].
Registrar to the Issue / Registrar to the Company / Registrar	Link Intime India Private Limited
Registrar Agreement	Agreement dated September 16, 2023, entered into between our Company and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue.
Renouncee(s)	Person(s) who has/have acquired Rights Entitlements from the Eligible Equity Shareholders on renunciation either through On Market Renunciation or through Off Market Renunciation in accordance with the SEBI ICDR Regulations, the SEBI Rights Issue Circulars, the Companies Act and any other applicable law.
Renunciation Period	The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date i.e., [●]. Such period shall close on [●] in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat

Term	Description
	account of the Renouncee on or prior to the Issue Closing Date i.e., [●].
Retail Individual Investor (s)/ RII(s) / Retail Individual Bidders(s) / RIB(s)	An individual Investor (including an HUF applying through karta) who has applied for Rights Equity Shares for an amount not more than ₹200,000 in the Issue as defined under Regulation 2(1)(vv) of the SEBI ICDR Regulations.
Rights Entitlement(s) / RE(s)	Number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of the Equity Shares held by the Eligible Equity Shareholder on the Record Date, in this case being [●] Equity Shares for every [●] Equity Shares held by an Eligible Equity Shareholder. Pursuant to the provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Rights Entitlements shall be credited in dematerialized form in respective demat accounts of the Eligible Equity Shareholders before the Issue Opening Date. The Rights Entitlements with a separate ISIN will be credited to the respective demat account of Eligible Equity Shareholder before the Issue Opening Date, against the Equity Shares held by the Eligible Equity Shareholders as on the Record Date.
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders.
Rights Equity Shares / Rights Shares	Equity Shares of our Company to be Allotted pursuant to this Issue
SEBI Rights Issue Circulars	SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, read with SEBI circular bearing reference number SEBI/HO/CFD/SSEP/CIR/P/2022/66 dated May 19, 2022, and any other circular issued by SEBI in this regard and any subsequent circulars or notifications issued by SEBI in this regard.
SCSB(s) / Self-Certified Syndicate Banks	Self-certified syndicate banks registered with SEBI, which offers the facility of ASBA. A list of all SCSBs is available at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes, updated from time to time or at such other website(s) as may be prescribed by the SEBI from time to time.
Stock Exchange	Stock exchange where the Equity Shares of our Company are presently listed, being BSE.
Transfer Date	The date on which the Application Money blocked in the ASBA Account will be transferred to the Allotment Account(s) in respect of successful Applications, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange.
Wilful Defaulter / Fraudulent Borrower	An entity or person, as the case may be, categorized as a wilful defaulter or a fraudulent borrower by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in terms of Regulation 2(1)(lll).
Working Day(s)	In terms of Regulation 2(1)(mmm) of SEBI ICDR Regulations, working day means all days on which commercial banks in Gujarat are open for business. Further, in respect of Issue Period, working day means all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Gujarat are open for business. Furthermore, the time period between the Issue Closing Date and the listing of Equity Shares on the Stock Exchange, working day means all trading days of the Stock Exchange, excluding Sundays and bank holidays, as per circulars issued by SEBI.

Industry Related Terms

Term	Description
D & B	Dun & Bradstreet
RE	Revised Estimate
SAE	Second Advance Estimate
GDP	Gross Domestic Product
GVA	Gross Value Added

Term	Description
MOSPI	Ministry of Statistics and Programme Implementation
IIP	Index of Industrial Production
GFCF	Gross Fixed Capital Formation
PFCE	Private Final Consumption Expenditure
WPI	Wholesale Price Index
CMIE	Centre for Monitoring Indian Economy
CPI	Consumer Price Index
RBI	Reserve Bank of India
CAGR	Compound Annual Growth Rate
CAD	Current Account Deficit
TPA	Tons Per Annum
TPD	Tons Per Day
MTPA	Million Tons Per Annum
FMCG	Fast Moving Consumer Goods
IPMA	Indian Paper Manufacturers Association
B2B	Business to business
D2C	Direct to consumer
C2C	Consumer to consumer
C2B	Consumer to business
Bn	Billion
Mn	Million
INR	Indian rupee
USA	United States of America
UK	United Kingdom
EU	Europe
UAE	United Arab Emirates
DGFT	Directorate General of Foreign Trade
ASEAN	Association of South East Asian Nations
FDI	Foreign Direct Investment
FDC	Forest Development Corporation
SME	Small and medium-sized enterprises
MT	Metric Tonnes

Business Related Terms

Term	Description
GSM	Grams per square metre
BF	Bursting factor
GIDC	Gujarat Industrial Development Corporation
COC	Single Chain of Custody
FMCG	Fast Moving Consumer Goods
FSC-STD	Forest Stewardship Council Standards
MTPA	Metric Tonne per annum
MW	Megawatts
PM	Paper Machine
RCT	Ring crush test
SCT	Short-span compression test
CSR	Corporate Social Responsibility
Manufacturing Unit – I	Survey No. 239, village salvav, 106, 107, 108P and 105P, Morai, Near Morai Railway Crossing, Vapi 396191, Valsad, Gujarat, India
Manufacturing Unit – II	Plot No. 1 and 1/B, Phase I, GIDC, Vapi - 396195, Gujarat

Conventional and General Terms/Abbreviations

Term	Description
₹ / Rs. / Rupees / INR	Indian Rupees
A/c	Account

Term	Description
AGM	Annual General Meeting
AIF(s)	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 issued by the Institute of Chartered Accountants of India
AY	Assessment Year
BSE	BSE Limited
CAGR	Compound Annual Growth Rate
CBDT	Central Board of Direct Taxes, Government of India
CDSL	Central Depository Services (India) Limited
CFO	Chief Financial Officer
CIN	Corporate Identity Number
CIT	Commissioner of Income Tax
CLRA	Contract Labour (Regulation and Abolition) Act, 1970
Civil Code	Code of Civil Procedure 1908
Client ID	The client identification number maintained with one of the Depositories in relation to the demat account
Companies Act, 1956	Erstwhile Companies Act, 1956 along with the rules made thereunder (without reference to the provisions thereof that have ceased to have effect upon the notification of the Notified Sections)
Companies Act, 2013 / Companies Act	Companies Act, 2013 along with the rules made thereunder
COVID-19	The novel coronavirus disease which was declared as a Public Health Emergency of International Concern on January 30, 2020, and a pandemic on March 11, 2020, by the World Health Organisation
CrPC	Code of Criminal Procedure, 1973
Depositories Act	Depositories Act, 1996
Depository(ies)	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996
Depository Participant / DP	A depository participant as defined under the Depositories Act
DIN	Director Identification Number
DP ID	Depository Participant's Identification
DTAA	Double Taxation Avoidance Agreement
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry (formerly Department of Industrial Policy and Promotion), Government of India
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, tax, depreciation and amortization
EGM	Extraordinary general meeting
EPF Act	Employees' Provident Fund and Miscellaneous Provisions Act, 1952
EPS	Earnings Per Share
FCNR Account	Foreign Currency Non-Resident (Bank) account opened in accordance with the FEMA
FDI	Foreign Direct Investment
FDI Circular 2020	Consolidated FDI Policy dated October 15, 2020, issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
Financial Year / Fiscal Year / Fiscal	Period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year, unless otherwise stated
FIR	First Information Report
FPIs	A foreign portfolio investor who has been registered pursuant to the SEBI FPI Regulations, provided that any FII who holds a valid certificate of registration 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 Securities and Exchange Board of India (Foreign

Term	Description
	Institutional Investors) Regulations, 1995
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
FVCI	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI
FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GoI / Government	The Government of India
GST	Goods and Services Tax
HUF	Hindu Undivided Family
IBC / Insolvency Code	Insolvency and Bankruptcy Code, 2016, as amended
ICAI	Institute of Chartered Accountants of India
ICSI	Institute of Company Secretaries of India
IEPF Authority	Investor Education and Protection Fund Authority established by the GOI under Section 125 of the Companies Act, 2013
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
Income Tax Act / IT Act	Income-tax Act, 1961
Ind AS	The Indian Accounting Standards as specified under section 133 of the Companies Act 2013 read with Companies (Indian Accounting Standards) Rules 2015, as amended
India	Republic of India
Indian GAAP	Generally Accepted Accounting Principles of India
Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended
INR / ₹ / Rs. / Indian Rupees	Indian Rupee, the official currency of the Republic of India
ISIN	International Securities Identification Number
IT	Information Technology
ITAT	Income Tax Appellate Tribunal
MCA	Ministry of Corporate Affairs
Mn / mn	Million
Mutual Fund	Mutual funds registered with SEBI under the Securities and Exchange Board of (Mutual Funds) Regulations, 1996
N.A. or NA	Not Applicable
NAV	Net Asset Value
Net Asset Value per Equity Share / NAV per Equity Share	Net Worth / Number of Equity shares subscribed and fully paid outstanding as of March 31 of that Financial Year
Net Worth	Net worth means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation
NBFC	Non-Banking Financial Companies
Notified Sections	The sections of the Companies Act, 2013 that have been notified by the MCA and are currently in effect
NRE Account	Non-resident External Account
NRI	A person resident outside India, who is a citizen of India and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016
NRO	Non-Resident Ordinary

Term	Description
NRO Account	Non-Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
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. OCBs are not allowed to invest in the Issue.
p.a.	Per annum
P/E Ration	Price / Earnings Ratio
PAN	Permanent Account Number
PAT	Profit after tax
Payment of Bonus Act	Payment of Bonus Act, 1965
Payment of Gratuity Act	Payment of Gratuity Act, 1972
RBI	The Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934, as amended
Regulation S	Regulation S under the United States Securities Act of 1933, as amended
RoC	Registrar of Companies, Ahmedabad
RTGS	Real Time Gross Settlement
Rule 144A	Rule 144A under the U.S. Securities Act
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended
SEBI Listing Regulations / SEBI LODR Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEBI Takeover Regulations / Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
Securities Act	The United States Securities Act of 1993
STT	Securities Transaction Tax
State Government	The Government of a State in India
Supreme Court	Supreme Court of India
Total Borrowings	Aggregate of debt securities, borrowings (other than debt securities) and subordinated liabilities
U.S.$ / USD / U.S. Dollar / US$ / US Dollar	United States Dollar, the legal currency of the United States of America
USA / U.S. / US / United States	United States of America
U.S. SEC	U.S. Securities and Exchange Commission
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
VCFs	Venture capital funds as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the SEBI AIF Regulations, as the case may be
w.e.f.	With effect from
WHO	World Health Organization
Year / Calendar Year	Unless context otherwise requires, shall refer to the twelve-months period ending December 31 of a particular year

NOTICE TO INVESTORS

The distribution of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, Application Form and Rights Entitlement Letter any other material relating to the Issue (collectively "**Issue Materials**") and the issue of Rights Entitlement and Rights Equity Shares to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession these Issue Material may come are required to inform themselves about and observe such restrictions. For details, refer to "*Restrictions on Foreign Ownership of Indian Securities*" on page 186 of the Draft Letter of Offer

Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and, in accordance with the SEBI ICDR Regulations, the Company will dispatch Issue Materials only to the Eligible Equity Shareholders who have a registered address in India or who have provided an Indian address to our Company. In case such Eligible Equity Shareholders have provided their valid e-mail address, the relevant Issue Materials will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then Issue Materials will be physically dispatched, on a reasonable effort basis, to the Indian address provided by them. 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 e-mail or send a physical copy of the Issue Materials, shall not be sent the issue Materials.

Investors can also access the Issue Materials from the websites of the Registrar, our Company and the Stock Exchange.

Our Company, the Lead Manager, and the Registrar will not be liable for non-dispatch of physical copies of the Issue Materials.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Draft Letter of Offer is being filed with SEBI and Stock Exchange. Accordingly, the Rights Entitlements or Rights Equity Shares may not be offered or sold, directly or indirectly, and the Issue Materials or any offering materials or advertisements in connection with the Issue may not be distributed, in whole or in part, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Issue Materials (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation in which it would be illegal to make such an offer and, in those circumstances, the Issue Materials must be treated as sent for information purposes only and should not be acted upon for subscription to the Rights Equity Shares and should not be copied or redistributed. Accordingly, persons receiving a copy of the Issue Materials should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the Issue Materials to any person outside India where to do so, would or might contravene local securities laws or regulations or would subject our Company or its affiliates to any filing or registration requirements. If Issue Materials are received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in the Issue Materials.

Any person who makes an application to acquire the Rights Entitlements or the Rights Equity Shares offered in the Issue will be deemed to have declared, represented, warranted and agreed that such person is authorized to acquire the Rights Entitlements or the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction and India, without requirement for our Company or our affiliates or the Lead Manager or its affiliates to make any filing or registration (other than in India). In addition, each purchaser of Rights Entitlements and the Rights Equity Shares will be deemed to make the representations, warranties, acknowledgments, and agreements set forth in "Other Regulatory and Statutory Disclosures" on page 145. Our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company reserves the right to treat any Application Form as invalid where they believe that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements and we shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such Application Form.

Neither the delivery of the Issue Materials 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 the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Draft Letter of Offer or the date of such information.

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 ISSUE OF RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENTS. ACCORDINGLY, EACH INVESTOR SHOULD CONSULT THEIR OWN COUNSEL, BUSINESS ADVISOR AND TAX ADVISOR AS TO THE LEGAL, BUSINESS, TAX AND RELATED MATTERS CONCERNING THE ISSUE OF RIGHTS EQUITY SHARES. IN ADDITION, NEITHER OUR COMPANY NOR THE LEAD MANAGER IS MAKING ANY REPRESENTATION TO ANY OFFEREE OR PURCHASER OF THE RIGHTS 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 SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OF AMERICA OR THE TERRITORIES OR POSSESSIONS THEREOF ("**UNITED STATES**"). THE OFFERING TO WHICH THIS DRAFT LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENT FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENT. THERE IS NO INTENTION TO REGISTER ANY PORTION OF THE ISSUE OR ANY OF THE SECURITIES DESCRIBED HEREIN IN THE UNITED STATES OR TO CONDUCT A PUBLIC OFFERING OF SECURITIES IN THE UNITED STATES. ACCORDINGLY, THE ISSUE MATERIALS SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANY TIME.

Accordingly, this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer, Rights Entitlement Letter and Application Form should not be forwarded to or transmitted in or into the United States at any time.

Neither our Company nor any person acting on our behalf will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on our behalf has reason to believe is in the United States when the buy order is made. Envelopes containing an Application Form and Rights Entitlement Letter 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, 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 these Equity Shares in India.

Our Company is making the Issue on a rights basis to Eligible Equity Shareholders and the Issue Materials will be dispatched only to Eligible Equity Shareholders who have an address in India. Any person who acquires Rights Entitlements and the Rights Equity Shares will be deemed to have declared, represented, warranted and agreed that (i) it is not, and that at the time of subscribing for such Rights Equity Shares or the Rights Entitlements, it will not be, in the United States, and (ii) it is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations.

We, the Registrar, the Lead Manager or any other person acting on behalf of us, reserve the right to treat as invalid any Application Form which: (i) does not include the certification set out in the Application Form 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 Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations; (ii) appears to us or its agents to have been executed in, electronically transmitted from or dispatched from the United States; (iii) where a registered Indian address is not provided; or (iv) where we believe that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements; and we shall not be bound to allot or issue any Rights Equity Shares in respect of any such Application Form.

The Rights Entitlements may not be transferred or sold to any person in the United States.

The Rights Entitlements and the Equity Shares have not been approved or disapproved by the US Securities and Exchange Commission (the "**US SEC**"), any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Rights Entitlements, the Equity Shares or the accuracy or adequacy of this Draft Letter of Offer.

Any representation to the contrary is a criminal offence in the United States.

The above information is given for the benefit of the Applicants / Investors. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under the applicable laws or regulations.

THIS DOCUMENT IS SOLELY FOR THE USE OF THE PERSON WHO RECEIVED IT FROM OUR COMPANY OR FROM LEAD MANAGER OR FROM THE REGISTRAR. THIS DOCUMENT IS NOT TO BE REPRODUCED OR REDISTRIBUTED OR PASSED ON, DIRECTLY OR INDIRECTLY, TO ANY OTHER PERSON OR PUBLISHED, IN WHOLE OR IN PART, FOR ANY PURPOSE.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Certain Conventions

All references to "India" contained in this Draft Letter of Offer are to the Republic of India and its territories and possessions and all references herein to the "Government", "Indian Government", "GoI", 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 Draft 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.

Unless otherwise specified, any time mentioned in this Draft Letter of Offer is in Indian Standard Time ("**IST**"). Unless indicated otherwise, all references to a year in this Draft Letter of Offer are to a calendar year.

A reference to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable.

Unless stated otherwise, all references to page numbers in this Draft Letter of Offer are to the page numbers of this Draft Letter of Offer.

Financial Data

Unless stated otherwise or the context otherwise requires, the financial information and financial ratios in this Draft Letter of Offer has been derived from our Audited Consolidated Financial Statements for the year ended March 31, 2023. For details, please refer to "*Financial Information*" beginning on page 85 of this Draft Letter of Offer. Our Company's financial year commences on April 1 and ends on March 31 of the year. Accordingly, all references to a particular financial year, unless stated otherwise, are to the twelve (12) month period ended on March 31 of that year.

The GoI has adopted the Indian accounting standards ("**Ind AS**"), which are converged with the International Financial Reporting Standards of the International Accounting Standards Board ("**IFRS**") and notified under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (the "**Ind AS Rules**"). The Audited Financial Statements of our Company for the Financial Year ended March 2021, March 2022 and March 2023 have been prepared in accordance with Ind AS, as prescribed under Section 133 of Companies Act read with the Ind AS Rules and other the relevant provisions of the Companies Act and in accordance with the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (revised) 2019, issued by the ICAI. Our Company publishes its Financial Statements in Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Letter of Offer should accordingly, be limited.

In this Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off and unless otherwise specified, all financial numbers in parenthesis represent negative figures. Our Company has presented all numerical information in the Financial Statements in whole numbers and in this Draft Letter of Offer in "lakh" units or in whole numbers where the numbers have been too small to represent in lakh. One lakh represents 1,00,000 and one million represents 10,00,000.

There are significant differences between Ind AS, US GAAP and IFRS. We have not provided a reconciliation of the financial information to IFRS or US GAAP. Our Company has also not attempted to explain those differences or quantify their impact on the financial data included in this Draft Letter of Offer, and you are urged to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the financial information included in this Draft Letter of Offer will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, Ind AS, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with these accounting principles and regulations on our financial disclosures presented in this Draft Letter of Offer should accordingly be limited. For further information, please refer to "*Financial Information*" beginning on page 85 of this Draft Letter of Offer.

Certain figures contained in this Draft Letter of Offer, including financial information, have been subject to rounding off adjustments. All figures in decimals (including percentages) have been rounded off to one or two decimals. However, where any figures that may have been sourced from third-party industry sources are rounded off to other than two decimal points in their respective sources, such figures appear in this Draft Letter of Offer rounded-off to such number of decimal points as provided in such respective sources. In this Draft Letter of Offer, (i) the sum or percentage change of certain 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. Any such discrepancies are due to rounding off.

Currency and Units of Presentation

All references to:

- "Rupees" or "₹" or "INR" or "Rs." Are to Indian Rupee, the official currency of the Republic of India; and
- "USD" or "US$" or "$" are to United States Dollar, the official currency of the United States of America.

Our Company has presented certain numerical information in this Draft Letter of Offer in "lakh" or "lakhs" or "Lac" units or in whole numbers. One lakh represents 1,00,000 and one million represents 10,00,000. All the numbers in the document have been presented in lakh or in whole numbers where the numbers have been too small to present in lakh. Any percentage amounts, as set forth in "*Risk Factors*", "*Our Business*", "*Management's Discussion and Analysis of Financial Conditions and Results of Operation*" on pages 21, and 133 and elsewhere in this Draft Letter of Offer, unless otherwise indicated, have been calculated based on our Financial Information.

Exchange Rates

This Draft Letter of Offer contains conversions of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Indian Rupee and the US Dollar:

Currency	**Exchange rate as on**		
	March 31, 2023	**March 31, 2022**	**March 31, 2021**
1 USD	82.22	75.81	73.50

(Source: www.fbil.org.in)

Note: In the event that any of the abovementioned dates of any of the respective financial periods is a public holiday, the previous calendar day not being a public holiday has been considered.

Industry and Market Data

Unless stated otherwise, industry and market data used in this Draft Letter of Offer, , including in "Risk Factors", "Industry Overview", "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 21, 55, 73 and 133, respectively, has been obtained or derived from publicly available information as well as industry publications and sources. A primary source for industry related information included in this Draft Letter of Offer is a report titled "Kraft Paper Industry in India" dated April 2023 (the "**D&B Report**") prepared by Dun & Bradstreet. The D&B Report has been commissioned and paid for by our Company, only for the purposes of confirming our understanding of the industry exclusively in connection with the Issue, as no report was publicly available for our use which provided a comparable, comprehensive analysis of the industry we operate in. The data used in the D&B Report may have been re-classified by us for the purposes of presentation and, to that extent, the data from the D&B Report may not be comparable with the information presented in this Draft Letter of Offer.

The D&B Report is subject to the following disclaimer:

"Dun & Bradstreet,*("**D&B**") has taken due care and caution in preparing this report (Report) based on the Information obtained by D&B from sources which it considers reliable (Data). This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. Without limiting the generality of the foregoing, nothing in the Report is to be construed as D&B providing or intending to provide any services in jurisdictions where D&B does not have the necessary permission and/or registration to carry out its business activities in this regard. Shree Ajit Pulp and Paper Limited* *will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. No part of this Report may be published/reproduced in any form without D&B's prior written approval*."

Industry publications generally state that the information contained in such publications has been obtained from various sources believed to be reliable but their accuracy and completeness and underlying assumptions are not guaranteed, and their reliability cannot be assured. Although we believe the industry and market data used in this Draft Letter of Offer is reliable, it has not been independently verified by our Directors, our Promoters or the Lead Manager or any of their respective affiliates or advisors and none of these parties, jointly or severally, make any representations as to the accuracy of this information. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors*" on page 21 of this Draft Letter of Offer. Accordingly, investment decisions should not be based solely on such information.

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 the business of our Company is conducted, and methodologies and assumptions may vary widely among different industry sources.

Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in this report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Draft Letter of Offer that are not statements of historical fact constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology including 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'future', 'forecast', 'intend', 'likely', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'seek to', 'shall', 'should', 'target', 'will', 'would' or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our Company's expected financial conditions, results of operations, business plans and prospects are forward looking statements. These forward-looking statements include statements as to our Company's business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Draft Letter of Offer that are not historical facts. These forward-looking statements contained in this Draft Letter of Offer (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements or other projections.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industry in which we operate and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, the competition in our industry and markets, technological changes, our exposure to market risks, general economic and political conditions in India and globally, which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, performance of the financial markets in India and globally, changes in laws, regulations and taxes, incidence of natural calamities and/or acts of violence. Important factors that could cause actual results to differ materially from our Company's expectations include, but are not limited to, the following:

- increase in the prices of our raw material or any decrease in the supply of our raw materials;
- performance of the industries in which our client operate;
- decrease in demand of our products or failure to accurately forecast and manage inventory;
- adverse effect of competition on our market share and profits;
- risks that manufacturing facilities are subject to, including quality control issues, disruptions in or lack of infrastructure facilities and obsolete plant and machinery and quality control problems;
- strikes or work stoppages by our employees or contractual employees;
- any adverse development that may affect our operations;
- the outcome of any legal or regulatory proceedings we are or may become a party to;
- occurrence of natural calamities or natural disasters affecting the areas in which our Company has operations;
- general, political, economic, social and business conditions in India and other global markets;
- dependence on a number of key management personnel and senior management personnel and our ability to attract and retain skilled and qualified personnel;
- general levels of GDP growth, and growth in employment and personal disposable income; and
- economic uncertainties, fiscal crises or instability in India.

For further discussion of factors that could cause the actual results to differ from our estimates and expectations, please refer to "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Position and Results of Operations*" beginning on pages 21, 73 and 133, respectively of this 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 gains or losses could materially differ from those that have been estimated.

We cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.
Forward-looking statements reflect the current views of our Company as of the date of this Draft Letter of Offer and are not a guarantee of future performance. These statements are based on the management's beliefs and

assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Neither our Company, our Directors, our Promoters, 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 the SEBI ICDR Regulations, our Company will ensure that investors are informed of material developments from the date of this Draft Letter of Offer until the time of receipt of the listing and trading permissions from the Stock Exchange.

SUMMARY OF OFFER DOCUMENT

The following is a general summary of certain disclosures included in this Draft Letter of Offer and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Draft Letter of Offer or all details relevant to the prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Letter of Offer, including, "*Risk Factors*", "*The Issue*", "*Capital Structure*", "*Objects of the Issue*", "*Our Business*", "*Industry Overview*", "*Outstanding Litigation and Defaults*" and "*Terms of the Issue*" beginning on pages 21, 37, 43, 45, 73, 55, 140, and 152, respectively of this Draft Letter of Offer.

Summary of our Company

We are primarily engaged in the business of manufacturing, marketing and selling of machine glazed Kraft paper- Testliner *(single wire)* and multi-layer Testliner *(triple wire*) from waste recycled papers with wide range from 80-330 grams per square metre ("**GSM**") and varying from 18-35 bursting factor ("**BF**") in **("Manufacturing Unit – I")**. We are also venturing in light weight 40-120 GSM with high tensile performance kraft paper in **("Manufacturing Unit – II")**.

For further information, please refer to "*Our Business*" beginning on page 73 of this Draft Letter of Offer.

Objects of the Issue

The Net Proceeds are proposed to be used in the manner set out in the following table:

(₹ in lakhs)

Particulars	Amount
To meet long-term working capital requirements	3,000.00
General Corporate Purposes*	[●]
Net Proceeds of the Issue^	**[●]**

** The amount utilized for General Corporate Purposes shall not exceed 25% of the Gross Proceeds.*

^ *Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment and to be adjusted per the Rights Entitlement ratio.*

For further details, please see chapter titled "*Object of the Issue*" beginning on page 45 of this Draft Letter of Offer.

Subscription to the Issue by our Promoters and Promoter Group

Our Promoters and Promoter Group *vide* their letter dated July 14, 2023 ("**Subscription Letter**"), have indicated that they, jointly and/or severally, shall subscribe in the Issue, to the full extent of their Rights Entitlements and have also confirmed that they shall not renounce their Rights Entitlements (except to the extent of renunciation by any of them in favour of any other Promoter or member of the Promoter Group).

The acquisition of Rights Equity Shares by our Promoters and our Promoter Group, over and above its Rights Entitlements shall not result in a change of control of the management of our Company and shall be in compliance with the SEBI SAST 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 under the Applicable Law.

Outstanding Litigations:

A summary of outstanding litigation proceedings involving our Company and our Subsidiary as on the date of this Draft Letter of Offer is provided below:

(₹ in lakhs)

Nature of Cases	Number of outstanding cases	Amount Involved
Litigation involving our Company		
Criminal proceedings against our Company	Nil	Nil
Criminal proceedings by our Company	Nil	Nil
Material civil litigation against Company	Nil	Nil
Material civil litigation by our Company	Nil	Nil
Actions by statutory or regulatory authorities	Nil	Nil

Nature of Cases	Number of outstanding cases	Amount Involved
Direct and indirect tax proceedings	11	333.96
Litigation involving our Subsidiary		
Criminal proceedings against our Subsidiary	Nil	Nil
Criminal proceedings by our Subsidiary	Nil	Nil
Material civil litigation against our Subsidiary	Nil	Nil
Material civil litigation by our Subsidiary	Nil	Nil
Actions by statutory or regulatory authorities	Nil	Nil
Direct and indirect tax proceedings	1	0.02

For details, please refer to chapter titled "*Outstanding Litigations and Material Developments*" on page 140 of this Draft Letter of Offer.

Risk Factors:

Please see the chapter titled "*Risk Factors*" beginning on page 21 of this Draft Letter of Offer.

Contingent Liabilities

For details regarding contingent liabilities, please refer to "*Contingent Liabilities*" of the chapter titled "*Financial Information*" beginning on page 85 of the Financial Information section in this Draft Letter of Offer.

Related Party Transactions

For details regarding related party transactions, please refer to "*Note 33.3 – Related Party Disclosure*" of the chapter titled "*Financial Information*" beginning on page 85 of the Financial Information in this Draft Letter of Offer.

Issue of equity shares made in last one year for consideration other than cash

Our Company has not made any issuances of Equity Shares in the last one year for consideration other than cash.

SECTION II – RISK FACTORS

An investment in the Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Letter of Offer, including the risks and uncertainties described below and "Financial Statements" on page 85 *of this Draft Letter of Offer, before making an investment in the Equity Shares. The risks described below are not the only risks relevant to us or the Equity Shares or the industries in which we currently operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also impair our business, cash flows, prospects, results of operations and financial condition. In order to obtain a complete understanding about us, investors should read this section in conjunction with "Industry Overview", "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 55, 73, and 133, respectively, included in this Draft Letter of Offer. If any of the risks described below, or other risks that are not currently known or are currently deemed immaterial actually occur, our business, cash flows, prospects, results of operations and financial condition could be adversely affected, the trading price of the Equity Shares could decline, and investors may lose all or part of the value of their investment. Unless specified in the relevant risk factor below, we are not in a position to quantify the financial implication of any of the risks mentioned below.*

However, there are certain risk factors where the financial impact is not quantifiable and, therefore, cannot be disclosed in such risk factors. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in this Issue. The following factors have been considered for determining the materiality: (1) some events may not be material individually but may be found material collectively; (2) some events may have material impact qualitatively instead of quantitatively; and (3) some events may not be material at present but may have material impact in future.

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

Our financial year ends on March 31 of each year, so all references to a particular Fiscal are to the 12 months ended March 31 of that year. Unless otherwise stated, the financial information used in this section is derived from our Audited Consolidated Financial Statements, which are included in "Financial Statements" on page 85 of this Draft Letter of Offer.

INTERNAL RISK FACTORS

1. ***We are mainly dependent on imports for supply of our raw material. Further, any increase in the prices of raw materials or any decrease in the supply of raw materials, primarily wastepaper will materially and adversely affect our business, results of operations and financial condition.***

   The primary raw material for our manufacturing operations is wastepaper. We purchase wastepaper from domestic and international markets. Out of our total cost of raw material consumed, raw material accounted from import is approximately 82.74% and 75.35% for Fiscal 2023 and Fiscal 2022, respectively. Over dependence on imports and lack of alternative arrangement from Suppliers from India may adversely affect our profitability if the trade relationship of India with any overseas countries will change in future. Failure of our suppliers to arrange for raw material in the necessary quantities or as per our requirement with respect to our schedule, quality, standards and specifications or material price increase could result in increased costs that we may not be able to pass on to customers or fluctuations in price of wastepaper due to changes in weather conditions among other factors, may adversely affect our production processes, which may in turn result in a material adverse effect on our business, financial condition and results of operations. Although we have not encountered any significant disruptions in the sourcing of our raw materials, we cannot assure that such disruptions will not occur and/or we shall continue to be able to source raw materials in a cost-effective manner.

   We sell our products in highly competitive markets, and competition in these markets is based primarily on demand and price. As a result, to remain competitive, we must continuously strive to reduce our production costs and improve our operating efficiencies. Due to nature of our products, competition in these markets is based primarily on price and quality.

2. ***Our failure to accurately forecast and manage inventory could result in an unexpected shortfall and/or surplus of inventories, which could have a material adverse impact on our profitability.***

We monitor our inventory levels based on our projections of future demand. As we predominantly import our raw materials from the international markets, we make procurement decisions of raw material waste paper well in advance. An inaccurate forecast of demand for the products may result in unavailability/surplus of the same. This unavailability may depress sales volumes and adversely affect customer relationships. Conversely, an inaccurate forecast can also result in an over-supply of products, which may increase costs, negatively impact cash flow and reduce the quality of inventory. Any of the aforesaid circumstances could have a material adverse effect on our business, results of operation and financial condition.

3. ***We have certain contingent liabilities includes the non-payment of statutory dues and commitments, which could adversely affect our financial conditions if any of these contingent liabilities materializes.***

As per our Audited Consolidated Financial Statement for March 31, 2023, and March 31, 2022, our contingent liabilities are set forth below:

(₹ in Lakhs)

Particulars	**As at March 31, 2023**	**As at March 31, 2022**
Contingent liabilities		
Claims against the Company not acknowledged as a debt (deposit paid ₹ 20 lakhs as on March 31, 2023) (previous year ₹ 20 lakh))	28.37	28.37
Custom duty demand disputed by the Company relating to issues of classification (deposit paid ₹ 5.53 lakhs as at 31 March, 2023) (previous year ₹ 5.53 lakh)	62.07	62.07
Service tax demand disputed by the Company relating to issues of applicability	9.30	9.30
Goods and Service tax demand disputed by the Company	8.44	5.64
Future cash outflows in respect of above matters are determinable only on receipt of judgements /decisions pending at various forums /authorities and the company does not expect any outflow of resources.		
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances ₹ 1,408.38 lakhs as on March 31, 2023 (previous year ₹ 792.68 lakhs))	3,794.46	9,494.80

Further, our Statutory Auditor's report on Audited Standalone Financial Statements under the Companies (Auditor's Report) Order,2020 for the Fiscal 2023 have included matter relating to non-payment of statutory dues on account of disputes. In the event that any of these contingent liabilities materialize, our financial conditions may be adversely affected. For further details, please refer "Financial Statements" on page 85 of this Draft Letter of Offer.

4. ***We are exposed to foreign currency exchange rate fluctuations, which may adversely impact our results of operations and cashflows***

We rely on foreign currency rate for the import of one of the raw material i.e., wastepaper. We predominantly import our one of the raw material from the international markets. Out of our total cost of raw material consumed, raw material accounted from import is approximately 82.74% and 75.35% for Fiscal 2023 and Fiscal 2022, respectively. The exchange rate between the Indian Rupee (₹) and Foreign Currencies may fluctuate in the future and have adverse impact on our results of operations and cashflows by such fluctuations. Our cost of raw materials may increase due to depreciation of rupee against the foreign currencies. Further, we may not be able to pass all the losses occurred due to foreign currency fluctuations to our customers for sale of products in order to deal with existing competitors. Also, lack of hedging may expose us to foreign exchange currencies fluctuations, which may have an adverse impact on our business, result of operations and financial condition.

5. ***Underutilization of the installed capacity at Unit I or Unit II may impact adversely on our growth and future profitability.***

Currently, our Company has installed capacity for production of 1,20,000 MT of Multilayer Testliner & Testliner Paper at our Unit I, which is currently utilised to the extent of 78.59% as on March 31, 2023. Our Company has successfully commenced commercial production of Unit-II located at Plot No.1, Plot 1/B, 1st Phase, GIDC, Vapi- 396195, Dist. Valsad, Gujarat w.e.f July 17, 2023. We have set up a fully integrated commercial production with installed capacity of 82,500 MT per annum. We cannot assure that we shall be able to utilize our commercial production facilities to their full capacity or up to an optimum capacity and non-utilisation of the same may lead to loss of profits or can result in losses, and may adversely affect our business, results of operations and financial condition. Even use of the proposed production capacity is subject to several variables like availability of raw material, power, water, proper working of machinery, orders on hand, supply/demand, manpower, etc.

6. ***Our lenders have created charge over the assets of the Company in respect of borrowings that have been availed by us.***

We have provided security in respect of borrowings/facilities availed by us from banks by creating charge over immovable and movable properties. The amount outstanding and payable by us as a secured borrowing (fund based as well as non-fund based) were ₹ 19,389.43 lakhs as on July 31, 2023. In case we are not able to repay our loans in time, the same may amount to a default under the loan documentation and all the penal and termination provisions therein would get triggered and the loans granted to the Company may be recalled with penal interest. This could severely affect our operations and financial condition. In addition to the above, our loan documentation includes certain conditions and covenants that require us to obtain consents from the lender bank prior to carrying out certain activities like changing shareholding/ directorship/ ownership, incurring additional indebtedness and creating any encumbrances on its assets. The lender also has the right to revoke the credit facilities at any time. Any failure to comply with any condition or covenant under our loan agreement that is not waived by the lending bank or is not otherwise cured by us, may lead to a termination of our credit facilities, acceleration of all amounts due under the said credit facilities, which may adversely affect our ability to conduct our business and operations or implement our business plans. Further, the said credit facilities can be renewed/ enhanced/ cancelled/ suspended/ reduced and the terms and conditions of the same can be altered by the lender, at their discretion. In the event, the lending bank refuse to renew/ enhance the credit facilities and/or cancel/ suspend/ reduce the said credit facilities and/or alter the terms and conditions to our derogation, then our existing operations as well as our future business prospects and financial condition may be severely affected.

For further details of secured loans of our Company, please refer chapter titled "*Financial Statements*" on page 85 of this Draft Letter of Offer.

7. ***Our Company has reported negative cash flow in the recent past. Any negative cash flows in the future would adversely affect our cash flow requirements, which may adversely affect our ability to operate our business and implement our growth plans, thereby affecting our financial condition.***

Our Company has experienced negative net cash flow from operating and investing activities in the past, the details of which are provided below:

(₹ in lakhs)

Particulars	March 31, 2023	March 31, 2022
Net cash (used in)/generated from Operating activities	2,097.39	(733.31)
Net cash (used in)/generated from Investing Activities	(14,603.51)	(1,542.40)

If we are not able to generate sufficient cash flow in future, it may adversely affect our business and financial condition.

For further details, refer Financial Information on page 85.

8. ***There are certain outstanding legal proceedings against the Company which may adversely affect our business, financial condition and results of operations.***

As on the date of this Draft Letter of Offer, our Company is involved in certain legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. The amounts claimed in these proceedings have been disclosed to the extent ascertainable. We cannot assure you that these legal proceedings will be decided in favour of our Company, or that no further liability will arise out of these proceedings. We may incur significant expenses in such legal proceedings, and we may have to make provisions in our financial statements, which could increase our expenses and liabilities. Any adverse decision may adversely affect our business, results of operations and financial condition.

A summary of the pending tax proceedings and other material litigations involving our Company are provided below:

(₹ in lakhs)

Nature of Cases	Number of outstanding cases	Amount Involved
Litigation involving our Company		
Criminal proceedings against our Company	Nil	Nil
Criminal proceedings by our Company	Nil	Nil
Material civil litigation against Company	Nil	Nil
Material civil litigation by our Company	Nil	Nil
Actions by statutory or regulatory authorities	Nil	Nil
Direct and indirect tax proceedings	11	333.96
Litigation involving our Subsidiary		
Criminal proceedings against our Subsidiary	Nil	Nil
Criminal proceedings by our Subsidiary	Nil	Nil
Material civil litigation against our Subsidiary	Nil	Nil
Material civil litigation by our Subsidiary	Nil	Nil
Actions by statutory or regulatory authorities	Nil	Nil
Direct and indirect tax proceedings	1	0.02

For further details, please see the chapter titled "*Outstanding Litigation and Material Developments*" beginning on page 140 of this Draft Letter of Offer.

9. Our financing agreements contain certain restrictive covenants which may affect our financial and operational flexibility. In the event of breach of any covenants in our financing agreements, our lenders may take any action in connection with such breaches which may have a material adverse effect on our business, results of operation, financial condition and prospects

Our Company has entered into different borrowing facilities with varying terms and tenures from the lenders. Our Company has entered into consortium financing arrangements which include conditions and covenants that require us to obtain consent from such lenders' prior to carrying out certain activities and entering into certain transactions including change in capital structure. Some of the covenants include, effect any change in the capital structure, implement any scheme of expansion/modernization/diversification/renovation or acquire any fixed assets, formulate any scheme of amalgamation or reconstruction, enter into borrowing arrangements with other bank, undertaking guarantee obligations, declaring dividends except out of profits relating to that year, any change in their management setup and creation of any further charge, for which we have to obtain consent from the lenders.

10. The shortage or non-availability of power and water facilities or any break-down of our machinery may adversely affect our paper manufacturing process and have an adverse impact on our results of operations and financial condition.

Our manufacturing facilities are subject to the normal risks of industrial production, including equipment breakdowns, labour stoppages, natural disasters, water shortages and power interruptions. Our manufacturing process requires power and water facilities substantially. The power requirements of our Company involve significant capital expenditure so that the same cannot be supplemented by independent sources of power supply. To fulfill our electricity requirements at the Manufacturing Unit - I, we have an electricity supply arrangement for supply up to 4.0 megawatts (MW) with Dakshin Gujarat Vij Company Limited. We have also installed an in-house captive power plant of 2.4 MW to support electricity requirements. We also engaged in generation of electricity from windmills for captive use with an installed capacities of 1.50 (MW) and 1.25 (MW) which are located at Rajkot and Dwarika. To fulfill our electricity requirements at the Manufacturing Unit – II, we have an electricity supply arrangement for supply up to 2.0 MW with Dakshin Gujarat Vij Company Limited. Further, we have also installed an in-house captive power plant of 4.45 MW to support electricity requirements. We cannot assure that our manufacturing process will be operational during power failures. Further, water is one of the important utilities in the paper making process which is required at every stage of production. The total water requirement is arranged from local authority which is also further being re-cycled into the system. Any disruption of power or water or any failure on our part to obtain alternate sources of electricity or water, in a timely manner, and at an acceptable cost, may have an adverse effect on our business, results of operations and financial condition.

Further, our manufacturing facility is heavily dependent on our plant and machinery. Any significant malfunction or breakdown of our machinery may entail significant repair and maintenance costs and cause delays in our operations. If we are unable to procure the necessary spare parts in a timely manner in case of breakdown of machinery or if we are unable to carry out the necessary repair of the malfunctioning machinery promptly, our manufacturing operations may be hampered which could have an adverse impact on our results of operations and financial condition.

Any shortage or non-availability of electricity and water facilities or any break-down of our machinery may directly affect our production which in turn may have an impact on operations and results of our Company.

11. ***We are dependent on our key managerial personnel, management team and other key employees, the loss of, or our inability to attract or retain, such persons could adversely affect our business, result of operations, financial condition, and cashflows.***

Our performance depends largely on the efforts and abilities of our key managerial personnel, management team and other key employees. We believe that the inputs and experience of our key managerial personnel, management team and other key employees are valuable for the development of our business and operations and the strategic directions taken by our Company. There is no assurance that these individuals or any other member of our key managerial personnel, management team or key other employees will not leave us or join a competitor or that we will be able to retain such personnel or find adequate replacements in a timely manner, or at all. We may require a long period of time to hire and train replacement personnel. We may also require to increase our levels of employee compensation more rapidly as compared to past in order to remain competitive in attracting employees. The loss of the services of such persons may have an adverse effect on our business, result of operations, financial condition, and cash flows.

12. ***The industry in which we operate is labour intensive and our manufacturing operations may be materially adversely affected by strikes, work stoppages or increased wage demands by our employees or those of our suppliers.***

As of August 31,2023, we employed 328 personnel across our operations. Paper industry being labour intensive is dependent on labour force for carrying out its manufacturing operations. Shortage of skilled/unskilled personnel or work stoppages caused by disagreements with employees could have an adverse effect on our business and results of operations. Though we have not experienced any major disruptions in our business operations due to disputes or other problems with our work in the past, however there can be no assurance that we will not experience such disruptions in the future. Such disruptions may adversely affect our business and results of operations and may also divert the management's attention which will increase our costs.

If any material labour unrest directed against us, could directly or indirectly prevent, or hinder our normal operating activities, and if not resolved in a timely manner, could lead to disruptions in our operations. These actions are impossible for us to predict or control and any such event could adversely affect our business, results of operations and financial condition.

13. ***We do not have long term contracts with our customers.***

We have not executed any long-term contracts with our domestic or international customers. Our sales are based on purchase orders that are placed by our customers depending on their requirements. In the absence of long-term contracts, there can be no assurance that a particular customer would continue to source their supplies from us in the future. A reduction in the purchase orders placed by the customers may adversely affect our business and revenues and may require us to shift to different markets and/or look for alternative buyers. Further, any loss of our major customers arising out of competition or from cheaper sources can lead to reduced margins and our result and operations may be affected.

14. ***We are dependent on third party transportation providers for the supply of raw materials.***

As a manufacturing business, our success depends on the smooth supply and transportation of the various raw materials required at our manufacturing units which is subject to various uncertainties and risks. We rely on third parties to supply us with the raw materials used in the manufacture of our products. Our ability to procure supplies in a cost effective and timely manner is subject to various factors, some of which are not within our control. While we manage our supply chain as part of our management process, any significant problems with our supply.

Though, our business has not experienced any disruptions due to transportation strikes in the past, any future transportation strikes may have an adverse effect on our business. Further, disruptions of transportation raw material due to weather-related problems, strikes, lock-outs, inadequacies in the road infrastructure, or other events could have a negative financial impact on our suppliers in turn impairing timely availability of raw material to us on time or increasing the costs of raw material. Any such disruptions or failure to maintain continuous supply of raw materials could materially and adversely affect our business, financial condition and results of operations.

15. Our indebtedness, including various conditions and restrictions imposed on us by our financing agreements, could adversely affect our ability to react to changes in our business, and we may be limited in our ability to use debt to fund future capital needs.

As of July 31, 2023, our total outstanding borrowings (Fund based as well as non-fund based) amounted to ₹ 19,389.43 lakhs. Our substantial indebtedness could:

- require us to delicate a substantial portion of our cash flow from operations to payments in respect of our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate expenditures;
- increase our vulnerability to adverse general economic or industry conditions;
- limit our flexibility in planning for or reacting to, competition and/or changes in our business or our industry;
- limit our ability to borrow additional funds; and
- place us at a competitive disadvantage relative to competitors that have less debt or greater financial resources.

We cannot assure that we will be able to generate enough cash flow from operations or that we will be able to obtain enough capital to service our debt. If we cannot obtain alternative sources of financing or our cost of borrowings become significantly more expensive, then our financial condition and results of operations will be adversely affected.

16. Our Funding requirements and the proposed deployment of the Net Proceeds are based on management estimates and have not been appraised by any independent agency and may be subject to change based on various factors, some of which are beyond our control

We intend to use the Net Proceeds for the purposes described in "Objects of the Issue" beginning on page 45. Our funding requirements are based on internal management estimates and our current business plans and have not been appraised by any bank or financial institution. This is based on current conditions and is subject to change in light of changes in external circumstances, costs, other financial condition or business strategies. We may have to reconsider our estimates or business plans due to changes in underlying factors, some of which are beyond our control. We may have to revise funding requirements due to reasons which may not be within the control of our management.

Accordingly, prospective investors in the Issue will need to rely upon our management's judgement with respect to the use of proceeds. If we are unable to deploy the proceeds of the Issue in a timely or an efficient manner, it may affect our business and results of operations.

17. Our business prospects and continued growth depends on our ability to access financing at competitive rates and competitive terms. We may not be able to avail the requisite amount of financing or obtain financing at competitive interest rates for our growth plans, in the future, or any increase in interest rates which could have a material adverse effect on our business, results of operations and financial condition.

Our business depends on our ability to obtain funds at competitive rates. Our secured borrowings have been availed at floating rate of interest. Any fluctuation in interest rates may directly impact the interest costs of such loans and could adversely affect our result of operations. A material portion of our expected cash flow may be required to be dedicated for payment of interest on our indebtedness which will also reduce the funds available to us for use in general business operations. The cost and availability of funds, amongst other factors, are also dependent on our current and future results of operations and financial condition and our ability to effectively manage risks. We may not be able to avail the requisite amount of financing or obtain financing at competitive interest rates if we fail to have favourable results of operations which could lead to high borrowing costs and limit our access to lending markets, as a result, could adversely affect our business.

18. ***We operate in a competitive business environment. Competition from existing players and new entrants and consequent pricing pressures could have a material adverse effect on our business growth and prospects, financial condition, and results of operations.***

We face huge competition in our industry from the existing players and new entrants. As paper making business is easy to start with, person or organization who is capable of investment in large projects, can easily enter into the market and compete with the business of our Company. If there is a change in trends and availability of products with cheaper price from existing players, it may pressurize us on pricing without compromising product quality which may put strain on our profit margins.

19. ***Any adverse events in the industries which we cater to could have a material impact on the performance of our Company.***

We cater primarily to the corrugated box packaging industry, FMCG, textiles, automobiles, E-Commerce, pharmaceuticals, perishable, etc which require us to make customised products without compromising quality standards. An introduction of regulations that may restrict companies from using our products or reduction in demand of our products in this industry could result in a decrease in demand and materially adversely affect our business, financial condition and results of operations.

20. ***Our insurance coverage may not adequately protect us against all material hazards, which may adversely affect our business, results of operations and financial condition.***

We are adequately insured against all losses and risks involving all assets including stocks. For our operations, we have obtained Industrial All Risk Policy of all assets including stocks, fire risk policy for stocks and building. Notwithstanding the insurance coverage that we carry, we may not be fully insured against some business risks and the occurrence of an event that causes losses in excess of limits specified under the relevant policy, or losses arising from events not covered by insurance policies, could adversely affect our business, results of operations and financial condition. If we are subject to litigation or claims or our operations are interrupted for a sustained period, the insurance policies may not be found to be adequate to cover the losses that may be incurred as a result of such interruption. If we suffer large uninsured losses or if any insured losses suffered by us significantly exceed our insurance coverage or our insurance claim is rejected, it may adversely affect our business, results of operations and financial condition.

21. ***Activities involving our manufacturing process can be dangerous and can cause injury to people or property in certain circumstances. A significant disruption at any of our manufacturing facilities may adversely affect our production schedules, costs, sales and ability to meet customer demand.***

Our business operations are subject to hazards such as the risk of equipment failure, work accidents, fire or explosion and require individuals to work under potentially dangerous circumstances or with flammable materials. Although we employ safety procedures in the operation of our facilities and maintain what we believe to be adequate insurance, there is a risk that an accident or death may occur in our facilities. An accident may result in destruction of property or equipment, environmental damage, manufacturing, or delivery delays, or may lead to suspension of our operations and/or imposition of liabilities. Any such accident may result in litigation, the outcome of which is difficult to assess or quantify, and the cost to defend litigation can be significant. As a result, the costs to defend any action or the potential liability resulting from any such accident or death or arising out of any other litigation, and any negative publicity associated therewith, may have a negative impact on our business, financial condition, results of operations, cash flows and prospects.

In particular, if operations at our manufacturing facility were to be disrupted as a result of any significant workplace accident, equipment failure, natural disaster, power outage, fire, explosion, adverse weather conditions, labour dispute, obsolescence or other reasons, our financial performance may be adversely affected as a result of our inability to meet customer demand or committed delivery schedules for our products. Interruptions in production may also increase our costs and reduce our sales and may require us to make substantial capital expenditures to remedy the situation or to defend litigation that we may become involved in as a result, which may negatively affect our profitability, business, financial condition, results of operations, cash flows and prospects.

22. ***Certain Promoters and Directors hold Equity Shares in our Company and are therefore interested in the Company's performance in addition to their remuneration and reimbursement of expenses.***

As on June 30, 2023, our Promoters and Promoter Group holds 56.83% of the equity share capital and are interested in our Company, in addition to regular remuneration or benefits, to the extent of their shareholding in our Company. Our Promoters may exercise significant control over us, including being able to control the composition of our Board of Directors and determine decisions requiring simple or special majority voting of shareholders, and our other shareholders may not be able to affect the outcome of such voting. Our Promoters may take or block actions with respect to our business which may conflict with the best interests of the Company or that of minority shareholders.

Further, as on June 30, 2023 our Promoter Director, Gautam D Shah equity shares and Bela G Shah holds 10,64,750 and 3,87,540 equity shares, respectively which together constitutes 27.11% of the total shareholding of the Company, and are interested in our Company, in addition to regular remuneration or benefits, to the extent of their shareholding in our Company.

For further details, see *"Capital Structure"* and *"Financial Information"* on pages 43 and 85, respectively, of this Draft Letter of Offer.

23. ***We have in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders.***

We have in the past entered into transactions with some of our Promoters, relatives of our Promoters, Directors, and enterprises over which our Directors have a significant influence. While all such transactions have been conducted on an arm's length basis, we cannot assure you that we might have obtained more favourable terms had such transactions been entered into with unrelated parties. Further, 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 always be in the best interests of our minority shareholders and will not have an adverse effect on our business, results of operations, financial condition, and cash flows. In the event any conflict of interest arises between us, or to the extent that competing products offered by any of our related parties erode our market share, we may not be able to effectively manage any such conflict or competitive pressures and, consequently, our business, results of operation and financial condition may be adversely affected. For further information on related party transaction, on page 85 in the chapter titled "*Financial Information*".

24. ***Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements.***

Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flow, working capital requirements, capital expenditure and restrictive covenants of our financing arrangements.

Our board has recommended a final dividend at the rate of 10 % i.e., ₹ 1 per share on equity shares having face value of ₹ 10 per share for the year ended on March 31, 2023, subject to approval of members at the ensuing Annual General Meeting. Further, the shareholders vide ordinary resolution dated August 04,2023 approved the dividend of ₹ 1 per equity share for the year ended on March 31,2023. The Company may decide to retain all future earnings, if any, for use in the operations and expansion of the business. In such situation, the Company may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and will depend on factors that our Board deems relevant, including among others, our future earnings, financial condition, cash requirements, business prospects and any other financing arrangements. We cannot state with any certainty whether we will be able to pay dividends in the future. Accordingly, realization of a gain on Shareholders' investments will depend on the appreciation of the price of the Equity Shares. There is no guarantee that our Equity Shares will appreciate in value.

25. ***Our Company does not have any Intellectual property rights 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.***

As on the date of this Draft Letter of Offer, we have not obtained registration for our logo " " hence we do not have any statutory protection accorded to a registered trademark. We continue to use the logo but remain vulnerable to infringement and obtained by third parties and will not be able to enforce any rights against them. We may also need to change our corporate logo, which may adversely affect our reputation and business and could require us to incur additional costs. There can be no assurance that our intellectual property data or trade secrets will not be copied, infringed, or obtained by third parties. Our efforts to protect our intellectual property may not be adequate and could adversely affect our business. We may not be able to detect any unauthorized use or take appropriate steps to enforce or protect our intellectual property, which may adversely affect our business, financial condition and results of operations.

26. ***Any downgrading of our credit rating by a domestic or international credit rating agency may increase interest rates for our future borrowings, which would increase our cost of borrowings, and adversely affect our ability to borrow on a competitive basis.***

Our Company's credit rating on Long-term Fund based Cash Credit and Term Loan were [ICRA]A (Negative) reaffirmed and Short-term Non-fund based and interchangeable are [ICRA]A1 reaffirmed by ICRA vide their rating rationale dated August 10, 2023. Our credit rating reflects, amongst other things, the rating agency's opinion of our financial strength, operating performance, strategic position, and ability to meet our obligations. Our inability to obtain such credit rating in a timely manner or any non-availability of credit ratings, or poor ratings may increase borrowing costs and constrain our access to capital and lending markets and, as a result, could adversely affect our business and results of operations. In addition, non-availability of credit ratings could increase the possibility of additional terms and conditions being added to any new or replacement financing arrangements.

Any future downgrade of our credit ratings may increase interest rates of refinancing our borrowings, which would increase our cost of borrowings, and may have an adverse effect on our future issuances of debt and our ability to borrow on a competitive basis. Further, any downgrade in our credit ratings may also trigger an event of default or acceleration of repayment of certain of our borrowings. If any of these risks materialise, it could have a material adverse effect on our business, results of operations and financial condition.

27. ***Failure to comply with environmental laws and regulations could lead to unforeseen environmental litigation which could impact our business and our future net earnings.***

We are subject to various international, national, state, municipal and local laws and regulations concerning environmental protection in India, including laws addressing the discharge of pollutants into the air and water, the management and disposal of any hazardous substances, and wastes and the clean-up of contaminated sites. Environmental laws and regulations and their enforcement in India and our international licensed territories are becoming more stringent, and the scope and extent of new environmental regulations, including their effect on our operations, cannot be pre-empted with any certainty. In case of any change in environmental or pollution regulations, we may be required to invest in, among other things, environmental monitoring, pollution control equipment and emissions management. Further, any violation of the environmental laws and regulations may result in fines, criminal sanctions, and revocation of operating permits or shutdown of our production facilities.

As a consequence of unanticipated regulatory or other developments, future environmental and regulatory related expenditures may vary substantially from those currently anticipated and may adversely affect our business, results of operations or financial condition. In the event we are found to be non-compliant, the potential exposure could include fines and civil or criminal sanctions, third-party property damage or personal injury claims and clean-up costs. The amount and timing of costs under environmental laws are difficult to predict.

28. ***We have commissioned an industry report for the disclosures made in the chapter titled "Industry Overview" and made disclosures on the basis of the data provided in the same and such data has not been independently verified by us.***

We have commissioned a thematic report titled "*Kraft Paper Industry in India*" issued by Dun & Bradstreet Information Services India Private Limited for the disclosures which need to be made in the chapter titled "Industry *Overview*" on page 55 of this Draft Letter of Offer. We have not independently verified such data. We cannot assure you that any assumptions made are correct or will not change and, accordingly, our position in the market may differ from that presented in this Draft Letter of Offer. Further, the industry data mentioned in this Draft Letter of Offer or sources from which the data has been collected are not recommendations to invest in our Company. Accordingly, investors should read the industry related disclosure in this Draft Letter of Offer in this context.

29. ***Our Promoter and Director has provided personal guarantees to all loan facilities availed by us, which if revoked may require alternative guarantees, repayment of amounts due or terminations of the facilities.***

Our Promoter and Director has provided personal guarantees in relation to all loan facilities availed by us. In the event that any of these guarantees are revoked, the lenders for such facilities may require alternate guarantees, repayment of amounts outstanding under such facilities, or may even terminate such facilities. We may not be successful in procuring alternative guarantees satisfactorily to the lenders, and as a result may need to repay outstanding amounts under such facilities or seek additional sources of capital, which may not be available on acceptable terms or at all and any such failure to raise additional capital could affect our operations and our financial condition.

30. ***The deployment of funds raised through this Issue shall not be subject to monitoring by any monitoring agency and shall be purely dependent on the discretion of the management of our Company.***

Since the size of the Issue is less than ₹ 10,000 lakhs, no monitoring agency is required to be appointed by our Company to oversee the deployment funds raised through this Issue. The deployment of funds raised through this Issue is at the discretion of the management and the Board of Directors of our Company and will not be subject to monitoring by any independent agency. The Board of Directors of our Company through Audit Committee will monitor the utilization of the Issue proceeds. Any inability on our part to effectively utilize the Issue proceeds could adversely affect our business and financial condition.

31. ***Any variation in the utilisation of the Net Proceeds would be subject to certain compliance requirements, including prior shareholder's approval***

We propose to utilise the Net Proceeds for long term working capital purposes. For further details of the proposed objects of the Issue, please refer chapter titled "Objects of the Issue" beginning on page 45 of this Draft Letter of Offer. In case of any exigencies arising out of business conditions, economic conditions, competition or other factors beyond our control which adversely affect our business, we may require to use the Net Proceeds to meet any other expenditure which cannot be determined with certainty as on the date of this Draft Letter of Offer. In terms of the SEBI ICDR Regulations and the Companies Act, 2013, we cannot undertake any variation in the utilization of the Net Proceeds or in the terms of any contract as disclosed in this Draft Letter of Offer without obtaining the shareholders' approval through a special resolution. In the event of any such circumstances requiring us to undertake variation in the utilisation of the Net Proceeds disclosed in this Draft Letter of Offer, we cannot assure that we will be able to obtain the shareholders' approval in a timely manner, or at all. Any delay or inability in obtaining such shareholders' approval may adversely affect our business.

In light of these factors, we may not be able to undertake variation of objects of the Issue to use any unutilized proceeds of the Issue, if any, or vary the terms of any contract referred to in the Draft Letter of Offer, even if such variation is in the interest of our Company. This may restrict our Company's ability to respond to any change in our business or financial condition by re-deploying the unutilised portion of Net Proceeds, if any, which may adversely affect our business and results of operations.

ISSUE SPECIFIC RISKS

32. ***There is no public market for the Rights Equity Shares or Equity Shares outside India.***

After this Issue, there will continue to be no public market for our Equity Shares in the United States or any country other than India. In addition, the holders of the partly paid-up Rights Shares will not be able to trade in these Equity Shares till they are credited to the holders' account as fully paid-up, and thereafter there will also be no public market for the Rights Shares outside of India. We cannot assure you that the face value of the Rights Shares will correspond to the price at which the Rights Shares will trade subsequent to this Issue. This may also affect the liquidity of our Rights Shares and Equity Shares and restrict your ability to sell them.

33. ***We will not distribute the Letter of Offer, the Abridged Letter of Offer, Application Form and Rights Entitlement Letter to overseas Shareholders who have not provided an address in India for service of documents.***

In accordance with the SEBI ICDR Regulations and SEBI Rights Issue Circulars our Company will send, only through email, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material to the email addresses of all the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares permitted under laws of such jurisdictions and in each case who make a request in this regard. The Issue Materials will not be distributed to addresses outside India on account of restrictions that apply to circulation of such materials in overseas jurisdictions. However, the Companies Act, 2013 requires companies to serve documents at any address which may be provided by the members as well as through e-mail. Presently, there is lack of clarity under the Companies Act, 2013 and the rules made thereunder with respect to distribution of Issue Materials in overseas jurisdictions where such distribution may be prohibited under the applicable laws of such jurisdictions. While we have requested all the shareholders to provide an address in India for the purposes of distribution of Issue Materials, we cannot assure you that the regulator or authorities would not adopt a different view with respect to compliance with the Companies Act, 2013 and may subject us to fines or penalties.

34. ***The Rights Entitlement of Eligible Equity Shareholders holding Equity Shares in physical form ("Physical Shareholder") may lapse in case they fail to furnish the details of their demat account to the Registrar.***

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Accordingly, the Rights Entitlements of the Physical Shareholders shall be credited in a suspense escrow demat account opened by our Company during the Issue Period. The Physical Shareholders are requested to furnish the details of their demat account to the Registrar not later than two working days prior to the Issue Closing Date (i.e., on or before [●] day, [●]) to enable the credit of their Rights Entitlements in their demat accounts at least one day before the Issue Closing Date. The Rights Entitlements of the Physical Shareholders who do not furnish the details of their demat account to the Registrar not later than two working days prior to the Issue Closing Date, shall lapse. Further, pursuant to a press release dated December 3, 2018 issued by the SEBI, with effect from April 1, 2019, a transfer of listed Equity Shares cannot be processed unless the Equity Shares are held in dematerialized form (except in case of transmission or transposition of Equity Shares).

35. ***Failure to exercise or sell the Rights Entitlements will cause the Rights Entitlements to lapse without compensation and result in a dilution of shareholding.***

Rights Entitlements that are not exercised prior to the end of the Issue Closing Date will expire and become null and void, and Eligible Equity Shareholders will not receive any consideration for them. The proportionate ownership and voting interest in our Company of Eligible Equity Shareholders who fail (or are not able) to exercise their Rights Entitlements will be diluted. Even if you elect to sell your unexercised Rights Entitlements, the consideration you receive for them may not be sufficient to fully compensate you for the dilution of your percentage ownership of the equity share capital of our Company that may be caused as a result of the Issue. Renouncees may not be able to apply in case of failure in completion of renunciation through off-market transfer in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees prior to the Issue Closing Date. Further, in case, the Rights Entitlements do not get credited in time, in case of On Market Renunciation, such Renouncee will not be able to apply in this Issue with respect to such Rights Entitlements. For details, see "*Terms of the Issue*" on page 152 of this Draft Letter of Offer.

36. ***Any future issuance of Equity Shares, or convertible securities or other equity-linked securities by our Company may dilute your shareholding and any sale of Equity Shares by our Promoter or members of our Promoter Group may adversely affect the trading price of the Equity Shares.***

Any future issuance of the Equity Shares, convertible securities or securities linked to the Equity Shares by our Company may dilute your shareholding in our Company; adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. We cannot assure you that we will not issue additional Equity Shares. The disposal of Equity Shares by any of our Promoter and Promoter Group, or the perception that such sales may occur may significantly affect the trading price of the Equity Shares. We cannot assure you that our Promoter and Promoter Group will not dispose of, pledge or encumber their Equity Shares in the future.

37. You may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares of an Indian company are generally taxable in India. The Income Tax Act levies taxes on such long-term capital gains exceeding ₹1 lakh arising from sale of equity shares on or after April 1, 2018, while continuing to exempt the unrealised capital gains earned up to January 31, 2018 on such equity shares subject to specific conditions. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of a securities transaction tax (STT), on the sale of any Equity Shares held for more than 12 months at the specified rates depending on certain factors, such as whether the sale is undertaken on or off the Stock Exchange, the quantum of gains and any available treaty relief. STT will be levied on the seller and/or the purchaser of the Equity Shares and collected by a domestic stock exchange on which the Equity Shares are sold.

Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of the Equity Shares may be partially or completely exempt from taxation in India in cases where such exemption is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India’s ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on gains made upon the sale of the Equity Shares.

38. You may not receive the Equity Shares that you subscribe in the Issue until fifteen days after the date on which this Issue closes, which will subject you to market risk.

The Equity Shares that you subscribe in the Issue may not be credited to your demat account with the depository participants until approximately 15 days from the Issue Closing Date. You can start trading such Equity Shares only after receipt of the listing and trading approval in respect thereof. There can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified time period, subjecting you to market risk for such period.

39. Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may adversely affect the value of our Equity Shares, independent of our operating results.

On listing, our Equity Shares will be quoted in Indian Rupees on the Stock Exchange. Any dividends in respect of our Equity Shares will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by equity shareholders. For example, the exchange rate between the Rupee and the U.S. dollar has fluctuated substantially in recent years and may continue to fluctuate substantially in the future, which may adversely affect the trading price of our Equity Shares and returns on our Equity Shares, independent of our operating results.

40. Sale of Equity Shares by our Promoter or other significant shareholder(s) may adversely affect the trading price of the Equity Shares.

Any instance of disinvestments of equity shares by our Promoter or by other significant shareholder(s) may significantly affect the trading price of our Equity Shares. Further, our market price may also be adversely affected even if there is a perception or belief that such sales of Equity Shares might occur.

41. Investment in Rights Shares is exposed to certain risks. From the Call Record Date for each Call prior to the final Call, the trading of the Rights Shares would be suspended for an applicable period under the applicable law. Furthermore, the Rights Shares will not be traded with effect from the Call Record Date for the final call fixed for the determination of the Investors liable to pay Call Monies, as determined by our Board of Directors or Rights Issue Committee at its sole discretion, from time to time. The holders of

the Rights Shares will not be able to trade in these securities till they are credited to the holders' account as fully paid-up. Furthermore, until the subsistence of Rights Shares, we may not be able to undertake certain forms of equity capital raising.

The Issue Price is ₹ [●]/- (Rupees [●] only) per Rights Equity Share. Investors will have to pay ₹[●]/- (Rupees [●] only) per Rights Equity Share which constitutes [●]%of the Issue Price on Application and the balance ₹[●]/- (Rupees [●] Only) per Rights Equity Shares which constitutes [●]%of the Issue Price on one or more subsequent Call(s), as determined by our Company's Board of Directors or the Rights Issue Committee at their sole discretion , from time to time. The Rights Shares offered under this Issue will be listed under a separate ISIN. An active market for trading may not develop for the Rights Shares. This may affect the liquidity of the Rights Shares and restrict your ability to sell them.

If our Company does not receive the Call Money from the Rights Shareholders (including the Promoters and members of Promoter Group of our Company) as per the timelines stipulated in the Call notice, unless extended by our Board, the defaulting Rights Shareholders (including the Promoters and members of Promoter Group of our Company) will be liable to pay interest as may be fixed by our Board unless waived or our Company may forfeit the Application Money and any Call Money received for previous Calls made, in accordance with the Companies Act, 2013 and our Company's Articles of Association. For further details, please refer to the section titled *"Terms of the Issue"* on page 152 of this Draft Letter of Offer. Rights Shareholders are only entitled to dividend in proportion to the amount paid-up and the voting rights (exercisable on a poll) by investors shall also be proportional to such investor's share of the paid-up Equity Share capital of our Company. If certain investors do not pay the full amount, we may not be able to raise the amount proposed under this Issue.

The ISIN [●] representing partly paid-up Rights Shares will be terminated after the Call Record Date for the final Call. On payment of the final Call-in respect of the partly paid-up Rights Shares, such partly paid-up Rights Shares would be converted into fully paid-up Equity Shares and shall be listed and identified under the existing ISIN INE185C01017 for our fully paid-up Equity Shares. Our Company would fix a Call Record Date for the purpose of determining the list of allottees to whom the notice for the final Call would be sent. From the Call Record Date for each Call prior to the final Call, the trading of the Rights Shares would be suspended for an applicable period under the applicable law. Further, with effect from the Call Record Date, trading in the partly paid-up Equity Shares for which final Call have been made, would be suspended prior to the Call Record Date, for such period as may be applicable under the rules and regulations. furthermore, the holders of the partly paid-up Rights Equity Shares will not be able to trade in these shares until they are credited to the holders' account as fully paid-up Rights Shares. Similarly, for an applicable period, from the Call Record Date for each Call, the trading of the Rights Shares would be suspended under the applicable law.

Further, there is little history of trading of partly paid-up shares in India and therefore there could be less liquidity in this segment, which may cause the price of the Rights Shares to fall and may limit ability of Investors to sell the Rights Shares. There may also be a risk of the Rights Shares not forming part of the index.

Further, until the subsistence of Rights Shares, we cannot undertake further rights issues, further public offers, or bonus issues. In terms of Regulations 62 and 104 of the SEBI ICDR Regulations, an issuer making a rights issue or further public offer is required to ensure that all its existing partly paid-up equity shares have either been fully paid-up or have been forfeited. Additionally, a bonus issue will not be permitted under law till the subsistence of partly paid-up equity shares in terms of Regulation 293 of the SEBI ICDR Regulations.

EXTERNAL RISK FACTORS

42. Political, economic or other factors that are beyond our control may have adversely affect our business and results of operations.

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. Any of these factors could depress economic activity and restrict our access to capital, which could have an adverse effect on our business, financial condition and results of operations and reduce the price of our Equity Shares. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of our Equity Shares.

We are dependent on domestic, regional and global economic and market conditions. Our performance, growth and market price of our Equity Shares are and will be dependent to a large extent on the health of the economy in which we operate. There have been periods of slowdown in the economic growth of India. Demand for our products or services may be adversely affected by an economic downturn in domestic, regional, and global economies.

Economic growth is affected by various factors including domestic consumption and savings, balance of trade movements, namely export demand and movements in key imports, global economic uncertainty and liquidity crisis, volatility in exchange currency rates, and annual rainfall which affects agricultural production.

Consequently, any future slowdown in the Indian economy could harm our business, results of operations and financial condition. Also, a change in the government or a change in the economic and deregulation policies could adversely affect economic conditions prevalent in the areas in which we operate in general and our business in particular and high rates of inflation in India could increase our costs without proportionately increasing our revenues, and as such decrease our operating margins.

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

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

Any slowdown in the Indian economy or in the growth of the sectors we participate in could adversely affect our business, financial performance, and the price of Equity Shares.

44. Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect our business, prospects, and results of operations.

Our business and industry are regulated by different laws, rules and regulations framed by the Central and State Government. These regulations can be amended or changed at the discretion of the Government. Changes in the operating environment, including changes in tax law, could impact the determination of our tax liabilities for any given tax year. Taxes and other levies imposed by the Government of India that affect our industry include income tax, goods and services tax and other taxes, duties or surcharges introduced from time to time. The tax scheme in India is extensive and subject to change from time to time. Any adverse changes in any of the taxes levied by the Government of India may adversely affect our competitive position and profitability. We cannot assure you that the Government of India may not implement new regulations and policies which will require us to obtain approvals and licenses from the Government of India and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the applicability, interpretation, and implementation of any amendment to, or change to governing laws, regulation, or policy in the countries in which we operate may materially and adversely affect our business, results of operations and financial condition. In addition, we may have to incur expenditure to comply with the requirements of any new regulations, which may also materially harm our results of operations. We are also subject to these risks in all our overseas operations depending on each specific country. Any unfavourable changes to the laws and regulations applicable to us could also subject us to additional liabilities. As a result, any such changes or interpretations may adversely affect our business, financial condition, and financial performance. Further, changes in capital gains tax or tax on capital market transactions or sale of shares may affect investor returns.

45. Financial instability in both Indian and international financial markets could adversely affect our results of operations and financial condition.

The Indian financial market and the Indian economy are influenced by economic and market conditions in other countries, particularly in emerging market in Asian countries. Financial turmoil in Asia, Europe, the

United States and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have an adverse effect on the securities of companies in other countries, including India. A loss in investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any global financial instability, including further deterioration of credit conditions in the U.S. market, could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our results of operations and financial condition.

The Indian economy is also influenced by economic and market conditions in other countries. This includes, but is not limited to, the conditions in the United States, Europe, and certain economies in Asia. Financial turmoil in Asia and elsewhere in the world in recent years has affected the Indian economy. Any worldwide financial instability 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 business, prospects, financial condition, and results of operations. The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections.

These could include further falls in Stock Exchange indices and greater volatility of markets in general due to the increased uncertainty. These and other related events could have a significant impact on the global credit and financial markets as a whole, and could result in reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in the global credit and financial markets. There are also concerns that a tightening of monetary policy in emerging markets and some developed markets will lead to a moderation in global growth. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, have implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have had the intended stabilizing effects. Any significant financial disruption in the future could have an adverse effect on our cost of funding, loan portfolio, business, future financial performance, and the trading price of the Equity Shares.

46. Inflation in India could have an adverse effect on our profitability and if significant, on our financial condition.

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. India has experienced high inflation in the recent past. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of salaries, and other expenses relevant to our business.

High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our expenses, which we may not be able to pass on to our customers, whether entirely or in part, and the same may adversely affect our business and financial condition. In particular, we might not be able to reduce our costs or increase our rates to pass the increase in costs on to our customers. In such case, our business, results of operations, cash flows and financial condition may be adversely affected.

Further, the GoI has previously initiated economic measures to combat high inflation rates, and it is unclear whether these measures will remain in effect. There can be no assurance that Indian inflation levels will not worsen in the future.

47. Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.

As an Indian Company, we are subject to exchange controls that regulate borrowing in foreign currencies, including those specified under FEMA. Such regulatory restrictions limit our financing sources for our projects under development and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, or at all. Limitations on foreign debt may adversely affect our business growth, results of operations and financial condition.

Further, 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 pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or fall under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, 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/ tax clearance certificate from the income tax authority. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

48. Any downgrading of India's debt rating by an independent agency may harm our ability to raise financing.

Any adverse revisions to India's credit ratings international debt by international rating agencies may adversely affect our ability to raise additional overseas financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our ability to fund our growth on favourable terms or at all, and consequently adversely affect our business and financial performance and the price of our Equity Shares.

49. The occurrence of natural or man-made disasters could adversely affect our results of operations, cash flows and financial condition. Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, tornadoes, fires, explosions, pandemic disease, and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations, cash flows or financial condition. Terrorist attacks and other acts of violence or war may adversely affect the Indian securities markets. In addition, any deterioration in international relations, especially between India and its neighbouring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares. In addition, India has witnessed local civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on our business.

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

SECTION III – INTRODUCTION

THE ISSUE

This Issue has been authorized through a resolution passed by our Board at its meeting held on July 14, 2023, pursuant to Section 62(1)(a) of the Companies Act.

The following is a summary of this Issue, and it should be read in conjunction with, and is qualified entirely by, the information set out in the chapter titled "*Terms of the Issue*" beginning on page 152 of this Draft Letter of Offer.

Equity Shares proposed to be issued	Up to [●] Rights Equity Shares
Rights Entitlements	[●] ([●]) Rights Equity Share for every [●] ([●]) fully paid-up Equity Share(s) held on the Record Date
Fractional Entitlement	For Rights Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [●] ([●]) Equity Shares or is not in multiples of [●] ([●]), the fractional entitlement of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlements. However, Eligible Equity Shareholders whose fractional entitlements are being ignored earlier will be given preference in the Allotment of one additional Rights Equity Share each, if such Eligible Equity Shareholders have applied for additional Rights Equity Shares over and above their Rights Entitlement, if any.
Record Date	[●]
Face value per Equity Share	₹10
Issue Price per Rights Equity Share	₹ [●] per Rights Equity Share (including a premium of ₹[●] per Rights Equity Share) On Application, Investors will have to pay ₹[●] per Rights Share, which constitutes [●]% of the Issue Price and the balance ₹[●] per Rights Equity Share which constitutes [●]% of the Issue Price, will have to be paid, one or more subsequent Call(s) as determined by our Board / Rights Issue Committee at its sole discretion, from time to time.
Issue Size	Up to ₹3,500.00 Lakhs* **Assuming full subscription and receipt of all Call Monies with respect to Rights Shares.*
Voting Rights and Dividend	Investors are entitled to dividend in proportion to the amount paid up and their voting rights exercisable on a poll shall also be proportional to their respective share of the paid-up equity capital of our Company. The Equity Shares issued pursuant to this Issue upon being fully paid-up shall rank pari passu in all respects with the Equity Shares of our Company.
Equity Shares issued, subscribed and paid up prior to the Issue	53,56,700 Equity Shares of ₹10 each.
Equity Shares subscribed and paid-up after the Issue (assuming full subscription for and allotment of the Rights Shares)	[●] Equity Shares of ₹10 each
Scrip Details	**ISIN:** INE185C01017 **BSE:** 538795 **ISIN for Rights Entitlements:** [●] **ISIN for Rights Equity Shares: [●]**
Use of Issue Proceeds	For details, please refer to "*Objects of the Issue*" beginning on page 45 of this Draft Letter of Offer
Terms of the Issue	For details, please refer to "*Terms of the Issue*" beginning on page 152 of this Draft Letter of Offer

Terms of Payment

Payment Schedule is as follows:

Amount payable per Equity Share[1]	**Face Value (₹)**	**Premium (₹)**	**Total (₹)**
On Application	[●]	[●]	[●][2]
One or more subsequent Call(s) as determined by our Board / Rights Issue Committee at its sole discretion, from time to time	[●]	[●]	[●][3]
Total	[●]	[●]	[●]

(1) For further details on Payment Schedule, see "Terms of the Issue" on page 152.
(2) Constitutes [●]% of the Issue Price
(3) Constitutes [●]% of the Issue Price

GENERAL INFORMATION

Our Company was incorporated as 'Shree Ajit Pulp and Paper Private Limited' on March 23, 1995, under the Companies Act, 1956 vide certificate of incorporation issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli. Subsequently, our Company was converted into a public limited company and the name of our Company was changed to 'Shree Ajit Pulp and Paper Limited' vide special resolution on October 15, 1995, vide a fresh certificate of incorporation dated November 13, 1995 issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli.

Registered Office, Corporate Identity Number and Registration Number
Shree Ajit Pulp and Paper Limited
Survey No. 239, Near Morai, Railway Crossing,
Village Salvav, Via-Vapi, Dist-Valsad - 396191, Gujarat, India.
Telephone: +91 260 6635700
E-mail: investors@shreeajit.com
Website: www.shreeajit.com
Corporate Identity Number: L21010GJ1995PLC025135
Registration Number: 025135

Changes in our Registered Office

Upon incorporation, the Registered Office of our Company was situated at Ajit, Ajit Nagar, Vapi – 396191, Gujarat, India. Thereafter, our Company has shifted the Registered Office, the details of which are set out below:

Date of Change of Registered Office	Old Address	New Address	Reason for Change
April 5, 1995	Ajit, Ajit Nagar, Vapi – 396191, Gujarat. India.	Near Chala Custom Office, Vapi – Daman Road, Vapi – 396191, Gujarat, India.	Administrative Convenience
October 1, 2005	Near Chala Custom Office, Vapi – Daman Road, Vapi – 396191, Gujarat, India.	Survey No. 239, Near Morai, Railway Crossing, Village-Salvav, Via-Vapi, Dist.-Valsad - 396191, Gujarat, India.	Administrative Convenience

Address of the Registrar of Companies

Our Company is registered with the Registrar of Companies, Gujarat at Ahmedabad, which is situated at the following address:

Registrar of Companies
ROC Bhavan, Opp. Rupal Park Society,
Behind Ankur Bus Stop, Naranpura,
Ahmedabad - 380013, Gujarat, India.

Company Secretary and Compliance Officer

Shanoo Mathew Karikkamppally, is the Company Secretary and Compliance Officer of our Company. His contact details are set forth hereunder.

Shree Ajit Pulp and Paper Limited
Survey No. 239, Near Morai, Railway Crossing,
Village Salvav, Via-Vapi, Valsad - 396191, Gujarat, India.
Telephone: +91 260 6635700
E- mail: rightsissue@shreeajit.com

Statutory Auditors of our Company

M/s. G. B. Laddha and Co. LLP
1-2, Sahara Market, Above ICICI Bank,
Silvassa-Vapi Road, Vapi, 396191, Gujarat

Telephone Number: 96877 99199
E-mail: audit@gbladdha.com
Contact Person: C.A. Giriraj B. Laddha
Membership No.: 108558
Firm Registration Number: 120352W/W100033
Peer Review Certificate Number: 012864

Lead Manager to the Issue

Vivro Financial Services Private Limited
Vivro House, 11 Shashi Colony,
Opp. Suvidha Shopping Center,
Paldi, Ahmedabad – 380 007, Gujarat, India.
Telephone: +91 79 4040 4242
E-mail: investors@vivro.net
Website: www.vivro.net
Investor grievance E-mail: www.vivro.net
Contact Person: Kruti Saraiya/ Jay Dodiya
SEBI Registration No.: INM000010122

Legal Advisor to the Issue

Rajani Associates, Advocates and Solicitors
204-207, Krishna Chambers,
59, New Marine Lines,
Mumbai - 400 020, Maharashtra, India
Telephone: +91 22 4096 1002
E-mail: sangeeta@rajaniassociates.net
Contact Person: Sangeeta Lakhi

Registrar to the Issue

Link Intime India Private Limited
C-101, 1st Floor, 247 Park, LBS Marg,
Surya Nagar, Gandhi Nagar Vikhroli (West),
Mumbai – 400 083, Maharashtra, India
Telephone: +91 81081 14949
Email: ajitP.rightsissue@linkintime.co.in
Website: www.linkintime.co.in
Investor Grievance E-mail: ajitP.rightsissue@linkintime.co.in
Contact Person: Sumeet Deshpande
SEBI Registration No.: INR000004058

Investors may contact the Registrar or our Company Secretary and Compliance Officer for any pre-Issue or post-Issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the SCSBs, giving full details such as name, address of the Applicant, contact number(s), E-mail address of the sole/ first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSB where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip. For details on the ASBA process, refer chapter titled "*Terms of the Issue*" on page 152 of this Draft Letter of Offer.

Experts

Except as stated below, our Company has not obtained any expert opinion:

Our Company has received a written consent from our Statutory Auditors, M/s. G. B. Laddha & Co. LLP, Chartered Accountants, to include their name in this Draft Letter of Offer and as an "expert", as defined under Section 2(38) of the Companies Act 2013, to the extent and in their capacity as statutory auditors of our Company and in respect of the inclusion of the Audited Consolidated Financial Statements of the Company for the fiscal year 2023 and the report thereon dated May 30, 2023.

Our Company has received written consent dated September 20, 2023 from M/s. G. B. Laddha and Co. LLP, Chartered Accountants, to include their name in this Draft Letter of Offer, as an "expert" as defined under Section 2(38) of the Companies Act in respect of the Statement of Possible Special Tax Benefits dated September 20, 2023 available to our Company and its Shareholders, issued by them in their capacity as statutory auditors to our Company and such consent has not been withdrawn as at the date of this Draft Letter of Offer.

Banker to the Issue and Refund Bank

[●]

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSBs or the ASBA Process is provided at the website of SEBI https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries, please refer to the above-mentioned link.

Inter-se Allocation of Responsibilities

Since Vivro Financial Services Private Limited is the sole Lead Manager to the Issue and all the responsibilities pertaining to co-ordination and other activities, in relation to the Issue, shall be performed by them.

Credit Rating

As the proposed Issue is of Rights Equity Shares, the appointment of a credit rating agency is not required.

Debenture Trustees

As the proposed Issue is of Rights Equity Shares, the appointment of a debenture trustee is not required.

Monitoring Agency

Since the Issue size does not exceed ₹10,000 lakhs, there is no requirement to appoint a monitoring agency in relation to the Issue under SEBI ICDR Regulations.

Appraising Entity

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

Underwriting

This Issue will not be underwritten, and our Company has not entered into any underwriting agreement.

Issue Schedule

The subscription will open upon the commencement of the banking hours and will close upon the close of banking hours on the dates mentioned below:

Particulars	Day, Date
Last Date for credit of Rights Entitlements	[●]
Issue Opening Date	[●]
Last Date for On Market Renunciation of Rights Entitlements#	[●]
Issue Closing Date*	[●]
Finalization of Basis of Allotment (on or about)	[●]
Date of Allotment (on or about)	[●]
Date of credit (on or about)	[●]
Date of listing (on or about)	[●]

#*Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*
**Our Board or the Rights Issue Committee thereof, will have the right to extend the Issue Period as it may determine from time to time, provided that the Issue will not remain open in excess of 30 (thirty) days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

The above schedule is indicative and does not constitute any obligation on our Company or the Lead Manager.

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date, have not provided details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar no later than 2 (two) Working Days prior to the Issue Closing Date, i.e., [●] to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date, i.e., [●].

Investors are advised to ensure that the Applications are submitted on or before the Issue Closing Date. Our Company, the Lead Manager or the Registrar to the Issue will not be liable for any loss on account of non-submission of Applications on or before the Issue Closing Date. Further, it is also encouraged that the Applications are submitted well in advance before the Issue Closing Date. For details on submitting Application Forms, please refer to "*Terms of the Issue – Procedure for Application*" beginning on page 163 of this Draft Letter of Offer.

Please note that if no Application is made by the Eligible Equity Shareholders of Rights Equity Shares on or before Issue Closing Date, such Rights Entitlements shall get lapsed and shall be extinguished after the Issue Closing Date. No Rights Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from the market and the purchaser will lose the amount paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Equity Shares offered under Rights Issue for subscribing to the Equity Shares offered under Issue.

The details of the Rights Entitlements with respect to each eligible Equity Shareholder may be accessed by such respective Eligible Equity Shareholder on the website of the Registrar at www.linkintime.co.in after keying in their respective details along with other security control measures implemented thereat. For further details, please refer to *"Terms of the Issue – Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders"* beginning on page 154 of this Draft Letter of Offer.

Filing

This Draft Letter of Offer has been filed with BSE for seeking its in-principle approval for the proposed Issue in terms of SEBI ICDR Regulations. In accordance with the SEBI ICDR Regulations, our Company shall file a copy of the Letter of Offer with the SEBI at its office located at SEBI Bhavan, Plot No. C4-A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra, India and through the SEBI intermediary portal at https://siportal.sebi.gov.in in terms of the SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018, for the purpose of their information and dissemination on its website.

Minimum Subscription

The objects of the Issue do not involve financing of capital expenditure. Further, our Promoters and Promoter Group have undertaken that they shall subscribe to the full extent of their Rights Entitlements and that they shall not renounce their Rights Entitlements (except to the extent of renunciation by any of them in favour of any other Promoters or member of the Promoter Group) subject to the aggregate shareholding of our Promoters and Promoter Group being compliant with the minimum public shareholding requirements under the SCRR and the SEBI Listing Regulations.

In terms of Regulation 86 of the SEBI ICDR Regulations, the requirement of minimum subscription of 90% is not applicable to the Issue.

CAPITAL STRUCTURE

The share capital of our Company, as at the date of this Draft Letter of Offer, and details of the Equity Shares proposed to be issued in the Issue, and the issued, subscribed and paid-up share capital after the Issue, are set forth below:

(₹ in lakhs, except shares data)

Particulars	Aggregate value at face value	Aggregate value at Issue Price
AUTHORIZED SHARE CAPITAL		
1,50,00,000 Equity Shares of ₹10 each	1,500.00	NA
ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE		
53,56,700 Equity Shares of ₹10 each	535.67	NA
PRESENT ISSUE IN TERMS OF THIS DRAFT LETTER OF OFFER(1)		
Up to [●] Rights Equity Shares at a premium of ₹[●] per Rights Equity Share, i.e., at an Issue Price of ₹[●] per Rights Equity Share(2)	[●]	[●]
ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL AFTER THE ISSUE(3)		
[●] Equity Shares of ₹10 each	[●]	NA
SUBSCRIBED AND PAID-UP EQUITY SHARE CAPITAL		
53,56,700 Equity Shares of ₹ 10 each fully paid-up	535.67	
[●] Equity Shares of ₹ 10 each partly paid-up(4)	[●]	
SECURITIES PREMIUM ACCOUNT		
Before the Issue		[●]
After all Calls made in respect of Rights Shares		[●]*

(1)The Issue has been authorized by a resolution of our Board of Directors passed at its meeting held on July 14, 2023, pursuant to Section 62(1)(a) of the Companies Act, 2013 and other applicable provisions.
(2)On Application, Investors will have to pay ₹[●]/- per Rights Equity Share which constitutes [●]% of the Issue Price and the balance ₹[●]/- per Rights Equity Share which constitutes [●]% of the Issue Price, will have to be paid, on Calls, as determined by our Board / Rights Issue Committee at its sole discretion from time to time.
(3)Assuming full subscription by the Eligible Equity Shareholders of the Rights Equity Shares. Please note that the Payment Schedule and the right to call up the remaining paid-up capital in one or more subsequent Calls will be as determined from time to time, at its sole discretion, by our Board or its Rights Issue Committee.
(4) Assuming full payment of all Call Monies by holders of Rights Equity Shares.
**Subject to finalization of Basis of Allotment and Allotment of Rights Equity Shares.*

Notes to the Capital Structure

1. **Details of options and outstanding instruments as on the date of this Draft Letter of Offer**

   There are no outstanding options or convertible securities, including any outstanding warrants or rights to convert debentures, loans or other instruments convertible into our Equity Shares as on the date of this Draft Letter of Offer.

2. No Equity Shares held by our Promoters and Promoter Group are locked-in, pledged or encumbered as on date of this Draft Letter of Offer.

3. Except as disclosed below, no Equity Shares have been acquired by the Promoters or members of the Promoter Group in the last one year immediately preceding the date of filing of this Draft Letter of Offer with Stock Exchange and submission to SEBI.

Sr. No.	Name of the Promoter / Promoter Group	No. of Equity Shares Acquired	Percentage of Equity Shares acquired (%)	Date of Acquisition
1	Suresh Shah	37,200	0.69%	October 07, 2022
2	Suresh Shah	28,500	0.53%	June 09, 2023

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

Our Promoters and Promoter Group vide their letters dated July 14, 2023 (**"Subscription Letter"**), have indicated their intention to subscribe, jointly and/ or severally to the full extent of their Rights Entitlement and have also confirmed that they shall not renounce their Rights Entitlement (except to the extent of any Rights Entitlement renounced by any of them in favour of any other Promoter or member of the Promoter Group of our Company).

The acquisition of Rights Equity Shares by our Promoters and our Promoter Group, over and above its Rights Entitlements shall not result in a change of control of the management of our Company and shall be in compliance with the SEBI SAST 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 under the Applicable Law.

5. The ex-rights price of the Equity Shares as per Regulation 10(4)(b) of SEBI SAST Regulations is ₹[●].

6. At any given time, there shall be only one denomination of the Equity Shares of our Company.

7. All Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Draft Letter of Offer. Further, the Rights Equity Shares allotted pursuant to the Rights Issue, shall be partly paid-up. For further details on the terms of the Issue, please see "Terms of the Issue" on page 152.

8. Our Company will ensure that any transaction in the Equity Shares by our Promoters and our Promoter Group during the period between the date of filing this Draft Letter of Offer and the date of closure of this Issue will be reported to the Stock Exchange within 24 hours of such transaction.

9. **Shareholding Pattern of our Company as per the last quarterly filing with the Stock Exchange, in compliance with the SEBI Listing Regulations:**

(i) The shareholding pattern of our Company, as on June 30, 2023, can be accessed on the website of the BSE at https://www.bseindia.com/stock-share-price/shree-ajit-pulp-and-paper-ltd/sappl/538795/shareholding-pattern/

(ii) The statement showing holding of Equity Shares of the Promoters and Promoter Group including details of lock-in, pledge of and encumbrance thereon, as onJune 30, 2023, can be accessed on the website of the BSE at https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=538795&qtrid=118.00&QtrName=June%202023

(iii) The statement showing holding of Equity Shares of persons belonging to the category "*Public*" including shareholders holding more than 1% of the total number of Equity Shares as on June 30, 2023, can be accessed on the website of the BSE at https://www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=538795&qtrid=118.00&QtrName=June%202023

10. **Employee Stock Option Scheme**

As on the date of this Draft Letter of Offer, our Company has no employee stock option scheme.

OBJECTS OF THE ISSUE

We intend to utilise the gross proceeds raised through the Issue (the "**Gross Proceeds**") after deducting the Issue related expenses ("**Net Proceeds**") for the following objects:

1. To meet long-term working capital requirements; and
2. General Corporate Purposes.

(collectively, referred to as the "**Objects**")

The Main Objects clause of the Memorandum of Association of our Company enables us to undertake the existing activities and the activities for which the funds are being raised through the 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.

DETAILS OF NET PROCEEDS FROM THE ISSUE

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

(₹ in lakhs)

Particulars	Amount
Gross Proceeds from the Issue#	Up to 3,500.00
Less: Estimated Issue related Expenses*	[●]
Net Proceeds from the Issue	**[●]**

#Assuming full subscription in the Issue, subject to the finalisation of the Basis of Allotment and receipt of all Call Monies with respect to Rights Issue.
**To be determined at the time of filing the Letter of Offer.*

REQUIREMENT OF FUNDS AND PROPOSED UTILISATION OF THE NET PROCEEDS

The intended use of the Net Proceeds of the Issue by our Company is set forth in the following table:

(₹ in lakhs)

Sr. No.	Particulars	Amount
1.	To meet long-term working capital requirements	3,000.00
2.	General Corporate Purposes#	[●]
	Total Net Proceeds*	**[●]**

#The amount is subject to adjustment upon finalization of Issue related expenses, however, in no event, shall general corporate purposes exceed 25% of the Gross Proceeds.
**Assuming full subscription in this Issue and subject to finalization of the Basis of Allotment and to be adjusted as per the Rights Entitlement ratio.*

MEANS OF FINANCE

The funding requirements mentioned above are based on, *inter alia*, our Company's internal management estimates and have not been appraised by any bank, financial institution, or any other external agency. For further details, see "*Risk Factors – Our funding requirements and the proposed deployment of the Net Proceeds are based on management estimates and have not been appraised by any independent agency and may be subject to change based on various factors, some of which are beyond our control"* on page 26 of this Draft Letter of Offer. They are based on current circumstances of our business and our Company may have to revise these estimates from time to time on account of various factors beyond our control, such as market conditions, competitive environment, interest, or exchange rate fluctuations. Consequently, our Company's funding requirements and deployment schedules are subject to revision in the future at the discretion of our management. In case of a shortfall in the Net Proceeds, our management may explore a range of options which include utilisation of our internal accruals, or other modes of financing. Our Company proposes to meet the entire funding requirements for the proposed objects of the Issue from the Net Proceeds. Therefore, our Company is not required to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Issue.

Any amount deployed by our Company out of internal accruals/short term borrowings towards the aforementioned objects till the date of receipt of Issue Proceeds shall be recouped by our Company from the Issue Proceeds. In case of delays in raising funds from the Issue, our Company may deploy certain amounts towards any of the above-mentioned Objects through a combination of Internal Accruals or Loans (Bridge Financing) and in such case the Funds raised shall be utilised towards repayment of such Loans or recouping of Internal Accruals. However, we confirm that no bridge financing has been availed as on date, which is subject to being repaid from the Issue Proceeds.

PROPOSED SCHEDULE OF IMPLEMENTATION AND DEPLOYMENYT OF FUNDS

We propose to deploy the Net Proceeds towards the aforesaid objects in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below:

(₹ in lakhs)

Sr. No.	Particulars	Amount to be deployed from Net Proceeds	Estimated deployment of Net Proceeds	
			FY 2024	**FY 2025**
1.	To meet long-term working capital requirements	3,000.00	1,500.00	1,500.00
2.	General Corporate Purposes#	[●]	[●]	[●]
	Total Net Proceeds*	**[●]**	**[●]**	**[●]**

#The amount to be utilised for General Corporate Purposes will not exceed 25% of the Gross Proceeds.
**Assuming full subscription in the Issue, subject to finalization of the Basis of Allotment, receipt of Call Monies with respect to Rights Issue and to be adjusted per the Rights Entitlement ratio.*

Our Company may also utilise certain portion of the Net Proceeds towards Objects of the Issue, ahead of the estimated schedule of deployment specified above. Further, in the event, the Net Proceeds are not utilised (in full or part) for the Objects of the Issue during the period stated above due to any reason, including (i) market conditions outside the control of our Company and (ii) any other economic, business, and commercial considerations, the remaining Net Proceeds shall be utilised in subsequent periods as may be determined by our Company, in accordance with applicable laws. If the actual utilisation towards any of the Objects is lower than the proposed deployment such balance will be used for future growth opportunities including funding other existing Objects, if required and towards general corporate purposes to the extent that the total amount to be utilised towards general corporate purposes will not exceed 25% of the Gross Proceeds in accordance with the SEBI ICDR Regulations.

DETAILS OF THE OBJECTS OF THE ISSUE

The details in relation to Objects of the Issue are set forth herein below:

1. To meet long-term working capital requirements

We fund majority of our working capital requirements in the ordinary course of our business from our internal accruals and avail working capital loan from banks.

Basis of estimation of working capital requirement:

The details of estimation of working capital requirement (on standalone basis), are as under:

(₹ in lakhs)

Sr. No.	Particulars	Audited for the Financial Year 2023	Estimated for the Financial Year 2024	Projected for the Financial Year 2025
I	**Current Assets**			
	1. Inventories			
	a) Raw Material	3,711.85	6,948.09	8,359.65
	b) Work-in-Progress	77.59	160.73	178.13
	c) Finished Goods	596.15	802.41	890.42
	d) Other consumables	1,008.70	2,477.16	2,952.16
	2. Trade Receivables	4,144.90	11,482.13	13,716.82
	3. Cash and Cash Equivalents	245.96	4,401.81	5,892.92
	4. Other Current Assets	1,808.49	3,266.48	657.25
	Total Current Assets (A)	**11,593.64**	**29,538.81**	**32,647.35**
II	**Current Liabilities**			

Sr. No.	Particulars	Audited for the Financial Year 2023	Estimated for the Financial Year 2024	Projected for the Financial Year 2025
	1. Trades and Other Payables	2,148.09	3,721.32	4,282.25
	2. Short Term Provision	1,243.95	3,548.94	3,414.60
	3. Other Current Liabilities	1,103.44	1,125.39	1,361.98
	Total Current Liabilities (B)	**4,495.48**	**8,395.65**	**9,058.83**
III	**Working Capital Gap (A-B)**	**7,098.16**	**21,143.16**	**23,588.52**
IV	**Funding Pattern**			
	Internal Accruals/ Short Term Borrowings	5,292.94	5,643.16	8,088.52
	Proceeds from Working Capital	1,805.22	14,000.00	14,000.00
	Net Proceeds from the proposed Rights Issue	-	1,500.00	1,500.00
	Total	**7,098.16**	**21,143.16**	**23,588.52**

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The long-term working capital requirements and deployment are based on historical Company data, experience of our management team and estimation of the future requirements considering the growth in activities of our Company. We operate in a highly competitive and dynamic market environment and may have to revise our estimates from time to time on account of external circumstances, business or strategy and foreseeable opportunity. Consequently, our fund requirements may also change based on changing business scenarios.

Basis of Estimation - Holding Period

Sr. No.	Particulars	Basis	Audited for the Financial Year 2023	Estimated for the Financial Year 2024	Projected for the Financial Year 2025
I	**Current Assets**				
(a)	Trade Receivables	Days	41	60	56
(b)	Inventories				
	i. Raw Material	Days	57	66	63
	ii. Work-in-Progress	Days	1	1	1
	iii. Finished Goods	Days	7	6	5
	iv. Other consumables	Days	11	17	17
(c)	Other Current Assets	Days	-	-	-
II	**Current Liabilities**				
(a)	Trade Payables	Days	24	26	25
(b)	Other Current Liabilities	Days	-	-	-
(c)	Short Term Provision	Days	-	-	-
III	**Working Capital Cycle (I – II)**	Days	**93**	**124**	**117**

Justification for Holding Period Level

Particulars	Assumptions made and justification
Current Assets	
Trade receivables	Trade receivables are based on the average standard payment terms across our customers. Our general credit terms vary across geographies and type of customers and our assumptions are based on past trends. Trade receivables for Financial Year 2023 were around 41 days. We are expecting to allow a lenient credit period to our customers. In line with increase in sales and based on our long-standing relations with our customers, we have assumed average trade receivables collection period of 60 days and 56 days of revenue from operations for the Financial Year 2024 and Financial Year 2025, respectively.
Inventories	Raw Material: Raw material days are computed based on the historic standalone audited financial statements. The average holding period of raw materials in the Financial Year 2023 was 57 days. Based on the estimated production schedule, the Company imports significant quantities from international market to meet the expected demand of finished goods and accordingly has assumed average holding period for raw materials as 66 days

Particulars	Assumptions made and justification
	and 63 days of raw material consumption for the Financial Year 2024 and Financial Year 2025, respectively to fulfill minimum raw material requirement.
	Work in Progress: Work in progress days are computed from the historic standalone financial statements. The average holding period of work in progress in the Financial Year 2023 was 1 day. As conversion from pulp to paper does not take much time, our Company will not require to hold work in progress inventory for a long period of time. Accordingly, our Company has assumed average holding period for work in progress as 1 day of the cost of goods sold (excluding depreciation and administrative expenses) for the Financial Year 2024 and Financial Year 2025, respectively.
	Finished Goods: Finished goods days are computed based on the historic standalone audited financial statements. The average holding period of finished goods in the Financial Year 2023 was 7 days. Based on the expected sales, our Company has assumed average holding period for finished goods as 6 days and 5 days of cost of sales for the Financial Year 2024 and Financial Year 2025, respectively.
	Other Consumables: Other Consumables days are computed based on the historic standalone audited financial statements. The average holding period of other consumables in the Financial Year 2023 was 11 days. Our Company has assumed average holding period for other consumables as 17 days for Financial Year 2024 and Financial Year 2025, respectively.
Current Liabilities	
Trade payables	Trade Payable is based on the average standard payment terms of our vendors. Our trade payables primarily comprise of payables towards the purchase of goods. Our operating trade payables for the Financial Year 2023 were 24 Days. Our Company has assumed average operating trade payables payment period of 26 days and 25 days of cost of goods sold for the Financial Year 2024 and Financial Year 2025, respectively.

2. General Corporate Purpose

We intend to deploy ₹ [●] lakhs from the Net Proceeds towards general corporate purposes. The general corporate purposes for which our Company proposes to utilise the Issue Proceeds include but are not restricted to funding our growth opportunities, strengthening our marketing capabilities and brand building exercises, strategic initiatives, general maintenance, or contingencies in the ordinary course of business which may not be foreseen, or any other purpose as approved by our Board of Directors subject to meeting regulatory requirements and obtaining necessary approvals, as applicable. Our management, in accordance with the policies of our Board, will have flexibility in utilising the proceeds earmarked for general corporate purposes. However, the amount to be utilised for general corporate purposes will not exceed 25% (Twenty-Five Percent) of the Gross Proceeds.

Expenses for the Issue

Our Company will need approximately ₹ [●] lakhs towards Issue related expenses, a break-up of the same is set forth in the table below:

Activity	Estimated Expenses (₹ in lakhs)	% of Estimated Issue related expenses	% of Estimated Issue Size
Fees of the Lead Manager, Registrar to the Issue, Legal Advisor, other professional service providers and statutory fee	[●]	[●]	[●]
Fees payable to regulators, including depositories, Stock Exchange and SEBI	[●]	[●]	[●]
Statutory Advertising, Marketing, Printing and Distribution	[●]	[●]	[●]
Other expenses (including miscellaneous expenses and stamp duty)	[●]	[●]	[●]
Total estimated Issue expenses*	**[●]**	**[●]**	**[●]**

**Assuming full subscription, subject to receipt of Call Monies with respect to Rights Issue, finalization of Basis of Allotment and actual Allotment.*

All Issue related expenses will be paid out of the Gross Proceeds from the Issue In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall be borne by the Company from internal accruals.

SOURCES OF FINANCING OF FUNDS ALREADY DEPLOYED

As on date, our Company has not deployed any funds towards the Objects of the Issue.

APPRAISAL OF THE OBJECTS

None of the Objects of the Issue for which the Net Proceeds will be utilised have been appraised by any bank or financial institution.

STRATEGIC AND/OR FINANCIAL PARTNERS

There are no strategic and financial partners to the Objects of the Issue.

BRIDGE FINANCING FACILITIES

As on the date of this Draft Letter of Offer, our Company has not raised or availed of any bridge financing facilities which are subject to being repaid from the Issue Proceeds.

INTERIM USE OF FUNDS

Our Company, in accordance with the policies formulated by our Board from time to time, will have flexibility to deploy the Net Proceeds. Pending utilisation of Net Proceeds for the purposes described above, our Company intends to deposit the Net Proceeds only with scheduled commercial banks included in the second schedule of the Reserve Bank of India Act, 1934 or make any such investment as may be allowed by SEBI from time to time.

MONITORING OF UTILIZATION OF FUNDS

Since the Issue is for an amount less than ₹10,000 lakhs, there is no requirement for the appointment of a monitoring agency. The Board or its duly authorised committees will monitor the utilisation of the proceeds of the Issue. Our Company will disclose the utilisation of Issue Proceeds, including interim use, under a separate head along with details, for all such Issue Proceeds that have not been utilised. Our Company will indicate investments, if any, of unutilised Issue Proceeds in the balance sheet of our Company for the relevant financial years subsequent to the listing of the Rights Shares.

We will also, on an annual basis, prepare a statement of the funds which have been utilised for purposes other than those stated in this Draft Letter of Offer, if any, and place it before the Audit Committee and the Board. Such disclosure will be made only until all the Issue Proceeds have been utilised in full. The statement will be certified by our Statutory Auditor. Further, in accordance with Regulation 32 of the SEBI Listing Regulations, we will furnish to the Stock Exchange, on a quarterly basis, a statement including deviations and variations, if any, in the utilisation of the Issue Proceeds from the Objects of the Issue as stated above.

VARIATION IN OBJECTS

In accordance with applicable provisions of the Companies Act, 2013 and applicable rules, except in circumstances of business exigencies, our Company shall not vary the Objects of the Issue without our Company being authorised to do so by the Shareholders by way of a special resolution through postal ballot. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution (the 'Postal Ballot Notice') shall specify the prescribed details as required under the Companies Act and applicable rules. The Postal Ballot Notice will simultaneously be published in the newspapers, one in English and one in the vernacular language of the jurisdiction where the Registered Office is situated. For details, see '*Risk Factors - Any variation in the utilisation of the Net Proceeds would be subject to certain compliance requirements, including prior shareholder's approval.' on page 30.*

KEY INDUSTRY REGULATIONS FOR THE OBJECTS OF THE ISSUE

No additional provisions of any acts, regulations, rules, and other laws are or will be applicable to the Company for the proposed Objects of the Issue.

INTEREST OF PROMOTERS, PROMOTER GROUP AND DIRECTORS, AS APPLICABLE TO THE OBJECTS OF THE ISSUE

Our Promoters and Promoter Group vide their letters dated July 14, 2023 (**"Subscription Letter"**), have indicated their intention to subscribe, jointly and/ or severally to the full extent of their Rights Entitlement and have also confirmed that they shall not renounce their Rights Entitlement (except to the extent of any Rights Entitlement renounced by any of them in favour of any other Promoter or member of the Promoter Group of our Company).

None of our Promoters, members of the Promoter Group and the Directors have any interest in the Objects of the Issue. No part of the Net Proceeds will be paid by our Company as consideration to our Promoter, Promoter Group, Directors, and Key Managerial Personnel of our Company.

OTHER CONFIRMATIONS

There are no material existing or anticipated transactions in relation to the utilisation of the Net Proceeds with our Promoters, Directors, or Key Managerial Personnel of our Company in the ordinary course of business and no part of the Net Proceeds will be paid as consideration to any of them. Further, except as disclosed, none of our Promoters, members of Promoter Group or Directors are interested in the Objects of the Issue.

STATEMENT OF SPECIAL TAX BENEFITS

To,
The Board of Directors
Shree Ajit Pulp and Paper Limited
Survey No. 239,
Near Morai Railway Crossing,
Salvav, Vapi-396191, Gujarat

Dear Sirs,

Re: Proposed rights issue of equity shares of face value of ₹ 10 each ("Equity Shares") of Shree Ajit Pulp and Paper Limited ("Company" and such offering, the "Issue") pursuant to Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI Regulations") and the Companies Act, 2013, as amended (the 'Act')

We hereby report that the enclosed Statement prepared by Shree Ajit Pulp and Paper Limited (the "**Company**") states the possible special tax benefits available to the Company and to the shareholders of the Company under the Income-tax Act, 1961 and Income tax Rules, 1962 including amendments made by Finance Act 2023 (hereinafter referred to as "**Income Tax Laws**"), the Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, Customs Act, 1962, Customs Tariff Act, 1975 (hereinafter referred to as **"Indirect Tax Laws")** as amended, the rules and regulations there under, Foreign Trade Policy, presently force in India, for inclusion in the Draft Letter of Offer/Letter of Offer for the proposed rights issue of the Company to the existing shareholders. These benefits are dependent on the Company or the shareholders of the Company fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company or the shareholders of the Company to derive the special tax benefits is dependent upon fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company or the shareholders of the Company may or may not choose to fulfill.

The benefits discussed in the enclosed Statement cover only special tax benefits available to the Company and to the shareholders of the Company and are not exhaustive and do not cover any general tax benefits available to the Company. The tax benefits listed herein are only the possible special tax benefits which may be available under the current direct tax laws presently in force in India. Further, any benefits available under any other laws within or outside India have not been examined and covered by this Statement.

Further, the preparation of the enclosed Statement and its contents was the responsibility of the management of the Company. We were informed that this Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed offer.

We have conducted our examination in accordance with the '*Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)'* ***('the Guidance Note')*** issued by the Institute of Chartered Accountants of India ('ICAI'). The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the ICAI.

We confirm that while providing this certificate, we have complied with the Code of Ethics issued by the Institute of Chartered Accountants of India. We also have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, '*Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements,*' issued by the ICAI.

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

(i) the Company or the shareholders of the Company will continue to obtain these benefits in future; or
(ii) the conditions prescribed for availing the benefits, where applicable, have been / would be met with.

The contents of the enclosed Statement are based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to the Company for 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.

This statement is solely for your information and not intended for general circulation or publication and is not to be reproduced or used for any other purpose without our prior written consent, other than for inclusion of extracts of this statement in the Draft Letter of Offer/Letter of Offer and submission of this statement to the Securities and Exchange Board of India, the stock exchange where the Equity Shares of the Company are proposed to be listed, in connection with the proposed Issue, as the case may be.

Yours faithfully,

For and on behalf of M/s G.B. Laddha & Co. LLP
Chartered Accountants
Firm Registration Number: 120352W/W-100033

Name: Giriraj B,Laddha
Partner
ICAI Membership Number: 108558
UDIN: 23108558BGVWDM8775

Date: September 20, 2023
Place: Vapi

Encl: As above

ANNEXURE I

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO SHREE AJIT PULP AND PAPER LIMITED (THE “COMPANY”) AND ITS SHAREHOLDERS UNDER THE INCOME TAX ACT, 1961 (HEREINAFTER REFERRED TO AS “INCOME TAX LAWS”)

1. Special tax benefits available to the Company under the Income Tax Laws

There are no special tax benefits available to the Company.

2. Special tax benefits available to the shareholders under the Income Tax Laws

There are no special tax benefits available to the shareholders of the Company.

Notes:

a. The above Statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

b. The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.

c. The above statement of possible special tax benefits is as per the current direct tax laws relevant for the assessment year 2024-25.

d. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.

e. In respect of non-residents, the tax rates and consequent taxation will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the non-resident has fiscal domicile.

f. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

ANNEXURE II

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO SHREE AJIT PULP AND PAPER LIMITED (THE “COMPANY”) AND ITS SHAREHOLDERS UNDER THE CENTRAL GOODS AND SERVICES TAX ACT, 2017, INTEGRATED GOODS AND SERVICES TAX ACT, 2017, RESPECTIVE STATE GOODS AND SERVICES TAX ACT, 2017 (‘GST ACT), CUSTOMS ACT, 1962 (‘CUSTOM ACT’), CUSTOMS TARIFF ACT, 1975 (‘TARRIF ACT’) (HEREINAFTER REFERRED TO AS “INDIRECT TAX LAWS”)

1. Special tax benefits available to the Company under the Indirect Tax Laws

There are no special indirect tax benefits available to the Company.

2. Special tax benefits available to the shareholders under the Indirect Tax Laws

There are no special indirect tax benefits applicable in the hands of shareholders for investing in the shares of the Company.

Notes:

a. The above statement is based upon the provisions of the specified Indirect tax laws, and judicial interpretation thereof prevailing in the country, as on the date of this Annexure.

b. The above statement covers only above-mentioned indirect tax laws benefits and does not cover any direct tax law benefits or benefit under any other law.

c. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice.

d. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

SECTION IV – ABOUT THE COMPANY

INDUSTRY OVERVIEW

*Unless noted otherwise, the information in this section is obtained or extracted from report titled "Kraft Paper Industry in India" dated April 2023 prepared and issued by Dun & Bradstreet (the "**D&B Report**"). Neither we nor any other person connected with the Issue have independently verified this information. The data may have been re-classified by us for the purposes of presentation. 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 sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends.*

Industry sources and publications may also base their information on estimates, projections, forecasts, and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in this report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction.

Macroeconomic Scenario

After a healthy rebound in 2021, the global economy witnessed a stagflation situation in 2022, as growth across the major countries moderated and inflation remains sticky at record-high levels in the face of aggressive monetary tightening around the world.

Real GDP growth	2021	2022Est.	2023P	2024P
World	**6.0%**	**3.4%**	**2.9%**	**3.1%**
India	8.7%	6.8%	6.1%	6.8%
China	8.1%	3.0%	5.2%	4.5%
Japan	1.7%	1.4%	1.8%	0.9%
USA	5.7%	2.0%	1.4%	1.0%
UK	7.4%	4.1%	-0.6%	0.9%
EU	5.2%	3.5%	0.7%	1.6%

Source: International Monetary Fund, January 2023 Outlook

Uncertainty related to food and energy supply emerged as major risk to stable governance, debt sustainability and business continuity across developed and emerging markets. The three economic heavyweights - the US, China, and the EU - continue to grapple with a host of challenges. Consequently, even fundamentally strong, export-oriented developing markets faced weak growth in 2022.

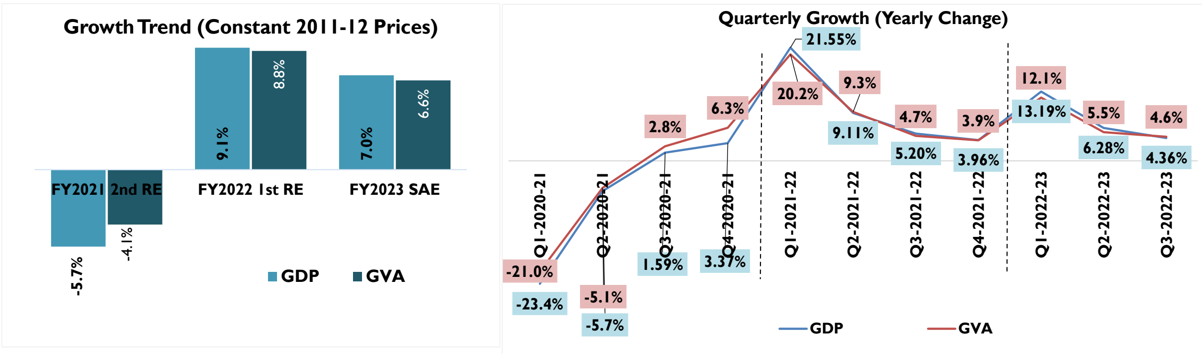
As the global economy continues to slowdown, central bankers are ramping down the pace of interest rate hikes, the policy playbook deployed in the two previous global recessions might not work this time. What complicates the job of central bankers are unusually tight labour markets, which translate into high demand pressures, and the fact that evidence of inflation reduction globally is still quite weak. However, the consensus points toward the fact that a global recession may not be upon us, but a global slowdown has been set in motion and businesses should remain vigilant and resilient.

Business especially with cross border linkages should consider two key points. The timing and intensity of this economic slowdown is likely to differ as the US is on a much better footing than the EU; and some developing markets in Asia, the Middle East and Latin America will outperform the US in coming months. Secondly, businesses cannot rely on the kind of policy support that was forthcoming in the last two global recessions (2008 and 2020). With higher interest rates, government debt is now costlier, hence fiscal support, too, will likely be limited or targeted. Businesses must thus critically assess the implications of the slowdown on their operations, their subsidiaries, or suppliers.

The first month of 2023 was quite eventful - Croatia joined the Eurozone as its 20th member, Brazil witnessed a mini-insurrection, India overtook China as the world's most populous nation, and the US hit its debt ceiling. Before this quarter ends, the conflict between Russia and Ukraine will have crossed its one-year mark, the Bank of Japan would have selected a successor to its longest-serving governor, and President Xi would have been confirmed as China's top leader for another term. Some of these events may have profound implications over the coming decades, while the others may pose the biggest risk to the global economy in 2023.

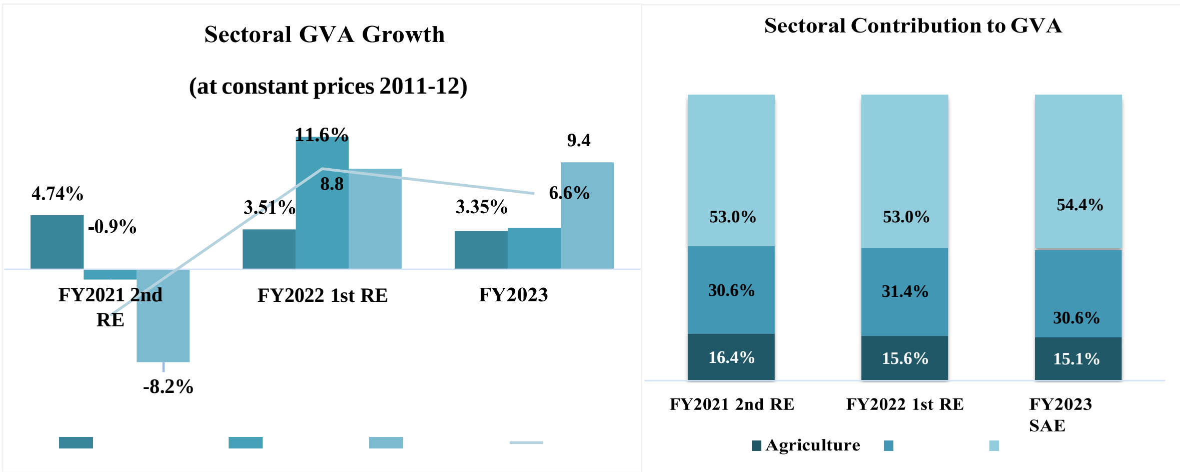
We expect central banks, including the US Fed, to continue hiking rates in the upcoming meetings of Q1 2023, albeit at a slower pace. What businesses should know is that we are heading toward a synchronized global economic slowdown, and that they should prepare for a possible recession in developed markets. Further, the logic that a central-bank-engineered recession (if at all) should be mild, might hold true for the US, but in Europe, the course that the ongoing Russia-Ukraine war takes may continue to impact outcomes.

India's Key Economic Indicator



Sources: MOSPI

As per MOSPI second advance estimate (SAE), India's GDP in FY 2023 is expected to slowdown to 7% from 9.1% in the previous fiscal on the back of slowing domestic as well as external demand owing to series of interest rate hikes globally to tackle high inflation. The year-on-year moderation in growth rate is also partly due to a fading impact of pandemic-induced base effects which had contributed towards higher growth in FY 2022. On quarterly basis, the country growth moderated in Q2 and Q3 of FY 2023 which highlights impact of slowing economy on the back of monetary tightening. During Q3 FY 2023, the country's GDP grew by 4.36% against 6.28% y-o-y increase in the corresponding quarter last fiscal.



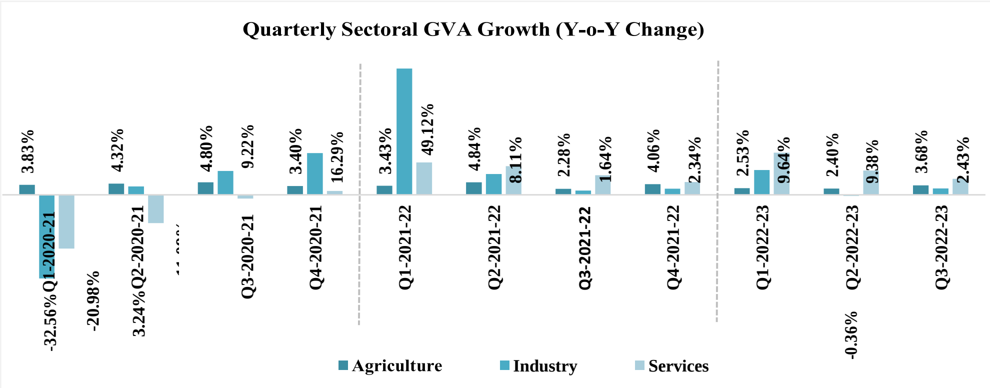
Sources: MOSPI

Sectoral analysis of GVA reveals growth tapered sharply in industrial sector which is estimated to grow by just 3.6% against 11.6% in the previous fiscal. In the industrial sector, growth across major economic activity such as mining, manufacturing, construction sector slowed and it registered a growth of 3.38%, 0.56% and 9.12% in FY 2023 against a growth of 7.07%, 11.05% and 14.82% in FY 2022, respectively. Utilities sector too observed a marginal moderation in y-o-y growth to 9.15% against a decline of 3.6% in the previous years.

Talking about the services sectors performance, with major relaxation in covid restriction, progress on covid vaccination and living with virus attitude, business in service sector gradually returned to normalcy in FY 2022. Economic recovery was supported by the service sector as individual mobility returned to pre- pandemic level. The trade, hotel, transport, communication, and broadcasting segment continued to strengthen and grow by

14.18% in FY 2023 against 13.75% in the previous year and financial services, real estate and professional services sector recorded 6.85% y-o-y growth against 4.73%. However, overall service sector growth was curbed by moderation in public administration and defense services sector which recorded 7.12% yearly increase against 9.7% increase in the previous year.

Quarterly GVA Performance



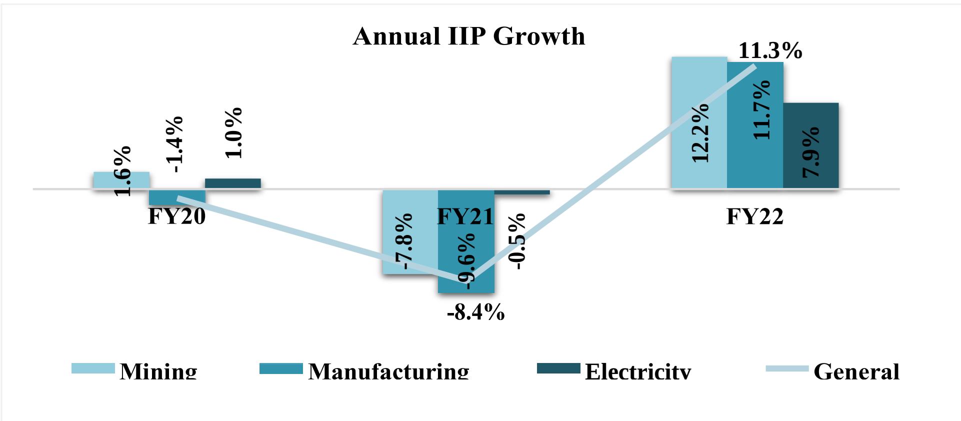
Source: MOSPI

Quarterly GVA number indicated sustained weakness in economic activity during Q3 FY 2023 with manufacturing activity being the worst hit segment amongst the industrial sectors. India's manufacturing sector shrank by 1.1% on-year in Q3 FY 2023, a second straight contraction highlighting the continuing weakness in consumer demand and exports. In Q2 FY 2023, manufacturing sector output was down by 3.57%. While quarterly growth in both agriculture and other sectors within industrial sector strengthened during Q3 FY 2023. Agriculture sector GVA strengthen in Q3 FY 2023 to register 3.68% yearly growth compared to both corresponding quarter last year (2.28%) and previous quarter (2.4%) in FY 2022. Any growth between 3.5-4% in farm sector is considered above the long-term trend line. Construction sector witnessed 8.39% y- o-y growth in Q3 of FY 2023 against 5.85% y-o-y growth in the previous quarter, mining and quarrying sector, and Electricity, gas, water supply& other utility services sector registered 3.7% and 8.24% y-o-y growth against -0.4% and 5.96%, respectively. In Q3 FY 2022, yearly growth stood as 0.23%, 5.42% and 5.99% in construction, mining and quarrying and Electricity, gas, water supply& other utility services sector, respectively.

Within service sector, quarterly growth moderated across all segments in Q3 FY 2023 against the previous quarter. Trade, hotel, transport, communication, and broadcasting segment observed 9.56% y-o-y growth in Q3 as compared to 15.64% growth in the last quarter. Other services sector broadly classified under Public Admin, Defence & Other Services and Financial, Real Estate & Professional Services too observed 1.99% and 5.79% growth in Q3 FY 2023 against 5.57% and 7.13% y-o-y change in Q2 FY 2023.

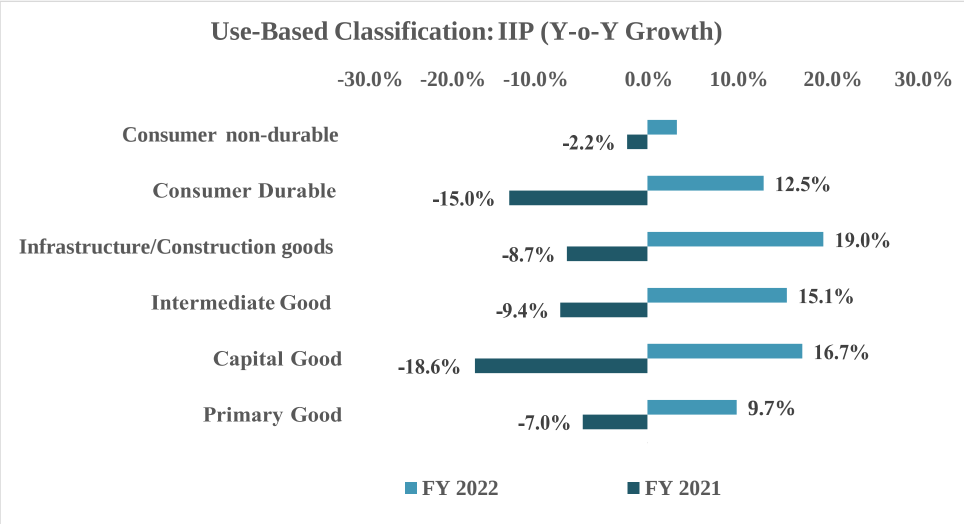
IIP Growth

After experiencing three years of deteriorating IIP growth, the country's IIP index registered 11.3% y-o-y growth where growth was evenly spread across all sub-segments. Manufacturing index, with 77.6% weightage in overall index, registered 11.7% y-o-y growth in FY 2022 while mining sector index registered the highest growth.



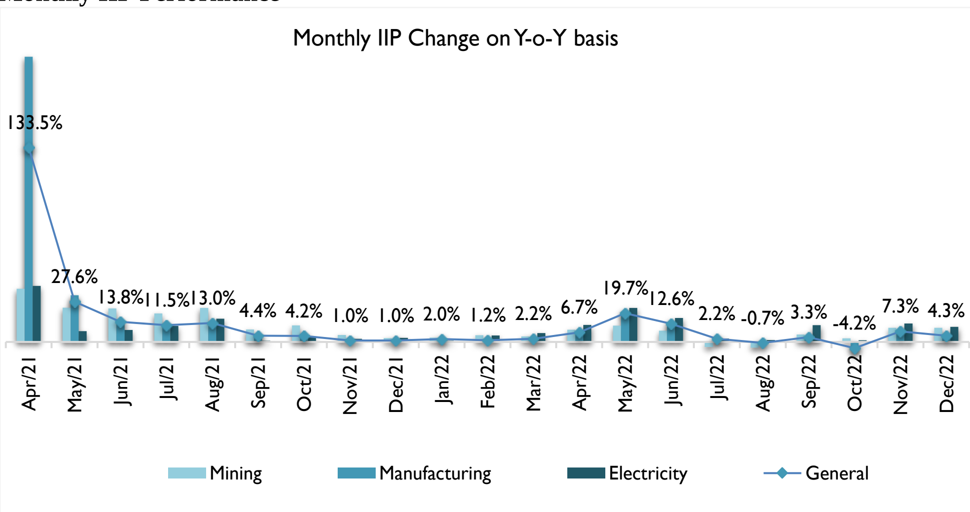
Source: MoSPI

On use-based classification basis, infrastructure/construction goods, capital good, intermediate good and consumer durable outperformed over the other sector and registered healthy double-digit growth.



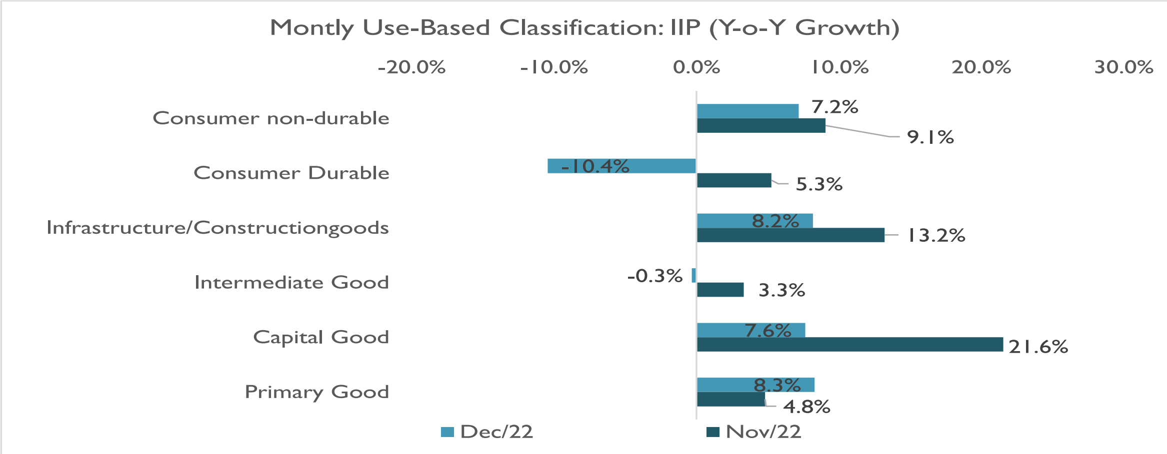
Source: MOSPI

Monthly IIP Performance



Source: MOSPI

In current year, IIP index which improved steadily between March to May moderated sharply in the subsequent three month and it measured lowest in October 2022 while it showed temporary improvement by growing at 7.3% in subsequent. However, IIP again moderated to register 4.3% y-o-y growth in December 2022. Manufacturing activity which has 77.6% weightage in the overall index, grew by 2.6% in December 2022 while mining activity and electricity index grew by 9.8% and 10.4%, respectively. On y-o-y basis, monthly IIP growth in December 2022 was relatively higher compared to previous year due to low base effect where overall IIP was adversely affected by onset of third wave of pandemic. Low base affect and year end festive sale are likely to support IIP growth in the coming month. However, moderation in external demand and consequent decline in trade have potential to affect manufacturing sector output and putting downward pressure on overall IIP growth.

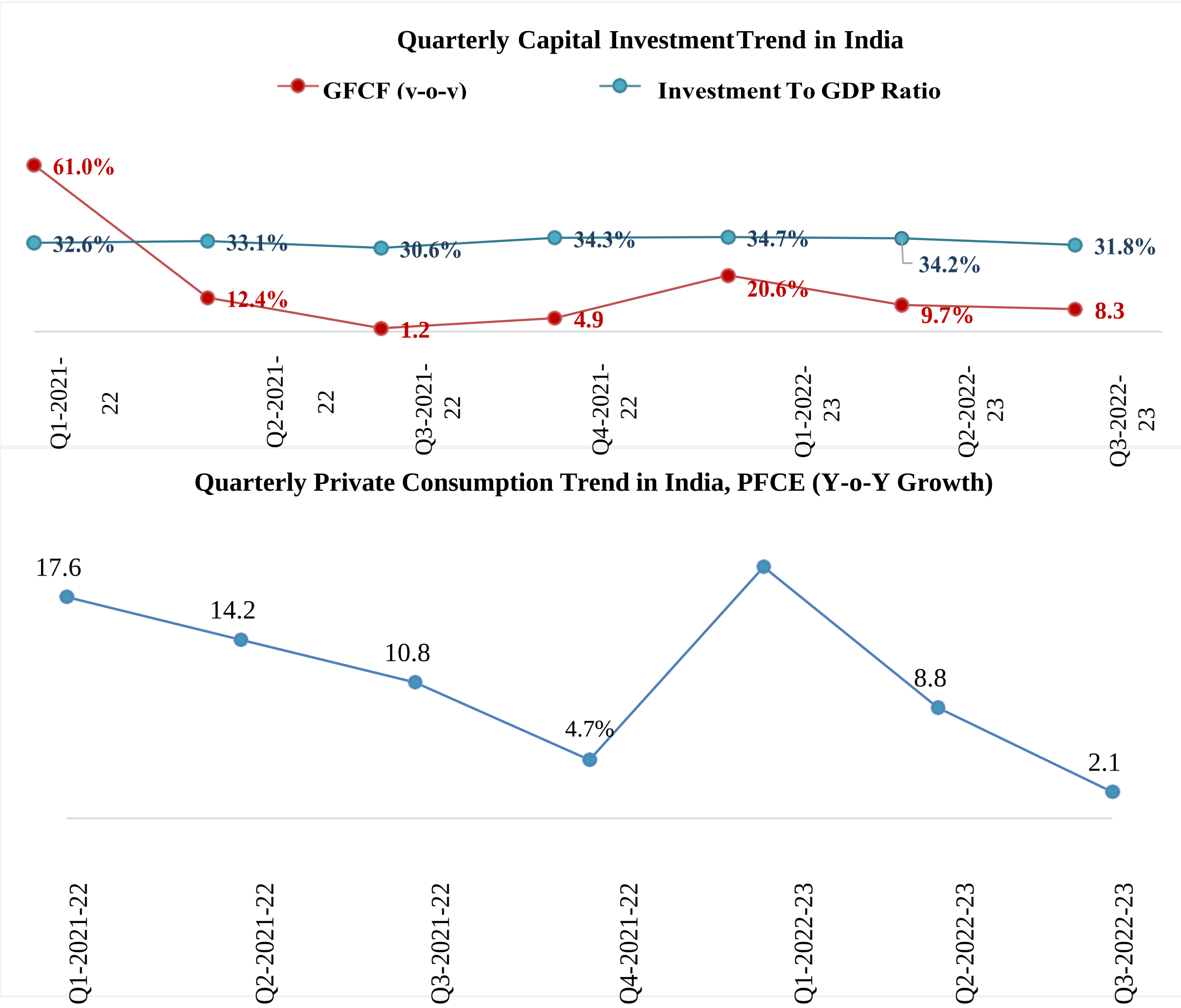


Source: MOSPI

As per the use-based classification, growth in all segments excluding primary goods deteriorated in December 2022 against previous month. Consumer good and intermediate goods were worst hit segments. The Contracting IIP data points towards adverse operating business climate as global headwinds, high inflation, and monetary tightening started having adverse impact on manufacturing activity.

Growth Trend in Investment & Consumption Demand

Other major indicators such as Gross fixed capital formation (GFCF), a measure of investments, moderated during Q2 FY 2023 and Q3 FY 2023 while 8% y-o-y growth number was encouraging against 1.2% yearly growth in Q3 FY 2022.

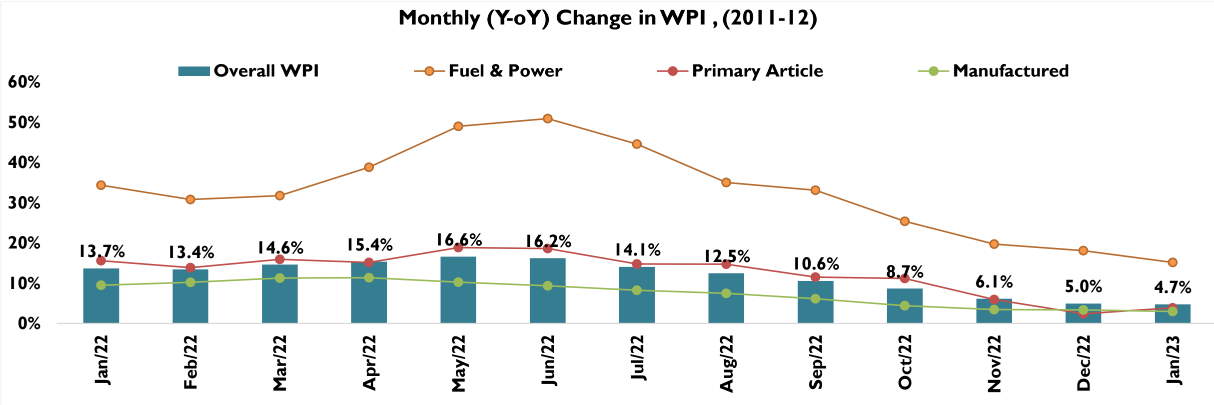


Source: MOSPI

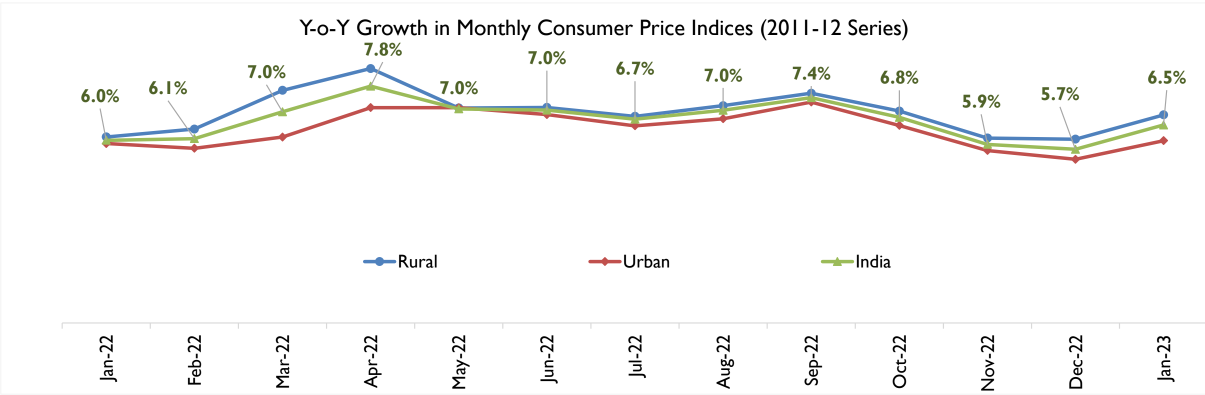
Despite the festive season demand and largely a covid-free economy, Private Final Consumption Expenditure (PFCE) a realistic proxy to gauge household spending, observed a continued moderation in Q3 FY 2023 where yearly growth softened to 2.1% which was nearly 7% lower compared to Q2 FY 2023.

Price/Inflation Scenario

India's inflation rate based on Wholesale Price Index (WPI) moderated to nearly 24 months low with 4.7% y-o-y change in January 2023 against 5% (y-o-y) increase in the December 2022. Softening prices of mineral oils, chemicals & chemical products, textiles, crude petroleum & natural gas, textiles, and food products. contributed towards moderation in WPI inflation rate in January 2023. Separately, The Food Index which consisting of 'Food Articles' from Primary Articles group and 'Food Product' from Manufactured Products increased to 2.95% in January 2023 from 0.65% in December 2022.



Source: MOSPI, Office of Economic Advisor



Source: CMIE Economic Outlook

Retail inflation rate (as measured by Consumer Price Index) again jumped above 6% tolerance limit of the central bank in January 2023 after observing mild moderation in the previous two month. The overall CPI grew by 6.5% in January 2023 due to spike in food inflation and CPI food index grew by 5.9% during FY 2023 against 4.2% y-o-y growth in the previous month. Within food index, Cereals and product-led food inflation reached 16.1 per cent in January 2023 from 13.8 per cent in December 2022. As a part of anti-inflationary measure, the RBI has hiked the repo rate by 225 bps since May to current 6.25%, with latest fourth round hike announced on 8 Feb 2023. The Reserve Bank of India has estimated an average inflation rate of 6.5% for FY 2023.

External Sector

India's merchandise exports continued to grow at subdued CAGR of 4.4% during FY 2018-22 while imports grew at 4.8% CAGR. On annual basis, both exports and imports exhibited stellar performance in FY 2022 backed by recovery in global growth and domestic economic activity. Exports surged by 21% and import by ~30% in FY 2022 against -9.2% and -13.8% y-o-y change in the previous year, respectively. Improving foreign trade was backed by favorable base, elevated commodity prices and low policy rate that pushed domestic demand. However, the scenario turned unfavorable in the current fiscal with widening trade deficit, CAD breached the sustainable limit of 3% of GDP in July 2022 and is likely to widen to a decadal high to measure 3.9% in FY 2023.

Economic Growth Outlook

Even as India remains the fastest growing economy globally, the intensity of global spillover remains uncertain. As the global economy is headed towards a synchronized economic slowdown, the risk from the external crisis is far from over. India will not remain completely insulated from the external economy which is hardly out of the woods. Widening of the current account deficit, volatile foreign investment inflows, depreciating rupee, risk aversion of global investors and tightening of liquidity could impede India's growth momentum if the global economic environment deteriorates. Net profit growth (y-o-y) of non-financial corporates remained negative for the second consecutive quarter, according to the RBI's data. Dun & Bradstreet's survey of corporates across India also indicate that the optimism for both net sales and selling price for Q1 2023 were the lowest since Q3 2021.

Amidst the difficult and uncertain external economic environment, the Indian government has delivered a balanced Union Budget which focuses on achieving an inclusive and sustainable growth while adhering to the fiscal glide path. The stance taken by the government to not only emphasize on the top-down approach to growth i.e., focusing on substantial capital outlay, but also to place focus on the bottom of the pyramid by trying to unleash the potential of the primary sector in the Union Budget should support India's growth momentum in 2023.

Indian Paper Industry

Overview

Paper production is one of the oldest manufacturing segments in India, with the first paper mill beginning operation in early 1800s. Since then, the paper industry has evolved – both in terms of manufacturing capacity as well as production technology. Today India is the 5th largest paper manufacturer in the world[1], accounting for nearly 5% of annual global paper production.

Despite its long history of presence in India, domestic consumption of paper products is very low. As against a global average of 57 kgs/capita per year, India's per capita consumption is approximately 15 kg/annum. This points to low level of penetration of paper products.

Paper & pulp manufacturing sector in India is made up of nearly 900 mills[2], working on technologies ranging from outdated / manual to modern as well as using feedstock ranging from agro products to recycled paper. Nearly 70% of the mills use recycled fiber/paper as input materials while nearly 21% are based on wood. The remaining mills use agro reside as input materials.

Bulk of the paper mills operating in India use older technologies, with limited production volume. Less than 10% of the mills have capacity more than 50,000 tons per annum (TPA) and uses latest manufacturing technologies. Usage of older technologies meant most of these mills are labour intensive with low productivity levels. The labour intensity of this industry can be demonstrated by the fact that it employs nearly 0.5 million people directly and nearly 1.5 million people indirectly[3].

Major Types of Paper	
Printing & Writing Paper	Uncoated (Creame Woven, Copier, Maplitho), Coated
Industrial Paper/ Paperboard	Kraft Paper, Duplex Boards
Newsprint	Glazed paper, standard paper
Specialty Paper	Tissue Paper, tissue paper/hygiene paper, insulation paper, filter paper, greaseproof paper, absorbent paper for laminates,

Major Paper Type, Key Applications & Attributes

- **Linerboard and Corrugating Medium:** Corrugated board is generally the familiar "cardboard" 3-ply laminate consisting of two paperboard facers (liners) adhered to each side of a fluted core. This

[1] *Indian Agro & Recycled Paper Mills Association*
[2] *Annual Report, Central Pulp & Paper Research Institute.*
[3] *Indian Paper Manufacturers Association.*

construction gives high stiffness and strength with the benefit of low cost and weight. For special uses the construction could be varied to include more plies or just a single face liner. Almost two-thirds of paperboard output goes into producing corrugated box or container products. The linerboard is frequently made of Kraft pulp, which is known for its high strength. The fluted medium is an outlet for semichemical pulp or recycled paper, which is used for stiffness rather than high strength.

- **Other Paperboard**: Remaining paperboard products consist of familiar products such as board for packaging foodstuffs, shirt board, and tablet backs. Some paperboard is bleached for use in packaging food products. Milk carton stock is an example of the use of bleached board.

- **Fine and Specialty Papers**: Paper products in this category include writing or business and technical paper. Bristols or card stock is often thought of belonging in the paperboard category, but it more rightly belongs as a paper product. The important properties required of these papers are surfaces suitable for printing or writing and dimensional stability. About one-half of all paper produced is used for printing or writing.

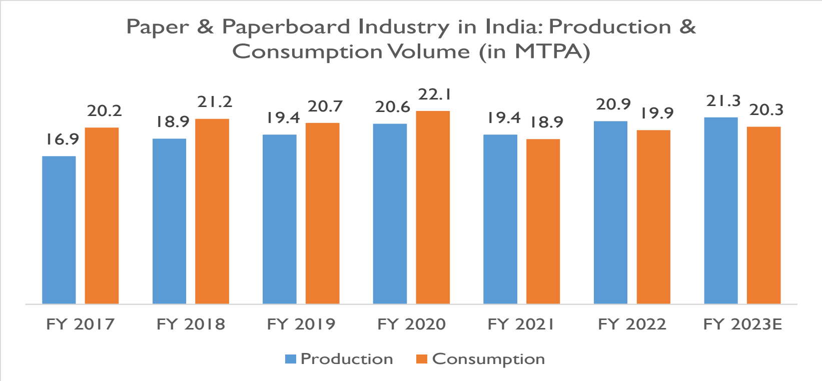
- **Newsprint**: Newsprint is a commodity product with standardized properties. The requirements for newsprint are low cost, printability, and runnability. Printability may seem of obvious importance to the reader, but the concept has many facets. The paper must accept ink without excess penetration or feathering. The paper surface must be strong enough to resist linting or fiber pick, which can seriously affect print quality. Opacity is another important facet in printing. Newsprint is a relatively lightweight, thin paper and is printed on both sides. Opposite side show-through seriously affects readability. The low cost and high opacities found in mechanical pulp make this fiber especially suited for newsprint.

- **Tissue:** Tissue refers to a wide variety of lightweight paper from toilet tissue to napkins, towelling, wrapping, and book tissue. The requirements for tissue are softness or bulk, absorbency, and strength. The appearance or purity of tissue is also very important, and tissues are generally made of bleached pulp. Some of the chemically modified mechanical pulps are finding increased usage in the tissue market. Many tissue grades require a high degree of absorbency while maintaining wet strength. Special additives are being developed that increase wet strength without affecting absorbency.

Current Scenario

The annual turnover in Indian paper & paperboard industry is approximately INR 800 billion[4]. Between FY 2017 and 2022, the industry turnover has increased by a CAGR of 6[5]%. This growth was led primarily by the strong demand for industrial grade paper, which accounts for nearly 71% of total production and nearly 63% of total annual consumption.

India consumed approximately 20 million tons of paper & paper board in FY 2022 while domestic production during the year was approximately 21 million tons. Approximately 75% - 76% of paper & paperboard produced in the country is from recycled fiber feedstock while wood forms the raw material for 18%. Remaining volume of paper & paperboard is manufactured from agro residue. For the full year FY 2023, the annual production is estimated to be nearly 21.3 million tons while annual consumption is estimated to be nearly 20.3 million tons.



Source: Indian Paper Manufacturers Association, Central Pulp & Paper Research Institute

Barring FY 2021, the domestic paper and paper product production has grown steadily between FY 2017-22 where estimated production stood at 20.9 Mn tonnes in FY 2022. In FY 2022, the industry saw 8% y-o-y growth

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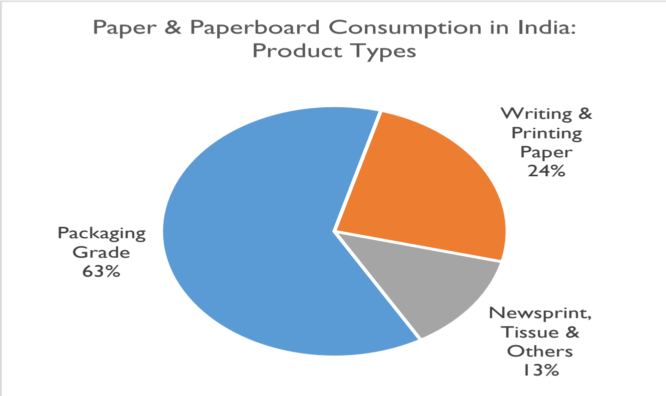
[4] *Indian Paper Manufacturers Association.*

[5] *IPMA & Annual Reports of Central Pulp &Paper Research Institute*

(on back of recovering demand growth from end user industries) against 6% decline in the previous year as the production facilities was completely closed for nearly 2-month in 2020. However, all units resumed operation after June 2020 with nearly 60-70% capacity utilisation while healthy demand of pharma and FMCG sector continued to support the packaging paper demand.

Industrial grade packaging paper – which includes kraft paper and duplex paper / paperboard – dominates the paper & paperboard production landscape in India. Packaging paper accounted for nearly 71% of total production, writing & printing paper accounts for nearly 22% and newsprint, tissue & other types account for 7% of total production[6].

On demand side, domestic paper consumption[7] was estimated at 19.9 Mn tonnes in FY 2022, registering y-o-y 6.8%, with Packaging Paper/Board segment alone accounting for nearly 63% share followed by writing and printing paper contributing 24% share and newsprint accounting for the remaining 13%.



Source: Indian Paper Manufacturers Association

The Packaging paper segment witnessing a significant growth in demand with growing packaging needs from e-commerce, food and food products, FMCG and pharmaceutical sectors. The installed capacity levels in packaging paper are seen picking up progressively, aided by the capex incurred in the recent past over FY2017 to FY2022.

Kraft Paper

Overview

Kraft paper is a type of paperboard / industrial paper which has high elasticity and high tear resistance properties, making it ideal for packaging applications. The name kraft refers to the pulping process used to manufacture the paperboard. It is used for packing individual products, in the manufacture of corrugated boxes & cartons, for bundling as well as void fill. Additionally, kraft paper can also be used as a load binder between layers of palletized products.

Some common varieties of kraft paper include white, printed, colored, black, etc. They can be easily recycled, reused, and decomposed completely. As a result, kraft paper is widely utilized in numerous packaging applications, including envelopes, bags, sacks, composite cans, pouches, cartons, etc.

Major types of kraft paper:

- **Unbleached Kraft Paper:** Made from 100% unbleached pulp and is coarse in nature. Unbleached kraft paper include both virgin & recycled varients, black kraft paper, colored kraft paper, steel interleaving kraft paper, electrotechnical kraft paper, and sack kraft paper, among others.
- **Bleached Kraft Paper**: Made from pulp which has been chemically bleached and is finer than unbleached paper. The bleaching process weakenss the paper while improving the asthetic appeal. Some of the commonly used bleached kraft paper include machine glazed, machine finished, smooth finished, clay coated kraft, laminated kraft, and medical grade kraft paper, among others. Some of the special types of kraft paper used.

[6] *Indicative market share, based on previous years production pattern*
[7] *Apparent Consumption (Production import-export), Source IPMA*

- **Kraft Liner:** Kraft paper varient whose fiber content is not less than 80%. It is manufactured from bleached or unbleached sulphate pulp and has high strength & moisture resistance. Due to these properties, kraft liner is used as outer and/or intermediate ply in corrugated boards. It is made from virgin fiber and posses high resistance to tearing, and stress. Some of the commonly used kraft liners include White Top Kraft Liner, Brown Kraft Liner, and Virgin Kraft Liner Paper. Among these White Top Kraft Liner is a two ply paper, with top ply made from pure bleached hardwood and botton ply from unbleached softwood fiber. White Top Kraft Liner has excellent printable properties, making it an ideal packaging paper for consumer durables, food & beverages, and high-quality printing.

- **Test Liner:** It is a 2 ply product made from recycled fiber and is used as intermediate ply in corrugated board. In terms of strength, test liner is inferior to kraft liner as the former has a higher recycled fiber content.

- **Fluted Paper:** It forms the middle part of corrugated board, i.e the middle ply in a corrugated board. Normally, fluted paper is made from 100% recycled source. Hence a corrugated box comprise of three parts. The middle part is made of fluting paper while the top and bottom layer (outer and inner ply) is made from liner varient (kraft liner and test liner).

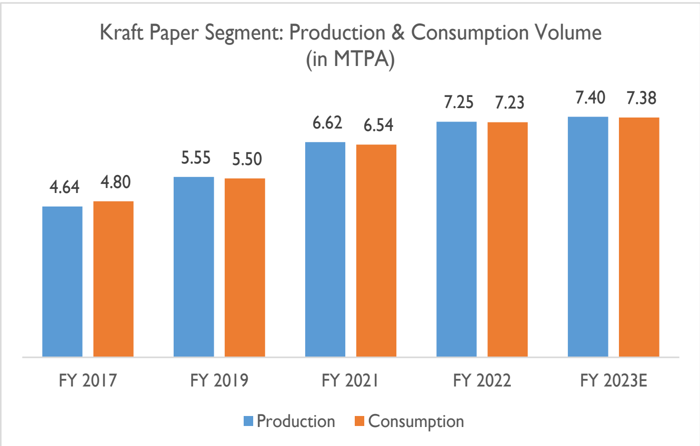
Key Advantages

Kraft paper can be reused, and it has certain fall resistance, good stiffness and good buffering. Kraft paper is naturally biodegradable. In addition, it is recyclable. At the end of its use, it can therefore be used in the manufacture of new paper rolls. Kraft paper is also made from a natural, non-toxic material. It therefore poses no threat to nature once used. The kraft packaging manufacturing process is both environmentally friendly and eco-responsible.

Current Scenario[8]

Kraft paper is the largest segment in Indian paper & paperboard industry. It accounted for nearly 36% of the domestic consumption and nearly 35% of domestic production of paper & paperboard in India. The strong demand from packaging sector has played a major role in elevating the kraft paper segment to become the single biggest segment of Indian paper & paperboard industry.

Annual consumption of kraft paper in India was approximately 7.23 million tons in FY 2022 while production was nearly 7.25 million tons. Between FY 2017 and 22, kraft paper production in the country has grown by a CAGR of nearly 9.3% while consumption has increased by a CAGR of nearly 8.5%. For FY 2023, annual production is estimated to be nearly 7.4 million tons while annual consumption is estimated to be nearly 7.38 million tons.



Source: Indian Paper Manufacturers Association, D&B Analysis

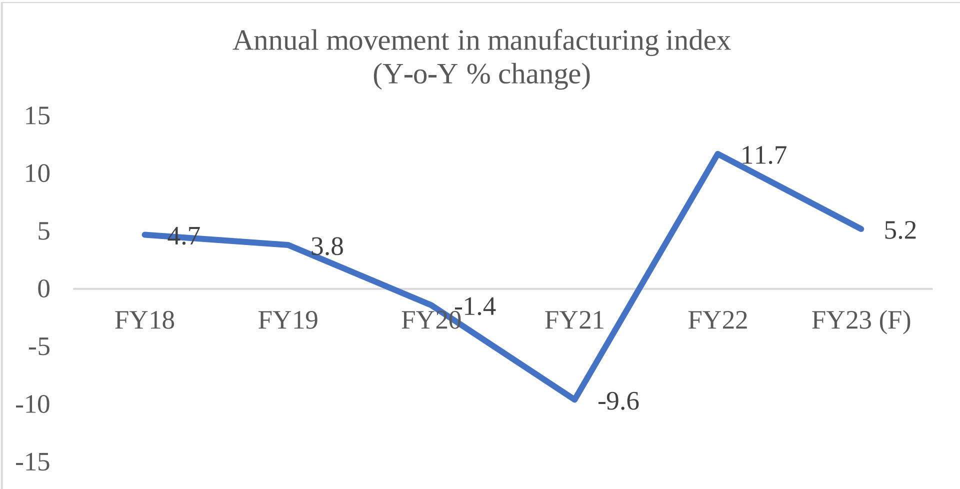
[8] *D&B have used the apparent consumption data provided by Indian Paper Manufacturers Association (IPMA), as well as export & import data provided by Ministry of commerce to arrive at annual production figures. This approach has been taken in the absence of no direct data capture related to kraft paper production*

Demand Drivers

Demand for industrial paper is closely linked to consumer demand pattern as its usage is primarily for packaging consumer products ranging from food products, garments, foot wear, pharmaceuticals, and other consumer durable and non-durable products. Higher sales of consumer products that trigger consumer product packaging translate into demand for paperboards.

Uncoated Kraft Paper is classified as industrial paper and is widely used in manufacturing of corrugated boxes which are primarily used for packaging and find application in a wide range of industries such as FMCG consumer electronics, textiles, pharmaceutical, amongst others. Consequently, demand for corrugated products and Kraft paper is closely connected to the demand scenario prevalent in its key consumer segment.

- **Industrial Goods**: Demand for the corrugated boxes primarily depends upon growth in the industrial activity, as most of the products manufactured are packaged in a corrugated box/cartoon. As corrugated boxes are used in varied industries it impacted from fluctuation in industrial activities. The industrial growth in FY23 likely to be driven by the manufacturing sector. As per CMIE, the manufacturing output to grow by 5.2 per cent. Components including basic metals, other non-metallic mineral products, motor vehicles, machinery and food products are expected to contribute substantially to this growth in output.



Source: CMIE; Dun and Brad Steet.

Despite increase in the manufacturing index by 5.2%, the demand for the corrugated boxes fallen due high prices and drop in demand from the international market amid fluctuating currency. The jump in prices of kraft paper used for making corrugated boxes led rise in cost of manufacturing, consequently the demand for the packing material also reduced during the third quarter of FY23.

- **Expanding utilization in the E-Commerce Industry:** This rapid rise in internet users and smartphone penetration coupled with rising incomes has assisted the growth of India's e-commerce sector. India's e-commerce sector has opened up various segments of commerce ranging from business-to-business (B2B), direct-to-consumer (D2C), consumer-to-consumer (C2C) and consumer-to-business (C2B). Major segments such as D2C and B2B have experienced immense growth in recent years. The Indian e-commerce market is estimated to be worth over $55 Bn in Gross Merchandise Value in 2021. By 2030, it is expected to have an annual gross merchandise value of $350 Bn. Further, as of 2021, more than 348 million users were conducting online transactions, and nearly 140 million were shopping online (source: National Investment Promotion and Facilitation Agency). Preference for kraft paper in the e-commerce industry for packaging solutions on account of various associated benefits, such as folding resistance, toughness, and high-strength compression performance helps to derive the market growth of Kraft Paper. In addition, the government's initiatives to prohibit the single use of plastic bags also would aid to increase the demand for kraft paper.

- **Rise in demand from food and beverage industry**: As per the published reports, the food and beverage industry in India is becoming more and more profitable. The growth of food and beverage driven from various factors such as expanding urbanization, the changing eating and living patterns of the millennial population, rising household spending rates, etc. Paper packaging is in greater demand in the food and beverage industry due to its ease of recycling, potential to reduce air pollution, and ability to clean the environment. Hence, the growth of food and beverage industry would likely to derive the growth packaging paper.

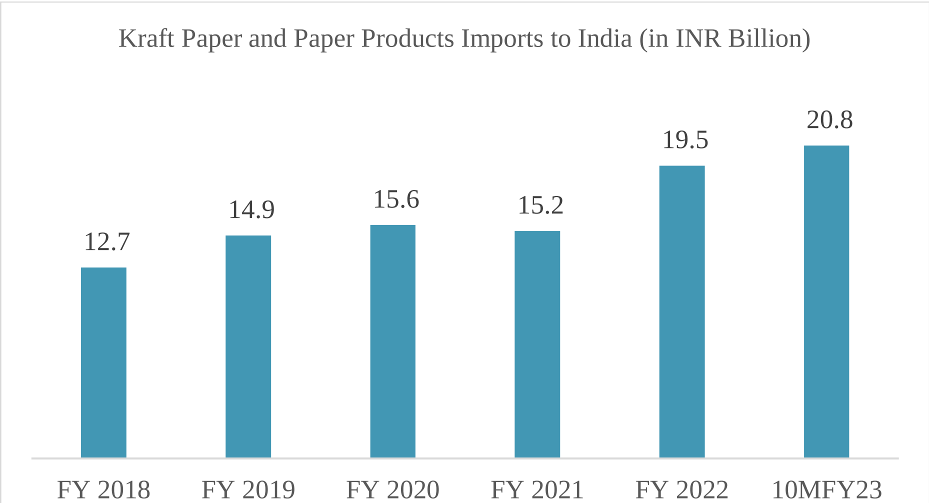
- **Growth in Pharma sector:** This growth of pharmaceutical sector benefitted all players in the industry, ranging from drug manufacturers, equipment manufacturers to packaging product suppliers. During FY 2015-21, the annual revenue turnover in Indian pharmaceutical industry grew by a CAGR of 8%, on the back of strong domestic and export demand. However, the spread of covid-19 pandemic negatively impacted the revenue growth in FY 2022, especially the growth in export revenue. Pharmaceutical exports in FY 2022 totaled INR 1,414 Bn, which was almost in line with previous year's figures. The disruption in freight movement due to the Covid-19 pandemic during the first half of FY 2022 appears to have severally impacted pharma exports from the country. Although freight movement improved towards the second half of FY 2022, the pickup in pharma exports appears to be moderate (despite the weak currency). During the first ten months of FY 2023 (April 2022 – January 2022), India exported nearly INR 1,276 Bn worth of pharmaceutical products.

- Given the essential nature of the product, this moderation in growth experienced in FY 2022 is widely considered to be temporary in nature. Revenue growth in the sector is expected to normalize over the next couple of years, as export growth picks up along with continuation of strong domestic demand. Based on these expected developments, the annual revenue turnover in pharmaceutical industry is expected to reach INR 7,300 Bn by FY 2030, growing by a CAGR of 10% during FY 2022-30. With the country becoming a major exporter of drugs, the need for quality duplex coated boards arose creating vast opportunity for paper mill.

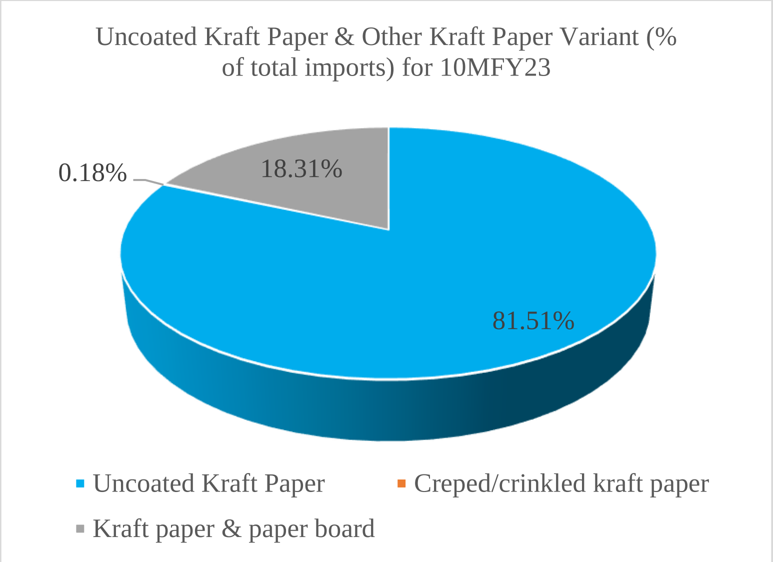
Export Import Scenario

Imports

India is a net importer of Kraft paper. In FY 2022 approximately, INR 19.5 Bn worth of Kraft paper was imported to India, as against an export of only INR 13.4 Bn. The value of imports grew significantly at ~29% in FY22 and further increased during the 10MFY23 period. Uncoated Kraft paper is the largest imported Kraft paper variant to India, contributing to nearly 79% of total Kraft paper and Paper imports to India in FY 2022. The major portion of uncoated kraft paper imported to India came from USA and Sweden.

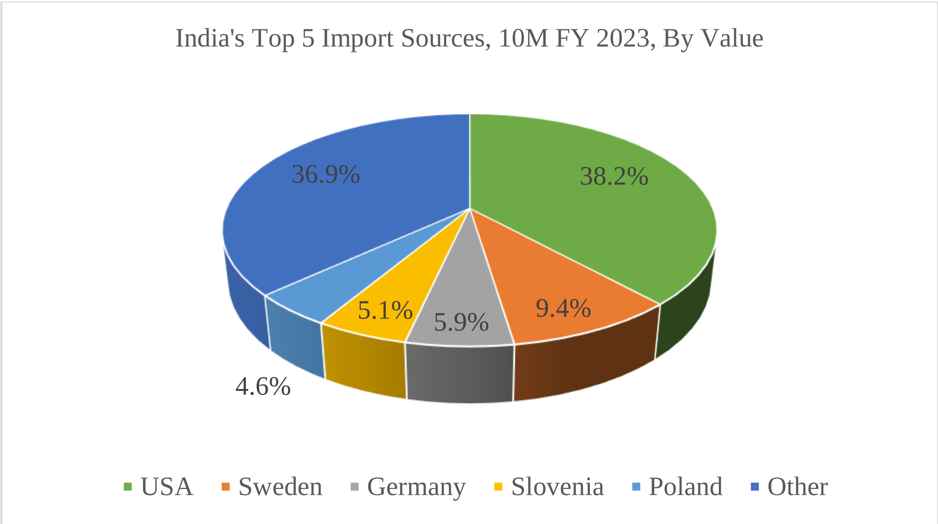


Source: DGFT; Trade Data & Statistics



Source: DGFT; Trade Data & Statistics

Uncoated paper accounts 81.5% to the total kraft paper and paper products imports to India during the 10MFY23 period.

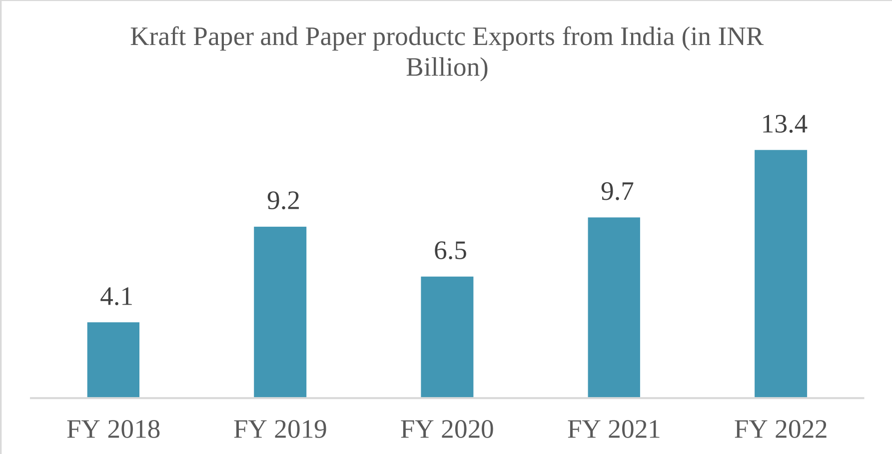


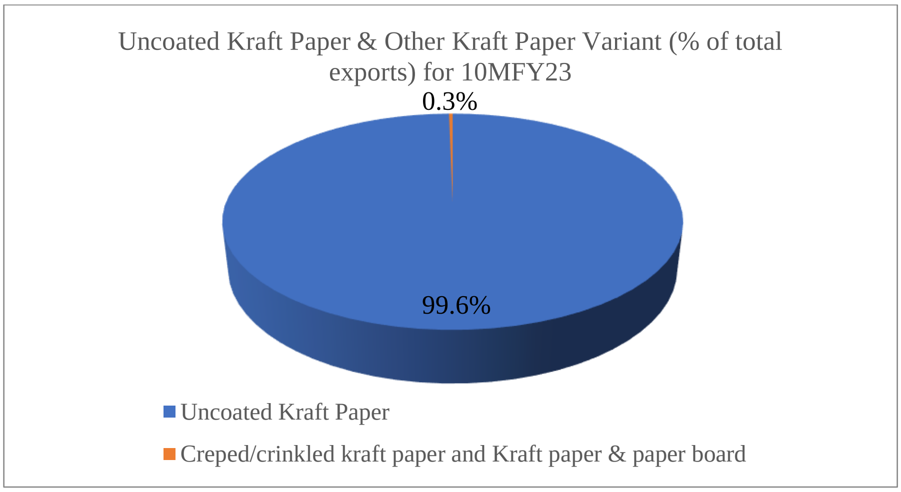
Source: DGFT; Trade Data & Statistics

As per above chart, USA accounts 38.2% to the total import during 10MFY23 for uncoated kraft paper variant followed by Sweden and Germany.

Exports

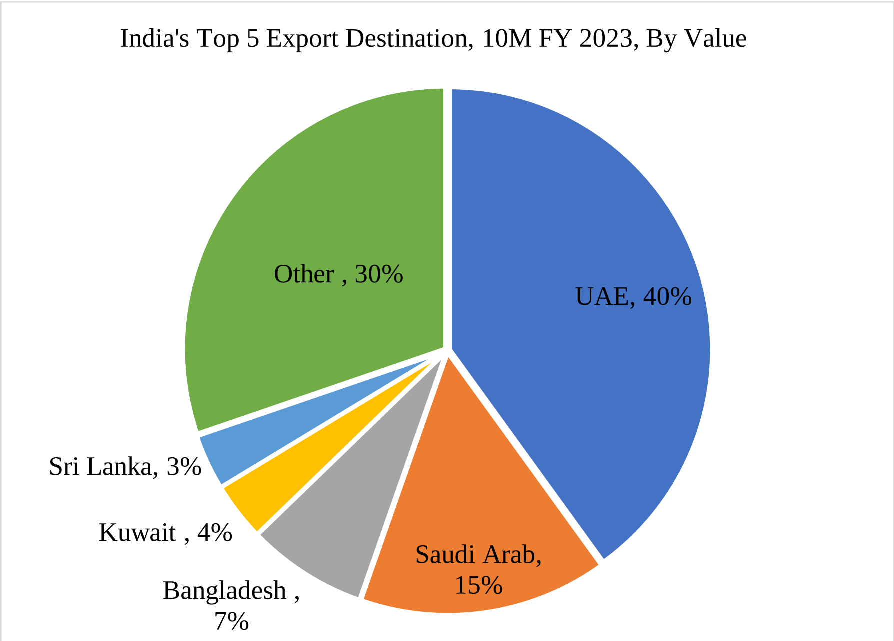
The value of Kraft paper and paper products exported from India was INR13.4 bn in FY22; there was 37% growth in exports in FY22. The major export was happened to UAE in FY22. During the FY20, the exports witnessed a dip mainly on account of Covid led disruptions in the industry.





Source: DGFT; Trade Data & Statistics

Out of the total value of uncoated kraft paper and paper products exported from India during 10 MFY23 period, uncoated kraft paper accounts major portion to the total exports and the major countries contributed to the total total export of uncoated paper variant during the same period was UAE followed by Saudi Arab and Bangladesh.



Source: DGFT; Trade Data & Statistics

Major Challenges

The major challenges faced by Indian paper industry is availability of raw materials. Inadequate raw material availability domestically is a major constraint for the paper industry. As per IPMA, over 90% of wood demand met through industry driven agro/farm forestry (1.2 million hectares); rest through Government sources and other sources. Current demand for pulpable wood by paper industry is about 11 million tonnes per annum (TPA) while domestic availability is 9 million TPA and the demand projected to rise to 15 million TPA by 2024-25.

Another major concern is foreign currency fluctuations as majority of the paper mills are meeting their raw material requirement through imports. Any sharp fluctuations in the foreign currency would directly impact the operating margin of the players who imports more as compared to domestic consumption. Rising freight rates, increasing coal, chemicals and other inputs rates are another key areas of concern in this Industry.

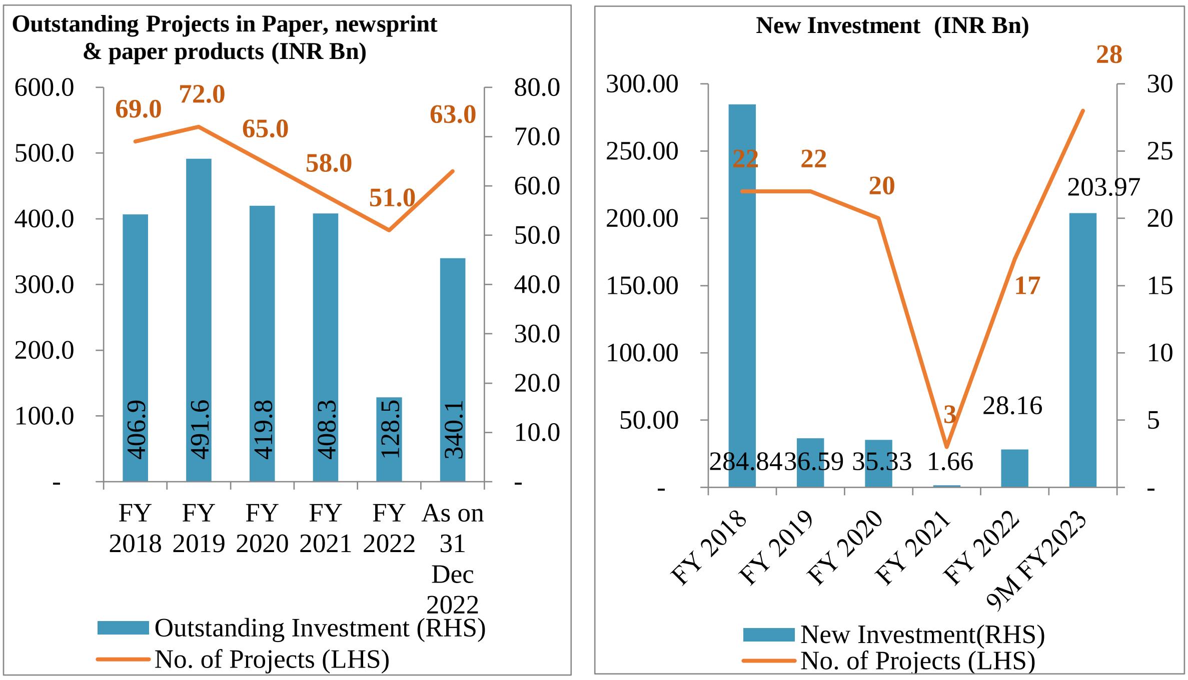
The growth and sustainability of the paper industry to a large extent will be influenced by the new and emerging environmental issues. The paper manufacturing industry is exposed to environmental risk of air, water, and land pollution, with discarded paper and paperboard making up a sizeable portion of the solid municipal waste in landfills. Pulp and paper generate a notable amount of industrial air, water, and land emissions. The players in this industry has to meet the environmental standards and regulatory compliances all the time.

Upcoming Projects

As per the data from CMIE, the new projects announced in Paper, Newsprint & Paper Products Industry during 2021-2022 was to the tune of INR28.16 bn million for 17 mills. This was significantly higher as compared to the last year. The investment further increased significantly during the 9MFY23 period.

The outstanding investment in Paper, Newsprint & Paper Products Industry was INR128.5bn and it was INR340.1 bn as of 31st December 2022.

Investment Trend in Paper, newsprint & paper products



In the Kraft paper industry, there are new projects announced to the tune of INR13,738.9 million. Below are the projects announced/under implementation in Kraft Paper industry.

Entity /Companies	Project Detail	Investment (INR)	Status
A N S Paper Mills Pvt Ltd	Mastenahalli Kraft Paper Manufacturing Unit located in Chikkaballapura, Karnataka.	1050 Mn	Announced in June 2022

Ruchira Paper Ltd	Jattawalla & Johron Kraft Paper, Cup Stock Paper Plant Expansion Project. The projects are located in Himachal Pradesh. The proposed capacity for kraft paper under this projects is 65.20 '000 tonnes and for Cups 36.30 '000 tonnes p.a.	427.2 Mn	Announced in December 2021
Shree Banshi Luxmi Industries Pvt Ltd	Somanathpur Kraft Paper Unit Project. The project is located in Baleshwar, Odisha. The proposed capacity of this project is 300 tonnes/day.	1200 Mn	Announced in December 2021
Spino Paper & Boards Pvt Ltd	Banki Kraft Paper and Duplex Board Manufacturing Unit Project. This project located in Cuttack, Odisha with proposed installed capacity of 66138 tonnes p.a.	561.7 Mn	Announced in March 2022
B & B Triplewall Containers Ltd	Bargur Industrial Park (Sipcot) Kraft Paper Manufacturing Plant Project. The project is located in Thiruvallur, Tamil Nadu with proposed capacity of the this project is 99000 tonnes.	1000 Mn	Under Implementation

Regulatory Scenario

Paper Industry in India is a key segment of the manufacturing economy with annual turnover of INR 800 billion. Acknowledging its importance, Indian paper industry has been considered as one of the priority sectors. Hence, the Government of India is consistently taking steps to bring the tariffs in line with the ASEAN members. Paper pulp, paper, paperboard and newsprint industries have been de-licensed.

Up to 100% Foreign Direct Investment (FDI) is allowed in paper and pulp sector, through automatic route on all activities except those requiring an industrial license from location angle i.e. the project should not be located within 25 km from the periphery of a city with 1 million inhabitants or more.

Currently, Indian paper & paper product industry is extremely fragmented with numerous players in the small and medium sector. There is a lack of comprehensive regulations on quality compliance, emission standards, as well as manufacturing practices.

With regards to raw material availability, various laws such as the Indian Forest Act 1927, the Forest Conservation Act, 1980, and the National Forest Policy, 1988 mandate the phasing out the supply for wood for wood-based industries. As a result, the Government has sought to address the raw material deficit by encouraging agro-forestry including the commercial cultivation of trees for paper production by launching the National Agro-Forestry Policy in February 2014. The policy reflects a growing trend of industry-sponsored farm forestry, in particular by players such as ITC and Andhra Pradesh Paper Mills Ltd.

Measures Proposed and Adopted to Improve the Raw Material Supply Scenario:

The scarcity of wood is a major concern to ensure input supplies for the paper manufacturing industry. Due to the scarcity of wood resources in India and absence of enabling policies favouring industrial/production plantation, securing future wood supplies at reasonable prices is the key challenge for domestic paper manufacturing industries. Accordingly, a working group constituted under the 12th five-year plan, suggested measures to resolve the raw material problems affecting the paper industry. Few, of the group’s major recommendations include

- Conversion of Forest Development Corporation (FDC) into the nodal agency to facilitate the growth of captive plantation
- Incentivising captive plantation, and contract farming, till the time the government approves the industry’s proposal to use degraded forest lands for industrial plantations, and
- Zero import duty on all machines, implements and technology required to undertake such a project.

The Ministry of Environment, Forest and Climate Change has reviewed the prescribed limits for non-paper materials in waste paper consignments being imported from other countries. In supersession of the O.M. issued vide No. 13-1/2004-HSM dated 11-05.2010, the revised guidelines and specifications for non-paper materials in waste paper consignments are available in the link https://ippta.co/wp-content/uploads/2023/01/Guidelines-for-disposal-of-waste-from-Waste-Paper.pdf

The Directorate General of Foreign Trade (DGFT) has issued a clarification on the Implementation of the Paper Import Monitoring System dated 23rd January 2023.

Paper manufacturers complain of dumping of cheap paper into the country by global players. To address this issue, the government changed the import policy from free to free-with-mandatory registration under the Paper Import Monitoring System on 1 October 2022. Under this system, an importer is mandated to provide advance information online about the import of certain types of papers. The move is aimed at curtailing dumping of paper into the country so that domestic players could get pricing stability.

Competitive Landscape

The Indian paper industry is highly fragmented with several organized and unorganized players. Especially, in the Kraft paper segment, the competition is intense. Consequently, players have limited pricing flexibility. The industry is highly fragmented, mostly SMEs engaged in the manufacture of paper and paperboards and newsprint. The 12 large units accounts for 30% of the total paper production and balance units mostly comprising of medium and small paper mills with production share of 70%. The major players of the industry are located in Andhra Pradesh, Tamil Nadu, Maharashtra, Punjab, Madhya Pradesh and Gujarat. In terms of numbers, Gujarat top the mill count with 130 units, followed by U.P (115), Maharashtra (112) and Tamil Nadu (88).

Like the broader paper industry, Kraft paper manufacturing industry in India too is fragmented. As per industry sources, the number of Kraft paper mills with installed capacity of over 100,000 tons per annum is very few. The industry is dominated by small and medium size manufacturing units, the fragmented nature could be attributed to the low entry barrier in the segment.

Notable Players	
Paswara Papers Limited	Part of Paswara Group, the Company is one of the leading manufacturers of multi-layer Kraft paper in India. The Company was established in 1980 and currently manufactures all major types of Kraft paper, including Kraft liner, test liner, fluting medium paper, and specialty paper. The company's present capacity is 1,25,000 MT for Multi-Layer Kraft Paper and 40,000 MT for M.G Kraft Paper & Kraft Board.
Genus Paper & Boards Limited	The Company, part of Kailash Group of Companies, manufactures waste paper based multi-layer Kraft paper. Based in Uttar Pradesh, the Company has an installed manufacturing capacity of 140,000 tons of Kraft paper per annum. In addition, the Company in 2018 has leased a manufacturing facility in Uttarakhand which has an installed capacity of 75,000 tons per annum. With this the total installed capacity base of the Company has swelled to nearly 215,000 tons per annum, making it one of the largest players in Indian Kraft paper industry.
Ruchira Papers Limited	The Company established in 1980 manufacturers Kraft paper as well as writing & printing paper. The manufacturing plant of the Company is located in Himachal Pradesh. The Company's initial production capability was of 7 tonnes per day (TPD) of kraft paper, which is currently approximately 400 TPD of kraft paper along with writing and printing paper.
Shree Ajit Pulp and Paper Limited	Incorporated as a Private Limited Company on 23/03/1995 and converted to Public Limited Company on 13/11/1995, the firm started its journey of manufacturing quality kraft paper in 1997. The company's production facility is in Vapi, Gujarat, with an installed manufacturing capacity of 120,000 metric tons per annum (MTPA).

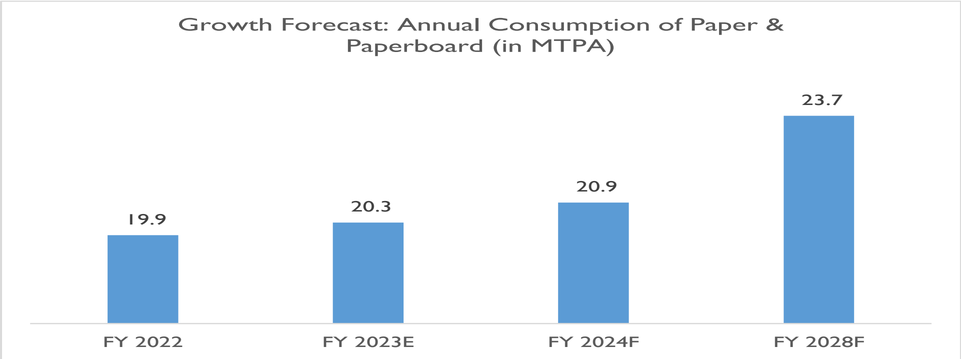
Growth Forecast

Paper Industry

The production and consumption of paper products is likely to witness a growth backed by revival in demand from various sectors, particularly the demand from packaging sector has been increased significantly. Presently, the demand witnessing a shift towards packaging sector mainly on accounts of increased demand from various sector like e-commerce, food and beverage industry, pharma industry etc. However, the demand for newsprint is witnessing a declining trend digital technologies were getting popular.

Demand for paper & paperboard in India have always been in sync with economic growth. It has followed both the growth as well as contraction phase of the economy. Considering the increasing usage of paper & paperboard, this corelation with economic activity is expected to remain intact. Hence, the future economic growth forecast provides a glimpse into the expected growth in paper demand in the coming years. Economic growth in India is expected to slowdown in FY 2024, the rate of growth in demand for paper & paperboard too is expected to be moderate.

Going ahead, annual demand for paper & paperboard is expected to reach nearly 20.9 million tons in FY 2024, and subsequently increase to nearly 23.7 million tons per annum by FY 2028[9]. This growth forecast is contingent on the continued growth in economic activity in India. Any disruptions in broad industrial and economic growth would have an impact on future demand for paper & paperboard.



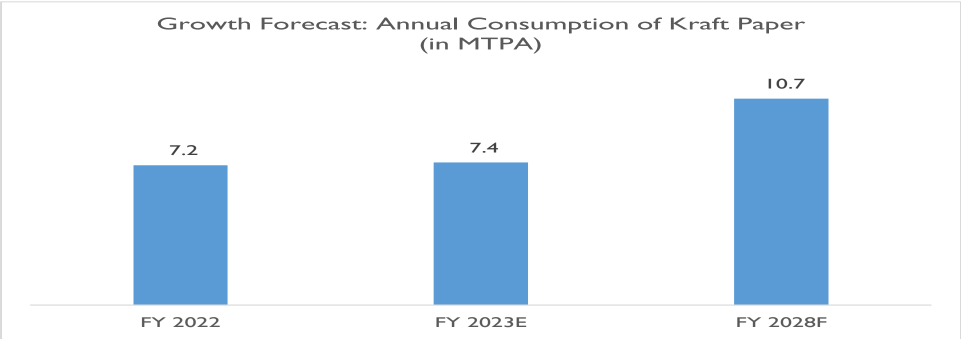
Source: D&B Analysis

Kraft Paper

For the kraft paper segment, the strong growth in packaging industry is expected to support future growth. Post pandemic, the consumer demand picked up in FY 2022 and continued in FY 2023 (at a moderate rate). This has accelerated the industrial production in India. Although this is lower than the pre-covid growth rate, India will remain one of the fastest growing economies in the world.

This stable economic growth is based on the continuation of consumer demand, and consequently the industrial activity. Packaging segment would be one of the beneficiaries. Apart from traditional sectors, the demand for packaging products (including kraft paper) is expected to grow strongly from e-Commerce sector. Additionally, the move towards environmentally friendly packaging options that is leading to shifting from plastic packaging too would be beneficial in driving demand for kraft paper & packaging products made from them.

Considering all the above factors, annual consumption of kraft paper is expected to increase from nearly 7.23 million tons in FY 2022 to nearly 10.7 million tons in FY 2028[10].



Source: D&B Analysis

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[9] *Growth forecast for paper & paperboard is linked to the expected economic growth in the country. Long term GDP growth forecast in India is estimated to be around 6%, and this has formed the basis for the forecast of paper & paperboard demand*

[10] *Kraft paper consumption forecast is basis the assumption that share of kraft paper consumed as a percentage of overall paper & paperboard consumption in India would increase. There has been a considerable increase in this share between FY2017 and 22, and this trend is expected to continue.*

OUR BUSINESS

Some of the information in this section, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. Before deciding to invest in the Equity Shares, Shareholders should read this Draft Letter of Offer. An investment in Equity Shares involves a high degree of risk. For a discussion of certain risks in connection with investment in the Equity Shares, you should read the section titled "Risk Factors" on page 21, for a discussion of the risks and uncertainties related to those statements, and you should read the section titled "Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 85 and 133, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Unless otherwise stated, the financial information used in this section is derived from our Audited Consolidated Financial Statements.

Overview

We are primarily engaged in the business of manufacturing, marketing and selling of machine glazed Kraft paper-Testliner *(single wire)* and multi-layer Testliner *(triple wire*) from waste recycled papers with wide range from 80-330 grams per square metre ("**GSM**") and varying from 18-35 bursting factor ("**BF**") in **("Manufacturing Unit – I")**. We are also venturing in light weight 40-120 GSM with high tensile performance kraft paper in **("Manufacturing Unit – II")**. Our products have a variety of applications and are used in industry such as FMCG, textiles, automobiles, e-commerce, pharmaceuticals, perishable, other packaging items for industrial and household purpose, paper bags, etc. We sell our products in domestic as well as in international markets.

Our Manufacturing Unit – I and II are located at Survey No. 239, village salvav, 106, 107, 108P and 105P, Morai, Near Morai Railway Crossing, Vapi 396191, Valsad, Gujarat, India with an installed capacity of 1,20,000 MTPA and Plot No. 1 and 1/B, Phase I, GIDC, Vapi - 396195, Gujarat with an installed capacity of 82,500 MTPA, respectively. Manufacturing Unit - II is newly setup and has commenced the commercial production w.e.f. July 17, 2023.

We are certified in 'Single Chain of Custody (COC)" with 'FSC-STD-40-004 V3-1', 'FSC-STD-40-007 V2-0', FSC-STD-50-001 V2-0' standards issued by Preferred by Nature. We have been recognized as a 'One Star Export House' by Ministry of Commerce and Industry, Government of India for our performance in export of our products.

We are also engaged in the generation of electricity from windmills. We have an aggregate installed capacity of ~1.50 and ~1.25 megawatts (MW) for our wind power facilities located at Rajkot and Dwarika which we use for our captive consumption, which in turn helps us reduce the cost of power.

We attribute our growth to our experienced, and dedicated management team. We leverage their experience in our strategic decision making in the day-to-day operations of our Company. Our Promoter, Gautam D. Shah, with his significant experience, vision and knowledge, has enabled us to identify and implement our growth strategies. His leadership skills and insights of the industry have helped us to grow the business and identify changing market trends.

Our financial performance

Our financial performance, on a consolidated basis, for the Financial Year 2023 and Financial Year 2022 are summarized below:

(in ₹ lakhs)

Particulars	Financial Year 2023 (Audited)	Financial Year 2022 (Audited)
Revenue from operations	37,187.69	41,824.80
EBITDA**	3,897.69	4,349.17
Net Profit after Tax (before OCI)	2,069.97	2,162.28

***Includes share of profit/(loss) of joint venture accounted for using equity method (net of tax) of ₹938.90 lakhs and ₹ (345.17) lakhs for the Financial Year 2023 and Financial Year 2022, respectively.*

Our Strengths

Extensible Business Model

Over the years, our Company has been able to increase the installed capacity at our manufacturing Unit-I from ~16,500 MTPA to ~1,20,000 MTPA. Currently, manufacturing Unit – I have two line of production i.e., PM1 and PM2, as on March 31, 2023, the utilised capacity is above ~79% of our installed capacity which enables us to service our existing customers as well as potential customers. We have also commenced commercial production in Unit II located at Plot No. 1 and 1/B, Phase I, GIDC, Vapi - 396195, Gujarat from July 17, 2023, which is expected to augment our production capacity. Since our business model is order driven, we shall ensure proper utilisation of resources to maintain productivity, build strong network with raw material suppliers, reduce other manufacturing cost and achieve consequent economies of scale. This model has helped us to escalate our production capacity as and when required alongwith the maintenance of quality of our products and to continue to escalate our production capacities in order to meet the customer specific requirements and development of new markets.

Captive Power Plant

Power is an important factor in our manufacturing facilities, which constitutes 16.39% and 13.32% of our total expenses for Financial Year 2023 and Financial Year 2022, respectively. As a part of environment friendly sustainable measure with respect to reduction of carbon footprint, our Company has installed two windmills with a total installed capacity of ~1.50MW and ~1.25MW at Rajkot and Dwarka, respectively for captive consumption. Our Company has installed ~2.40 MW co-generation power plant for electricity supply to our Manufacturing Unit - I. We have also installed ~4.45 MW co-generation power plant for electricity supply to our Manufacturing Unit – II.

Strong Marketing and Distribution Network

Since 1997, our Company has been manufacturing M. G. Kraft paper, and from the year 2009, our Company has also started manufacturing Single and Multi-layer Testliner. Over the years, we have established a strong customer base including well established marketing network of agents spread across the western and southern region to sell the products. As on August 31, 2023, we have a total of 37 marketing distributors and all the distributors are located in India, where we market our products predominantly to corrugated box manufacturers.

Well-equipped manufacturing facilities and processes with proximity to ports

Our Kraft paper is used in the packaging industry, mainly for textiles, FMCG, pharmaceutical, automobiles, E-commerce, paper bags etc. and other packaging purposes. Our Company has adequate facilities to ensure that the quality of our products are maintained. We have invested in modern machinery, equipments and efficient manufacturing process to ensure consistent quality of our products. Our manufacturing Unit-I is equipped with latest technologies from the Metso, Valmet, Kadent etc. We have installed modern machinery and equipments in Unit-II to explore new production process and output.

Our manufacturing units are strategically located in proximity to the ports. The connectivity of our manufacturing units with the ports helps us to optimize costs, reduce lead time and maintain efficiencies. We believe that the location of our manufacturing facilities provides us a competitive advantage over our competitors.

Extensive experience of our Promoters and Management Team

Our two of the Promoters namely, Gautam D. Shah and Bela G. Shah have a proven background and experience in the paper industry. Our one of the Promoter, Gautam D. Shah, Chairman and Managing Director, has been on the board of our Company since incorporation and have more than 3 decades of experience of the industry in which we operate. He oversees strategic planning and administration of the business . One of the Promoter, Bela G. Shah has been associated as whole-time director and chief financial officer and oversees the management of business undertaking, finance, commercial administration, and strategic planning. Their combined experience and knowledge have enabled us to identify and implement our growth strategies. Our Company is managed by a team of experienced personnels having operational and business development experience, who also bring business acumen to the Company. We believe that our collective experience of Promoters and experienced personnels and their understanding of the paper industry will enable us to continue to take advantage of both current and future market opportunities. Further, their understanding and applied knowledge will help us in addressing and mitigating various risks inherent to our business. For further details on the qualifications and experience of our Promoters and Directors, see *"Our Management and Organisational Structure"* on page 81.

Our Strategies

Expanding additional production facilities which will increase our product range

Expanding production facilities are continuous process. Over the years, we have been able to increase our installed capacities from ~16,500 MTPA to ~1,20,000 MTPA to support our growth. In order to enhance the production capacity, the Company has also acquired Unit-II, which has a production capacity of ~82,500 MTPA. This production facility will complement our existing production capacity, which in turn will increase our product range for existing customers and develop new customers as well.

Improving cost structure through economies of scale and optimizing capacity utilisation

We believe in providing quality products at competitive prices, for which we need to achieve cost control and make our manufacturing processes cost effective. We have been scaling up our current installed capacities in order to obtain economies of scale, identify efficient manufacturing operations, improve quality standards and achieve cost efficiencies. We intend to focus on optimizing our utilisation capacity in order to provide products to different industries and strengthen our ability in satisfying the demand of our products pursuant to the needs of the customers.

Focus on latest technology and innovative equipment while maintaining the consistency of quality of products

We have been able to upgrade our technology with scaling up our production capacities and will continue to focus on implementing modern technology and adhere to industry standards. Our manufacturing Unit-I is equipped with latest technologies from Metso, Valmet, Kadent, etc. We have installed other modern machinery and equipments at Unit-II to explore new production process and output. Our products undergo quality check at various levels of production in order to rectify the quality defects or product errors on real time basis. We also have an in-house laboratory for conducting various tests such as chemical test, bursting factor test, moisture, thickness, weighing balance, tear testing for raw materials and finished goods. We intend to focus on timely delivery of quality products along with cost competitiveness. We have always focused on quality as compared to our end products and have hired consultants for project management for setting-up Unit-II with modern infrastructure.

Leverage our position to capitalise on growth opportunities in both, domestic and international markets, by expanding customer base

We cater to domestic and international customers and ensure timely supply of cost-efficient quality products. With over 25 years of operations, we have established strong customer base and continue to strengthen and expand our business relationship with existing customers. At Manufacturing Unit-II, we plan to create and market our paper products to strengthen our global presence. Our aim is to reduce dependency on import of finished paper to the extent possible and encourage our customers to explore new varieties of products. We propose to expand our presence in different geographical locations through local agents or distributors to serve a wide customer base. Our marketing team remains well versed with the latest market trends through which we can focus on developing our products according to the needs of customers.

Existing Capacity

Type	**For the year ended March 31, 2023**			**For the year ended March 31, 2022**		
Manufacturing Unit – I	**Installed capacity (MT)**	**Utilised (MT)**	**Utilisation (%)**	**Installed capacity (MT)**	**Utilised (MT)**	**Utilisation (%)**
Multilayer Testliner & Testliner Paper	1,20,000	94,302	78.59	1,20,000	1,02,752	85.63
Total	**1,20,000**	**94,302**	**78.59**	**1,20,000**	**1,02,752**	**85.63**
Manufacturing Unit - II*	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

***Our Company has commenced commercial production w.e.f. July 17, 2023.*

Products Manufactured

Products	Applications
Fluting Medium	Fluting paper is the middle liner kraft of corrugated board providing a cushioning support for the primary product which can be used as a protective packaging paper.
Testliner	It is made from higher content of recycled fibre content and has a good compression value and a unique surface shade. It is used in corrugated boxes and the outer & intermediate layers of the container board. It is used in making corrugated cartons.
Kraft Liner	Kraft paper is durable, which makes it withstand industrial pressure to protect materials in transit. It is widely used in packaging operations for packing and wrapping individual items.

Manufacturing Process

Our manufacturing process for Kraft paper is as follows:

- Procurement and sorting of raw material;
- Pulping section;
- Paper machine operation;
- Rewinding and dispatching.

Procurement and sorting of Raw Material:

The manufacturing process begins with procurement of raw materials. The major raw material used in our manufacturing process is wastepaper which is procured majorly from domestic as well as international suppliers. The other raw materials used are chemicals such as starch powder and acid orange. The quantum of local and imported materials vary according to different qualities of products. Waste papers are stored in warehouses and moved to pulping section to process as per desired quality. Waste papers are received in bales and then loaded onto the slate conveyor. The raw material procured is further sorted to remove unnecessary materials, impurities, and other sludges.

Pulping Section:

Conversion into pulp slurry
The first equipment to process the wastepaper is called 'Pulper', which is half filled with processed wastewater (Recycle water) and having a rotor. The wastepaper gets disintegrated into smaller pieces by the mechanical action of the rotor, which is then converted into pulp slurry. There is a perforated screen plate below the rotor to allow the pulp slurry to move into the next processing stage. The bigger size plastics, metals, grit, and wooden pieces are retained in the pulper which is periodically removed by grapple.

Removing of foreign particals and cleaning the pulp

The pulp slurry obtained is moved to a high-density cleaner where heavy metals such as stapler pins, nails etc. get settled at the bottom and are removed at regular intervals and pulp slurry passes to the next processing stage. The pulp slurry is then evacuated from the pulper discharge pump and simultaneously recycled water is added along with the wastepaper from the conveyor.

To remove fine plastics, pressure screens are used where the pulp slurry is mixed with further re-cycled water and the cleaned pulp is further cleaned for fine sands with the use of centri cleaners with four stages of operations to reduce the loss of fibre and clean the pulp. The clean pulp is then passed through a poly disc filter to thicken the pulp slurry.

Refining

The thickened pulp slurry is further processed through a disperser system to treat hot melts with steam and dispersed into fine particles. The pulp slurry is fibre in form, which is treated mechanically through refiners where it is passed through two plates which helps in fibre-to-fibre bonding while forming as a sheet in the paper machine. Further, dyes and chemicals are added to the pulp to impart certain quality and colour to the paper.

Paper Machine Operation:

The processed pulp slurry is then moved to the paper machine through head box. The paper machine consists of following operations:

Wire mesh part

The pulp slurry comes out from the headbox and arrives on the endless wire mesh which is driven by a motor to drain the water from the pulp. Then the pulp slurry is vacuumed to remove water, which is once again used as recycle water. The pulp forms a wet sheet and moisture content is adjusted through a steam profile box to maintain uniform quality across the wet sheet.

Press operation

The wet sheet is further consolidated by presses which consists of two big diameter rolls running over one another by motor. The rolls are further covered by endless felt which takes away water from the wet sheet.

Drying

After press operation, the wet sheet is transferred to steam heated drying cylinder to dry out the sheet. We have 32 cylinders in paper machine-I and 12 cylinders in paper machine-II to dry out the moisture from the paper.

Pressing

When pressing, the starch is cooked with steam, enzyme, and water. The cooked starch is stored in a tank and pumped in between two rolls. The starch is then applied on the surface of paper to add thickness and strength. As paper absorbs starch, the moisture content in paper increases, which needs to be dried further.

Post Drying

This process consists of several drying cylinders with steam heated surface. The sheet moves over the cylinders to loosen its moisture and become a dry sheet.

Online monitoring and pope reel

The paper is scanned by a scanner, which continuously moves over the sheet and monitors the weight, GSM, and moisture percentage of the sheet. The paper is then continuously wound onto a cylindrical metallic roll called spool. Once the spool is wound up to its required diameter, it is lifted.

Rewinding and dispatching:

The jumbo roll is trimmed into reels and weighed as per customer requirement by a rewinder machine, which is then strapped, marked, edge protected and shrink wrapped. The mark reels are then dispatched to customers.

Details of Existing Plant, Machinery, Technology and Process:

Key machineries used to carry out manufacturing processes are as follows:

Paper Machine 1:	**Paper Machine 2:**
Triple wire	Single Wire (MG)
BF: 20 to 35	BF: 20 to 28
In Natural (Brown) and Golden Shade	In Natural (Brown) shade
GSM: 140 to 300	GSM: 80 to 200

We also use equipments such as cell wood hot disperser, kadant radiclones centri cleaners, IBS wave control system, automatic starch cooking system, Valmet IQ slice and steam profiler.

Infrastructure facilities

Our manufacturing plant is well equipped with the required plant and machinery, other equipments, computer systems, security, and other facilities such as fire safety and CCTV camera. Our production plant also has an in-house testing laboratory for quality control checks and testing of raw materials as well as finished products. Our existing manufacturing Unit I and Unit II are spread across on a total area of 24,902 sq. mtrs. and 47,771 sq. mtrs. respectively.

Raw Materials

The primary raw material required in our production process is wastepaper. The other raw materials required are water, chemicals such as starch powder, colour and acid orange etc. We procure our raw materials from domestic and international markets. Our indigenous raw materials are procured from local suppliers and our imported raw materials are primarily procured from suppliers in the United States of America, Europe, Middle East, South Africa and Gulf Countries. Our consumption of imported raw material constituted 82.74% and 75.35% of our total raw material consumption and indigenous raw material constituted 17.26% and 24.65% of our total raw material consumption for the Financial Year 2023 and Financial Year 2022, respectively.

Power

To fulfill our electricity requirements at the manufacturing plant, our Company has an electricity supply arrangement up to ~4.0 MW with Dakshin Gujarat Vij Company Limited. We have also installed an in-house captive power plant of ~2.40 MW to support our electricity requirements. We also generate electricity for our captive consumption from our own windmills, which have installed capacities of ~1.50 and ~1.25 megawatts (MW) located at Rajkot and Dwarika.

Water

Water is one of the important utilities in the paper making process, which is required at every stage of production. The total water requirement is arranged from local authority which is further re-cycled into the system.

Effluent treatment plant

Our Company is a zero-discharge paper industry. We have installed advanced effluent treatment plant with modern technology and energy efficient aeration system that ensures there will be no discharge of industrial wastewater into the environment, which can be achieved by treating wastewater through recycling, recovery, and reuse of water for industrial purpose.

Logistics

We avail the services of local transport companies which are located within proximity to our manufacturing units for transportation of our raw materials. Our customers arrange for transportation of finished products since we sell our products on ex-factory price.

Other Key Resources

Human Resources

The following table provides information about our employees, as on August 31, 2023:

Department	Manager	Officer	Staff	Worker
Accounts & IT	44	6	3	1
Dispatch & Marketing	4	8	4	3
Electrical & Instrument	3	5	4	27
Human Resources	1	6	7	10
Lab & Quality Control	2	1	10	8
Production	3	3	9	103
Purchase & Stores	2	7	13	1
Utility & Maintenance	6	6	5	53
Grand Total	**25**	**42**	**55**	**206**

Intellectual Property

As on the date of this draft letter of offer, our Company does not have any intellectual property registered in India.

Location of Our Business

Registered Office

Our Registered Office is located at Survey No. 239, Near Morai Railway Crossing, Village Salvav, Via-Vapi, Dist. Valsad, 396191, Gujarat, India. The plot on which our registered office situated is a free hold property owned by our Company.

Manufacturing Facilities

Our Company has two manufacturing facilities, which are located at the addresses mentioned below:

Sr. No.	Address	Description	Area	Purpose for which the facility is utilised	Property Type
1.	Survey No. 239, Village Salvav, 106, 107, 108P & 105P, Morai, Near Morai Railway Crossing, Via-Vapi, 396191, Dist. Valsad, Gujarat, India.	Unit I	24,902 sq. mtrs.	Manufacturing of Testliner and Testliner Paper	Owned
2.	Plot No.1 and 1/B, Phase I, GIDC, Vapi, Gujarat.	Unit II	47,771 sq. mtrs	Manufacturing of Testliner and Testliner Paper	Leased

Other Properties

Address	Area	Property	Status	Purpose
Survey No. 92 (New survey No. 676), Near Morai Railway Crossing, Morai, Vapi, Valsad 396 191, Gujarat, India.	23,573 sq. mtrs.	Industrial non-agricultural land	Owned	Godown
S. No. 135/1/Paikee 1 (New Survey No. 287), Near Morai Railway Crossing, Morai, Vapi, Valsad 396191, Gujarat, India	20,020 sq. mtrs.	Industrial non-agricultural land	Owned	Godown
Residential Flat No. 1001, 1002 & 1003 Bearing House No. 5-34/10th-1, 5-34/10th-2 & 5-34/10th-3, Niketan Kinaraa Complex, Village Zumprim, Daman.	4,000 sq. ft.	Residential Flat	Owned	Guest House
S. No. 169 and S. No. 179 (Old S. No. 91), Village Morai, Vapi, Valsad, 396191, Gujarat, India	9,231 sq. mtrs.	Industrial non-agricultural land	Owned	Vacant land

Insurance

Our Company maintains adequate insurance policies for the key assets of the Company which cover all industrial risks associated with the operations of our business. We have obtained Industrial All Risk Policy of all assets including stocks located at Survey No. 239, Village Salvav, 106, 107, 108P & 105P, Morai, Near Morai Railway Crossing, Vapi – 396191, Gujarat, India. We have obtained a fire risk policy for stocks located at plot No. 92 and 93 Village Morai, Vapi - 396191, Gujarat, India. We have also obtained a fire risk policy for all types of stocks and building which are located at old survey No. 135/1, paikee-1 (new survey No.287), Village Morai, Vapi - 396191, Gujarat, India. These insurance policies are reviewed periodically to ensure that the coverage is adequate and in accordance with industry customs, including the terms of and the coverage provided by such insurances. Our policies are subject to standard limitations. Therefore, insurance might not necessarily cover all losses incurred by us and we cannot provide any assurance that we will not incur losses or suffer claims beyond the limits of, or outside the relevant coverage of, our insurance policies.

Marketing Arrangements

Sales, Marketing and Distribution

Our marketing strategy primarily involves sales through agents and distributers. Our marketing efforts are driven by the consistent efforts of our Promoters and marketing team who oversee marketing, distribution, and sales of our products. Our dealer network is well established with whom we have reasonably long-term relationships, through which corrugators and packaging companies are being served as per their required grades. This provides the packaging products to end customers in sectors such as FMCG, textiles, automobiles, E-Commerce, pharmaceuticals, perishable, etc. Once we have manufactured the finished product, our marketing team co-ordinates with customers or dealers to arrange the vehicle for distribution of the products. We participate in various domestic and international exhibitions and trade fairs to expand our reach in new markets and acquire potential customers.

Our customers

The Kraft paper, Single and Multi-layer Testliner (triple wire) manufactured by us are mainly used in manufacturing of corrugated boxes, FMCG, pharmaceuticals, other packaging items for industrial and domestic purposes, paper bags, etc. We market and sell our products mainly in western region and some part of southern northern region in India and in international markets.

Competition

The industry in which we operate is highly competitive. The existing players in the industry compete by providing competitive quality products. Various companies manufacture products that are similar to our products and therefore pose competition to such an extent. We believe the principal elements of competition in kraft paper industry are quality of material supplied, price and timely delivery.

Quality Control and Quality Assurance

Our Company has adopted an approach towards delivering quality products. We have a team of dedicated and experienced technical people for quality control and quality assurance. Our paper products are made using high quality raw material and tested to ensure that the required quality standards are met. Our products pass through different tests to maintain a particular standard of quality, which includes testing of wastepaper, coal, chemicals & other ingredients, water cobb test, testing of pulp, testing of finished product in auto line 400 (L&W-Sweden) for auto measurement of thickness, GSM, BF, Moisture, RCT, SCT, concorra media test for fluting, core compressor, tear factor, etc. We also check reel condition, reel size, reel diameter and weight of the reels before dispatch.

Environment, Health, and Safety

We have implemented work safety measures across the Company to ensure a safe working environment such as helmet protection and fire extinguisher. Being a zero-discharge paper industry, we have installed an effluent treatment plant to keep the discharge of effluents such as solid and liquid to comply with the pollution control guidelines for our manufacturing plant.

Corporate Social Responsibility

As a part of our sustainability initiatives, our Company has constituted a Corporate Social Responsibility ("**CSR**") Committee comprising our executive director and non-executive independent directors as its members. We have taken multiple social initiatives towards promoting health care activities and its infrastructure, promoting education, and reducing inequalities faced by socially and economically backward groups. As a CSR initiative, we have spent a total of ₹ 62.82 lakhs, and ₹ 61.65 lakhs for the Financial Year 2023 and 2022, respectively. The CSR activities undertaken by our Company include areas such as measures for reducing inequalities faced by socially and economically backward groups, healthcare, health, and development services to non-verbal creatures like birds and animals, education, hunger & poverty.

OUR MANAGEMENT AND ORGANISATIONAL STRCUTURE

Our Articles of Association require us to have not less than three (3) and not more than fifteen (15) Directors. As on the date of this Draft Letter of Offer, our Company has 6 (six) Directors on our Board, comprising of 1 (one) Managing Director, 1 (one) Executive Director and 1 (one) Whole-time Director including (one) Woman Director and 3 (three) Independent Directors. The composition of our Board is governed by the provisions of the Companies Act and the SEBI Listing Regulations and the norms of the code of corporate governance as applicable to listed companies in India.

The following table sets forth the details regarding our Board as on the date of this Draft Letter of Offer:.

Sr. No.	Name, Address, Designation, Occupation, DIN, Period of Directorship, Term, Nationality and Date of Birth	Age (in years)	Other directorships
1.	**Gautam D. Shah** **Address:** Ajit Nagar, Chala Vapi, Pardi, Valsad - 396191, Gujarat, India **Designation:** Chairman and Managing Director **DIN:** 00397319 **Date of Birth:** August 24, 1964 **Term:** For a period of 3 years from July 1, 2023 to June 30, 2026 **Period of Directorship:** Since Incorporation **Occupation:** Business **Nationality:** Australian	59	1. Shree Samrudhi Industrial Papers Private Limited
2.	**Bela G. Shah** **Address:** Ajit Nagar, Chala Vapi, Pardi, Valsad - 396191, Gujarat, India **Designation:** Whole-time Director and Chief Financial Officer **DIN:** 01044910 **Date of Birth:** March 25, 1965 **Term:** For a period of 3 years from February 7, 2023 to February 6, 2026 **Period of Directorship:** Since February 7, 2015 **Occupation:** Business **Nationality:** Australian	58	1. Shree Samrudhi Industrial Papers Private Limited
3.	**Prakash D. Patel** **Address:** 17 Sahaj Atul Society, Vapi Valsad Road, B/h Ayush Hospital, Vapi,	52	1. Nil

Sr. No.	Name, Address, Designation, Occupation, DIN, Period of Directorship, Term, Nationality and Date of Birth	Age (in years)	Other directorships
	Valsad – 396191, Gujarat, India **Designation:** Executive Director **DIN:** 00378204 **Date of Birth:** February 15, 1971 **Term:** For a period of 5 years with effect from March 29, 2023 to March 28, 2028 **Period of Directorship:** Since March 29, 2023 **Occupation:** Business **Nationality:** Indian		
4.	**Darshak B. Shah** **Address:** B-1/2, Royal Gems, Vapi Daman Road, Chala, Vapi, Pardi, Valsad, Gujarat - 396191 **Designation:** Independent Director **DIN:** 00098897 **Date of Birth:** December 28, 1975 **Term:** For a period of 5 years from April 1, 2019 to March 31, 2024 **Period of Directorship:** Since July 11, 2014 **Occupation:** Business **Nationality:** Indian	47	1. Arihant Power Equipments Private Limited; 2. Fortune Dream-Con Private Limited; and 3. Rashmi-Manek Developers Private Limited
5.	**Nawalkishor D. Modi** **Address:** F-803, Shivalik Heights, Swaminarayan Gurukul School, Gurukul Road, Vapi, Pardi, Chala, Valsad, Gujarat - 396191 **Designation:** Independent Director **DIN:** 00722024 **Date of Birth:** May 2, 1967 **Term:** For a period of 5 years from December 8, 2020 to December 7, 2025 **Period of Directorship:** Since December 8, 2015	56	Nil

Sr. No.	Name, Address, Designation, Occupation, DIN, Period of Directorship, Term, Nationality and Date of Birth	Age (in years)	Other directorships
	Occupation: Business **Nationality:** Indian		
6.	**Yogesh V. Kabaria** **Address:** Plot no. 199/200, Saurabh Society, B/H Gunjan cinema, GIDC Vapi, Pardi, Valsad, Vapi, Gujarat - 396195 **Designation:** Independent Director **DIN:** 03265992 **Date of Birth:** June 23, 1964 **Term:** For a period of 5 years from December 2, 2020 to December 1, 2025 **Period of Directorship:** Since December 2, 2020 **Occupation:** Business **Nationality:** Indian	59	1. Vapi Green Enviro Limited

Confirmations

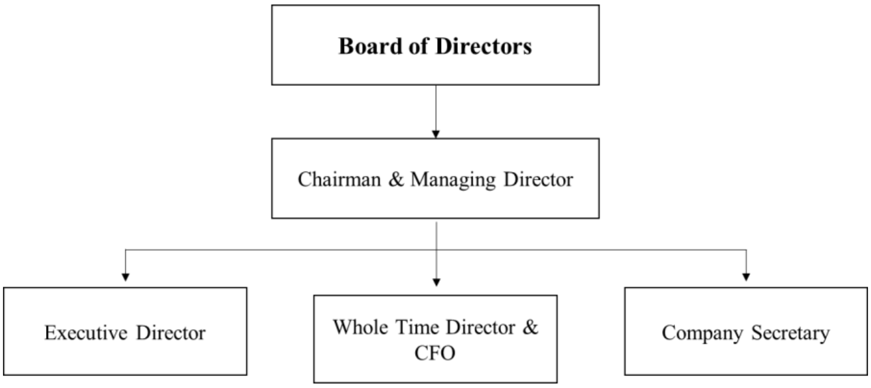
None of our Directors is or was a director of any listed company during the last five years preceding the date of filing of this Draft Letter of Offer, whose shares have been or were suspended from being traded on any of the Stock Exchange during the term of their directorship in such company.

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 their directorship in such company, in the last ten years immediately preceding the date of filing of this Draft Letter of Offer.

Our Key Management Personnel

Sr. No.	Name of Key Managerial Personnel	Designation	Associated with Company since
1.	Gautam D. Shah	Managing Director	March 23, 1995
2.	Bela G. Shah	Whole-time Director and Chief Financial Officer	February 7, 2015
3.	Prakash D. Patel	Executive Director	March 29, 2023
4.	Shanoo Mathew	Company Secretary & Compliance Officer	December 28, 2021

Current Organisation Structure



SECTION V – FINANCIAL INFORMATION

FINANCIAL STATEMENTS

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Deloitte Haskins & Sells LLP

Chartered Accountants
One International Center
Tower 3, 27th-32nd Floor
Senapati Bapat Marg
Elphinstone Road (West)
Mumbai-400 013
Maharashtra, India

Tel: +91 22 6185 4000
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INDEPENDENT AUDITOR'S REPORT

To The Members of Shree Ajit Pulp and Paper Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Shree Ajit Pulp and Paper Limited ("the Parent") and its subsidiary, (the Parent and its subsidiary together referred to as "the Group") which includes the Group's share of profit in its joint venture, which comprise the Consolidated Balance Sheet as at March 31, 2023, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditor on separate financial statements / financial information of the subsidiary and joint venture referred to in the Other Matter section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2023, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143 (10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its joint venture in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of their reports referred to in the Other Matter section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' report, Chairman and Managing Director's message to stake holders and Corporate Governance Report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon. The Directors report, Chairman and Managing Director's message to stake holders and Corporate Governance Report is expected to be made available to us after the date of this auditor's report.

- Our opinion on the consolidated financial statements does not cover the other information and will not express any form of assurance conclusion thereon.

- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available, compare with the financial statements of the subsidiary and joint venture audited by the other auditor, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditor and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiary and joint venture, will be traced from their financial statements audited by the other auditor.

- When we read the Directors report , Chairman and Managing Director's message to stake holders and Corporate Governance Report , if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its joint venture in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its joint venture and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

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In preparing the consolidated financial statements, the respective Management of the companies included in the Group and of its joint venture are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its joint venture are also responsible for overseeing the financial reporting process of the Group and of its joint venture.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint venture to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its joint venture to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the consolidated financial statements of which we are the independent auditors. For the other entities or business activities included in the consolidated financial statements, which have been audited by the other auditor, such other auditor remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors (i) in planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements / financial information of one subsidiary, whose financial statements / financial information reflect total assets of Rs. 74.75 lakh as at March 31, 2023, total revenues of Rs. Nil and net cash inflows amounting to Rs. 0.72 lakh for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of Rs. 938.90 lakhs for the year ended March 31, 2023, as considered in the consolidated financial statements, in respect of one joint venture, whose financial statements / financial information have not been audited by us. These financial statements / financial information have been audited by other auditor whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and joint venture and our report in

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terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary and joint venture is based solely on the reports of the other auditor.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditor.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditor on the separate financial statements/ financial information of the subsidiary and joint venture referred to in the Other Matter section above we report, to the extent applicable that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditor.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Parent as on March 31, 2023 taken on record by the Board of Directors of the Company and the reports of the statutory auditor of its subsidiary company and joint venture company incorporated in India, none of the directors of the Group companies and its joint venture company incorporated in India is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent, subsidiary company and joint venture company incorporated in India, to whom internal financial control over financial reporting is applicable. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls with reference to consolidated financial statements of those companies.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

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In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act. Further, based on the auditor's report of a joint venture company incorporated in India, said joint venture company being private company, section 197 of the Act related to the managerial remuneration is not applicable to such joint venture company.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its joint venture- Refer Note 33.10 to the consolidated financial statements;

ii) The Group and its joint venture did not have any material foreseeable losses on long term contracts including derivative contracts.

iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary company and joint venture company incorporated in India.

iv) (a) The respective Managements of the Parent and its subsidiary company and joint venture company which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditor of such subsidiary and joint venture respectively that, to the best of their knowledge and belief, as disclosed in the note 33.11 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Parent or any of such subsidiary and joint venture to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Parent or any of such subsidiary and joint venture ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Managements of the Parent and its subsidiary company and joint venture company which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditor of such subsidiary and joint venture respectively that, to the best of their knowledge and belief, as disclosed in the note 33.11 to the consolidated financial statements, no funds have been received by the Parent or any of such subsidiary and joint venture from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Parent or any of such subsidiary and joint venture shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

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(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditor of the subsidiary company and joint venture company which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditor to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v) The final dividend proposed in the previous year, declared and paid by the Parent during the year is in accordance with section 123 of the Act, as applicable. As stated in note 33.13 to the consolidated financial statements, the Board of Directors of the Parent have proposed final dividend for the year which is subject to the approval of the members of the Parent at the ensuing Annual General Meeting. Such dividend proposed is in accordance with section 123 of the Act, as applicable. Subsidiary company and joint venture company which are companies incorporated in India, whose financial statements have been audited under the Act, have not declared or paid any dividend during the year and have not proposed final dividend for the year.

vi) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable w.e.f. April 1, 2023 to the Parent and its subsidiary and joint venture which are companies incorporated in India, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

2. With respect to the matters specified in clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("CARO"/ "the Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the CARO reports issued by us and the auditor of respective companies included in the consolidated financial statements to which reporting under CARO is applicable, as provided to us by the Management of the Parent, we report that there are no qualifications or adverse remarks by the respective auditors in the CARO reports of the said companies included in the consolidated financial statements.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Manoj H. Dama
Partner
(Membership No. 107723)
(UDIN:23107723BGXPZV1890)

Place: Mumbai
Date: May 30, 2023

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHREE AJIT PULP AND PAPER LIMITED

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to consolidated financial statements of Shree Ajit Pulp and Paper Limited (hereinafter referred to as "Parent") and its subsidiary company which is a company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent and its subsidiary company which is a company incorporated in India, are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the internal control with reference to consolidated financial statements criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Parent and its subsidiary company which is a company incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their

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operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor of the subsidiary company which is a company incorporated in India, in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Parent and its subsidiary company which is a company incorporated in India.

Meaning of Internal Financial Controls with reference to consolidated financial statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to consolidated financial statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditor referred to in the Other Matter paragraph below, the Parent and its subsidiary company which is a company incorporated in India, have, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31,

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2023, based on the criteria for internal financial control with reference to consolidated financial statements established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements in so far as it relates to a subsidiary company which is a company incorporated in India, is based solely on the corresponding reports of the auditor of such company incorporated in India.

Our opinion is not modified in respect of the above matter.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

HASKINS & SELLS LLP DELOITTE Chartered Accountants

Manoj H. Dama
Partner
(Membership No. 107723)
(UDIN:23107723BGXPZV1890)

Place: Mumbai
Date: May 30, 2023

SHREE AJIT PULP AND PAPER LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2023

PARTICULARS	Note No.	As at 31 March, 2023	As at 31 March, 2022
ASSETS		₹ Lakh	₹ Lakh
(1) Non-current assets			
(a) Property, Plant and Equipment	3	13,983.54	12,817.28
(b) Capital work-in-progress	3.3	13,921.98	258.34
(c) Intangible assets	3	15.20	26.41
(d) Intangible assets under development	3.4	2.85	2.85
(e) Financial Assets			
(i) Investments	4	1,307.95	368.83
(ii) Other Financial Assets	5	271.70	15.44
(f) Income Tax Assets (net)	6	39.97	28.70
(g) Other non-current assets	7	1,658.69	1,307.36
Total Non-current assets		**31,201.88**	**14,825.21**
(2) Current assets			
(a) Inventories	8	5,394.29	5,233.88
(b) Financial Assets			
(i) Trade receivables	9	4,144.90	5,619.46
(ii) Cash and cash equivalents	10	211.07	1,673.44
(iii) Bank balances other than (ii) above	11	106.85	162.96
(iv) Other Financial Assets	12	8.50	18.05
(c) Other current assets	13	1,801.92	541.06
Total current assets		**11,667.53**	**13,348.85**
TOTAL ASSETS		**42,869.41**	28,174.06
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	14	535.67	535.67
(b) Other Equity	15	20,259.29	18,239.38
TOTAL EQUITY		**20,794.96**	**18,775.05**
LIABILITIES			
(1) Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	13,885.97	628.57
(ii) Lease Liability		0.76	0.85
(b) Provisions	17	82.24	79.94
(c) Deferred tax liabilities (net)	33.7	1,681.59	1,708.94
(d) Other Non-current liabilities	18	121.85	127.88
Total Non-current liabilities		**15,772.41**	**2,546.18**
(2) Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	19	3,049.17	3,948.77
(ii) Trade Payables	20		
- Total outstanding dues of micro enterprises and small enterprises		445.38	151.69
- Total outstanding dues of creditors other than micro enterprises and small enterprises		1,703.61	2,153.20
(iii) Lease Liabilities		0.01	0.01
(iv) Other Financial Liabilities	21	880.23	206.98
(b) Other current liabilities	22	69.88	274.27
(c) Provisions	23	89.86	49.34
(d) Income tax Liabilities (net)	24	63.90	68.57
Total Current liabilities		**6,302.04**	**6,852.83**
TOTAL LIABILITIES		**22,074.45**	**9,399.01**
TOTAL EQUITY AND LIABILITIES		**42,869.41**	**28,174.06**
See accompanying notes to the consolidated financial statements	1-33		

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors

Manoj H. Dama
Partner
Membership No. 107723

Gautam D Shah
CMD
DIN 00397319

Bela G Shah
Whole-time Director & CFO
DIN 01044910

Shanoo Mathew
Company Secretary
Membership No. A60688

Place : Mumbai
Date : 30 May, 2023

DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Place : Vapi
Date : 30 May, 2023

SHREE AJIT PULP AND PAPER LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2023

	Particulars	Notes	For the year ended 31 March, 2023	For the year ended 31 March, 2022
			₹ Lakh	₹ Lakh
I	Revenue From Operations	25	37,187.69	41,824.80
II	Other Income	26	41.56	96.19
III	**Total Income (I+II)**		**37,229.25**	**41,920.99**
IV	**Expenses**			
	a) Cost of materials consumed	27	23,682.93	26,302.42
	b) Purchases of stock-in-trade		-	65.93
	c) Changes in inventories of finished goods and work-in-progress	28	(202.49)	(301.95)
	d) Employee benefits expense	29	1,626.01	1,919.63
	e) Finance costs	30	649.65	454.18
	f) Depreciation and amortisation expense	3	720.70	732.45
	g) Other expenses	31	9,164.01	9,240.62
	Total Expenses (IV)		**35,640.81**	**38,413.28**
V	**Profit before share of profit/ (loss) of joint venture and tax (III-IV)**		**1,588.44**	**3,507.71**
VI	Share of profit/ (loss) of joint venture accounted for using equity method (net of tax)		938.90	(345.17)
VII	**Profit before tax for the year (V+VI)**		**2,527.34**	**3,162.54**
VIII	**Tax Expense**	33.7		
	a) Current Tax		484.79	1,012.34
	b) Deferred Tax		(27.42)	(12.08)
	Total Tax Expenses (VIII)		**457.37**	**1,000.26**
IX	**Profit for the year (VII-VIII)**		**2,069.97**	**2,162.28**
X	**Other Comprehensive Income**	32		
A	(i) Items that will not be reclassified to profit or loss		4.94	4.37
	(ii) Income tax relating to items that will not be reclassified to profit or loss		(1.44)	(1.27)
B	(i) Items that will be reclassified to profit or loss		-	-
	Total Other Comprehensive Income (X) (A+B)		**3.50**	**3.10**
XI	**Total Comprehensive Income for the year (IX+X)**		**2,073.47**	**2,165.38**
XII	Earnings per equity share Basic and Diluted	33.6	38.64	40.37
	See accompanying notes to the consolidated financial statements	1-33		

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Manoj H. Dama
Partner
Membership No. 107723

Place : Mumbai
Date : 30 May, 2023

DELOITTE HASKINS & SELLS LLP Chartered Accountants

For and on behalf of the Board of Directors

Gautam D Shah
CMD
DIN 00397319

Bela G Shah
Whole-time Director & CFO
DIN 01044910

Shanoo Mathew
Company Secretary
Membership No. A60688

Place : Vapi
Date : 30 May, 2023

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2023

PARTICULARS	For the year ended 31 March, 2023 ₹ Lakh	For the year ended 31 March, 2022 ₹ Lakh
I. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax as per Statement of Profit and Loss	**2,527.34**	**3,162.54**
Adjustments for:		
Depreciation and amortisation Expense	720.70	732.45
Amortization of government grant	(6.03)	(6.04)
Loss on disposal of Property, Plant and Equipment	4.56	-
Net unrealised foreign exchange loss	6.07	7.98
Sundry balances written off	4.43	-
Share in (profit)/ loss in joint venture	(938.90)	345.17
(Reversal of)/ provision for compensated absences	49.33	(13.13)
Interest on Income tax (net)	-	17.77
Finance costs	649.65	436.41
Dividend income from other long-term investments	(0.01)	-
Interest income on fixed deposits, margin money deposits etc.	(6.50)	(94.97)
Operating profit before working capital changes	**3,010.64**	**4,588.18**
Movements in working capital :		
(Increase)/ decrease in inventories	(160.41)	(2,098.21)
(Increase)/ decrease in trade receivables	1,474.56	(1,404.59)
(Increase)/ decrease in other non-current financial assets	(220.66)	5.21
(Increase)/ decrease in other current financial assets	6.69	(4.94)
(Increase)/ decrease in other non current assets	22.80	(113.13)
(Increase)/ decrease in other current assets	(1,160.86)	(70.15)
Increase/ (decrease) in provisions	(1.80)	52.57
Increase/ (decrease) in trade payables	(167.92)	(51.98)
Increase/ (decrease) in other financial liabilities	(0.79)	(1.34)
Increase/ (decrease) in other current liabilities	(204.39)	(617.01)
	(412.78)	**(4,303.57)**
Cash generated from operations	**2,597.86**	**284.61**
Income taxes paid (net of refund)	(500.47)	(1,017.92)
Net cash generated from/ (used in) operating activities	**2,097.39**	**(733.31)**
II. CASH FLOW FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(16,226.28)	(1,631.43)
Payments for intangible assets	(5.44)	(2.85)
Proceeds from disposal of property, plant and equipment	1,600.00	-
Movements in bank deposits not considered as cash and cash equivalents	22.41	(9.95)
Interest received	5.79	101.83
Dividend received on investments	0.01	-
Net cash used in investing activities	**(14,603.51)**	**(1,542.40)**
III. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings (non-current)	14,947.32	58.76
Repayment of borrowings (non-current)	(1,090.78)	(716.50)
Net (repayment of)/ proceeds from borrowings (current)	(1,498.74)	2,798.41
Lease payments	(0.10)	(0.10)
Dividend paid on equity share	(53.57)	(53.57)
Finance costs paid	(1,260.38)	(519.92)
Net cash generated from financing activities	**11,043.75**	**1,567.08**
Net decrease in cash and cash equivalents (I+II+III)	**(1,462.37)**	**(708.63)**
Cash and cash equivalents at the beginning of the year	1,673.44	2,382.07
Cash and cash equivalents at the end of the year (refer note 10)	**211.07**	**1,673.44**

See accompanying notes forming part of the consolidated financial statements (refer notes 1-33)

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors

Manoj H. Dama	Gautam D. Shah	Bela G. Shah	Shanoo Mathew
Partner	CMD	Whole-time Director & CFO	Company Secretary
Membership No. 107723	DIN 00397319	DIN 01044910	Membership No. A60688

Place : Mumbai
Date : 30 May, 2023

Place : Vapi
Date: 30 May, 2023

DELOITTE HASKINS & SELLS LLP Chartered Accountants

SHREE AJIT PULP AND PAPER LIMITED

Consolidated Statement of Changes in Equity for the year ended 31 March, 2023 (SOCIE)

₹ Lakh

Particulars	Equity Share Capital [A]	Other Equity				Total Equity [A+B]
		Capital Reserve [a]	Retained earnings [b]	Equity Instruments through Other Comprehensive Income [c]	Total Other Equity [B] [a+b+c]	
Balance as at 31 March, 2021	**535.67**	**12.93**	**16,114.21**	**0.43**	**16,127.57**	**16,663.24**
Profit for the year ended 31 March, 2022	-	-	2,162.28	-	2,162.28	2,162.28
Other comprehensive income for the year ended 31 March, 2022 (Refer note 32)	-	-	3.13	(0.03)	3.10	3.10
Dividend Paid #	-	-	(53.57)	-	(53.57)	(53.57)
Balance as at 31 March, 2022	**535.67**	**12.93**	**18,226.05**	**0.40**	**18,239.38**	**18,775.05**
Profit for the year ended 31 March, 2023	-	-	2,069.97	-	2,069.97	2,069.97
Other comprehensive income for the year ended 31 March, 2023 (Refer note 32)	-	-	3.34	0.16	3.50	3.50
Dividend Paid #	-	-	(53.57)	-	(53.57)	(53.57)
Balance as at 31 March, 2023	**535.67**	**12.93**	**20,245.80**	**0.56**	**20,259.29**	**20,794.96**

#On 01 October, 2021, a dividend of ₹ 1.00 per share was paid to holders of fully paid equity shares for the financial year 2020-2021

#On 22 September, 2022, a dividend of ₹ 1.00 per share was paid to holders of fully paid equity shares for the financial year 2021-2022

See accompanying notes to the financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

DELOITTE HASKINS & SELLS LLP Chartered Accountants

Manoj H. Dama
Partner
Membership No. 107723

Place : Mumbai
Date : 30 May, 2023

For and on behalf of the Board of Directors

Gautam D Shah
CMD
DIN 00397319

Bela G Shah
Whole-time Director & CFO
DIN 01044910

Shanbo Mathew
Company Secretary
Membership No. A60688

Place : Vapi
Date : 30 May, 2023

Note 1

Corporate information:

Shree Ajit Pulp And Paper Ltd ('the Parent Company') is a public company incorporated in India. Its shares are listed on Bombay Stock Exchange. The Parent Company is engaged in the manufacturing of Kraft Paper (Testliner / Multilayer Testliner) which is mainly used for manufacturing of corrugated boxes.

The Parent Company owns and operates manufacturing unit located in the state of Gujarat, India at Morai, Vapi.

The consolidated financial statements incorporate the financial statements of following entities :

Sr no.	Name of the entity	Relationship	Country of incorporation	% of holding as at 31 March, 2023	% of holding as at 31 March, 2022
1	Samrudhi Industrial Papers Private Limited	Subsidiary Company	India	100%	100%
2	Shree Samrat Pulp and Paper Private Limited	Joint Venture	India	50%	50%

Samrudhi Industrial Papers Private Limited ('the subsidiary') has not yet started any activity.

The Parent Company and its subsidiary together referred as 'Group'.

Note 2

A) Basis of preparation and presentation

i) Statement of compliance

The consolidated financial statements as at and for the year ended 31 March, 2023 have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use.

ii) Basis of measurement

The consolidated financial statements have been prepared on a historical cost convention and on an accrual basis, except for certain items that are measured at fair value as required by relevant Ind AS:

1. Financial assets and financial liabilities measured at fair value (refer accounting policy on financial instruments);

2. Defined benefit and other long-term employee benefits.

iii) New and amended Ind AS standards

On March 31, 2023, the Ministry of Corporate Affairs (MCA) has notified Companies (Indian Accounting Standards) Amendment Rules, 2023. This notification has resulted into amendments in the following existing accounting standards which are applicable to Group from April 1, 2023.

- Ind AS 101 - First time adoption of Ind AS
- Ind AS 102 - Share Based Payment
- Ind AS 103 - Business Combination
- Ind AS 107 - Financial Instruments Disclosures
- Ind AS 109 - Financial Instrument
- Ind AS 115 - Revenue from Contracts with Customers
- Ind AS 1 - Presentation of Financial Statements
- Ind AS 8 - Accounting Polices, Changes in Accounting Estimates and Errors
- Ind AS 12 - Income Taxes
- Ind AS 34 - Interim Financial Reporting

The amendments listed above did not have any impact/ material impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future period.

iv) Basis of consolidation

Subsidiary

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary. Control is achieved when the Company (a) has power over the investee, (b) is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Interests in joint arrangements

A joint arrangement is an agreement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The results, assets and liabilities of a joint venture are incorporated in these consolidated financial statements using the equity method of accounting as described below.

Equity method of accounting (equity accounted investees)

An interest in an associate or joint venture is accounted for using the equity method from the date in which the investee becomes an associate or a joint venture and are recognised initially at cost. The Company's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Company's share of profits or losses and equity movements of equity accounted investees, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long – term investments in the nature of net investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

When the Company transacts with an associate or joint venture of the Company, unrealised profits and losses are eliminated to the extent of the Company's interest in its associate or joint venture.

B) Summary of significant accounting policies

a) Property, Plant and Equipment

All items of property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Such cost includes purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use.

Subsequent costs are added to existing item's carrying amount or recognised as a separate item, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other subsequent costs related to an item are charged to the consolidated statement of profit and loss during the reporting period in which they are incurred.

Depreciation on property, plant and equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

b) Capital work-in-progress

Capital work-in-progress includes material, labour and other directly attributable costs incurred on assets.

c) Intangible Assets

Intangible Assets are stated at cost of acquisition net of recoverable taxes, trade discount and rebates less accumulated amortisation/ depletion and impairment loss, if any. Such cost includes purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably. Intangible assets are amortised over their estimated useful life.

d) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash –generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of profit and loss.

e) Inventories

Inventories are stated at lower of cost and net realisable value except for stores and spares which are stated at or lower than cost.

Inventories of raw material, stores and spares, consumable and packing material are valued on First in First out basis and Inventories of finished goods and work-in-progress are valued at the lower of cost (on weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

f) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

g) Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Revenue from the sale of goods is recognised when the Group transfers Control of the product. Control of the product transfers when the goods have been dispatched from the factory or upon shipment of the product to the customer, provided transfer of title to the customer occurs and the Group has not retained any significant risks of ownership or future obligations with respect to the product dispatched or shipped. Amounts disclosed as revenue are net off returns, trade allowances, rebates and indirect taxes, if any.

A receivable is recognised by the Group when the goods are dispatched to the customer or upon shipment of the product to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

Income from windmills

Income from electricity units generated by windmills is accounted as income from windmills at landed cost and has been shown as such in the Statement of Profit and Loss.

Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition

h) Leases (Ind AS 116)

Effective 01 April, 2019, the Group has adopted Ind AS 116 "Leases", applied to all lease contracts existing on 01 April, 2019 using the modified retrospective method of transition. Accordingly, comparatives for the year ended 31 March, 2019 have not been retrospectively adjusted. The Group's lease asset classes primarily consist of leases for land.

At the date of commencement of the lease, the Group recognizes a right of use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases, if any. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right of use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right of use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The following is the summary of practical expedients elected on initial application:
1. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
2. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

i) **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.
Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.
All other borrowing costs are recognised in the consolidated statement of profit and loss in the period in which they are incurred.

j) **Government Grant:**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

k) **Employee benefits**

Employee benefits includes salaries and wages, provident fund, employee state insurance scheme, gratuity and compensated absences.

i] Defined contribution plans

The Group's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

ii] Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Group presents the first two components of defined benefit costs in the consolidated statement of profit and loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs

iii] Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

(i) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(ii) in case of non-accumulating compensated absences, when the absences occur.

iv] Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

l) Dividend

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

m) Rounding off

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Lakh as per the requirement of Division II, Schedule III, unless otherwise stated.

n) Financial instruments

Financial assets and financial liabilities are recognised when a Group becomes a party to the contractual provisions of the instruments.

i) Financial Assets

A. Initial recognition and measurement

All financial assets and liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Purchase and sale of financial assets are recognised using trade date accounting. However, trade receivables that do not contain a significant financing component are measured at transaction price.

B. Subsequent measurement

a) Financial assets carried at Amortised Cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI)

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) **Financial assets at Fair Value Through Profit or Loss (FVTPL)**
A financial asset which is not classified in any of the above categories are measured at FVTPL.

C. **Investment in subsidiary and Joint Venture**

The Group has accounted for its investments in subsidiary and joint venture at cost.

D. **Other Equity Investments**

All other equity investments are measured at fair value, with value changes recognised in consolidated statement of profit and loss, except for those equity investments for which the Group has elected to present the value changes in 'Other Comprehensive Income'.

E. **Impairment of financial assets**

The Group applies the expected credit loss model for recognising impairment loss on trade receivables and other contractual rights to receive cash or other financial instruments.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. The Group estimates cash flows by considering all contractual terms of the financial instrument.

The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Group measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Group again measures the loss allowance based on 12 -month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Group uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115, the Group always measures the loss allowance at an amount equal to lifetime expected credit losses. Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Group has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

ii) Financial liabilities

A. **Initial recognition and measurement**
All financial liabilities are recognized at fair value and in case of loans, net of directly attributable cost. Fees of recurring nature are directly recognised in the consolidated statement of profit and loss as finance cost.

B. **Subsequent measurement**
Financial liabilities are carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

iii) Derecognition of financial instruments

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Group's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

o) Segment reporting

The Board of directors assesses performance of the Group as Chief Operating Decision Maker (CODM).
An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's CODM and make decisions and for which discrete financial information is available. The CODM have identified one reportable segment i.e. Paper.

p) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiary and joint venture, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.
Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.
The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, deferred tax asset is recognised in the consolidated balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Current and deferred tax for the year

Current and deferred tax are recognised in the consolidated statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

q) **Foreign exchange transactions and translation**

Transactions in foreign currencies i.e. other than the Group's functional currency of Indian Rupees are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in the consolidated statement of profit and loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

C. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the management of the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. In the following areas the management of the Group has made critical judgements and estimates.

Useful lives of property, plant and equipment

The Group reviews the useful lives and carrying amount of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Estimation of defined benefit obligation

The Group has defined benefit plans for its employees which are actuarially valued. Such valuation is based on many estimates and other factors, which may have a scope of causing a material adjustment to the carrying amounts of assets and liabilities.

Recognition of deferred tax assets

Deferred tax asset is recognised for all the deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. Based on Group's past history, the management believes that taxable profits will be available while recognising deferred tax assets.

Recognition and measurement of other provisions

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may therefore vary from the figure so provided and included as liability.

Note 3 Property, Plant and Equipment (PPE) and Intangible Assets

₹ lakh

Description	Property, Plant and Equipment										Intangible Assets
	Freehold land	Buildings	Right of use asset	Plant and Equipment	Windmills	Electrical Installations	Furniture and Fixtures	Vehicles	Office Equipment	Total (PPE)	Computer Software (acquired)
Cost or deemed cost											
Balance as at 01 April, 2021	2,113.63	1,716.64	18.54	9,820.34	1,133.46	422.91	296.16	312.71	295.68	16,130.07	118.26
Additions	480.03	73.76	-	48.47	-	-	0.52	61.71	16.97	681.46	2.69
Disposals	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March, 2022	2,593.66	1,790.40	18.54	9,868.81	1,133.46	422.91	296.68	374.42	312.65	16,811.53	120.95
Additions	-	-	3,031.09	421.64	-	-	14.72	60.90	6.70	3,535.05	5.44
Disposals	1,604.56	-	-	-	-	-	-	-	-	1,604.56	-
Balance as at 31 March, 2023	989.10	1,790.40	3,049.63	10,290.45	1,133.46	422.91	311.40	435.32	319.35	18,742.02	126.39
Accumulated depreciation and impairment:											
Balance as at 01 April, 2021	-	351.97	3.18	1,850.17	336.93	311.34	75.47	135.01	214.51	3,278.58	77.76
Depreciation and amortisation expense	-	58.10	1.59	449.46	67.31	31.11	29.95	39.38	38.77	715.67	16.78
Disposals	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March, 2022	-	410.07	4.77	2,299.63	404.24	342.45	105.42	174.39	253.28	3,994.25	94.54
Depreciation and amortisation expense	-	57.83	61.78	449.15	67.31	24.18	30.06	45.99	27.93	764.23	16.65
Disposals	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March, 2023	-	467.90	66.55	2,748.78	471.55	366.63	135.48	220.38	281.21	4,758.48	111.19
Carrying amount											
Balance as at 31 March, 2022	2,593.66	1,380.33	13.77	7,569.18	729.22	80.46	191.26	200.03	59.37	12,817.28	26.41
Balance as at 31 March, 2023	989.10	1,322.50	2,983.08	7,541.67	661.91	56.28	175.92	214.94	38.14	13,983.54	15.20

Note 3.1 Property, Plant and Equipment and Intangible assets have been offered as security against the term loans and working capital loans provided by the banks. (refer note 16.1 and 19.1)

Note 3.2 Depreciation on right of use asset includes ₹ 60.18 lakh (previous year ₹ Nil) capitalised to projects under construction.

Note 3.3 Capital work-in-progress

Particulars	As at 31 March, 2023	As at 31 March, 2022
	₹ Lakh	₹ Lakh
Capital work-in-progress	13,921.98	258.34
Total	**13,921.98**	**258.34**

Capital work-in-progress ageing schedule for the year ended 31 March, 2023 and 31 March, 2022 is as follows:

Particulars	Less than 1 year	1 -2 years	2 - 3 years	More than 3 years	Total
	₹ Lakh	₹ Lakh	₹ Lakh	₹ Lakh	₹ Lakh
Project in progress	13,663.64	225.79	12.55	-	13,901.98
	225.79	*12.55*	-	-	*238.34*
Projects temporarily suspended	-	-	-	20.00	20.00
	-	-	-	*20.00*	*20.00*

The Parent Company has capitalised following expenses in the cost of capital work-in-progress. Consequently, expenses disclosed under respective notes are net of amounts capitalised.

Particulars	As at 31 March, 2023	As at 31 March, 2022
	₹ Lakh	₹ Lakh
Balance at the beginning of the year included in capital work-in-progress	258.34	86.80
Add: Expenditure during the construction projects		
Employee benefits expenses (refer note (a) below)	307.22	-
Depreciation and amortisation expense (refer note 3.2)	60.18	-
Borrowing cost as per Ind AS 23	874.48	-
Other expenses (refer note (b) below)	12,421.76	171.54
	13,921.98	**258.34**
Less: Capitalised during the year	-	-
Balance at the end of the year included in capital work-in-progress	**13,921.98**	**258.34**

Notes:

a) Costs of employee benefits (as defined in Ind AS 19 "Employee Benefits") of project associated departments are arising directly from the construction or acquisition of the item of property, plant and equipment.

b) Other expenses are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Note 3.4 **Intangible assets under development**

Particulars	As at 31 March, 2023	As at 31 March, 2022
	₹ Lakh	₹ Lakh
Intangible assets under development	2.85	2.85

Intangible assets under development ageing schedule for the year ended 31 March, 2023 and 31 March, 2022 is as follows:

Particulars	Less than 1 year	1 -2 years	2 - 3 years	More than 3 years	Total
	₹ Lakh	₹ Lakh	₹ Lakh	₹ Lakh	₹ Lakh
Project in progress	-	2.85	-	-	2.85
	2.85	-	-	-	*2.85*

Note : 4 Non-current Investments (In Equity Instruments)

	Particulars	As at 31 March, 2023	As at 31 March, 2022
		₹ Lakh	₹ Lakh
A	**Investments measured at Cost less impairment , if any (Unquoted)**		
	In Equity Shares of Joint Venture		
	81,25,000 (Previous year 81,25,000) shares of Shree Samrat Pulp and Paper Private Limited of ₹ 10, each fully paid up. (out of the above 10 equity shares of ₹ 10 each are held in the name of a nominee of the company)	1,306.49	367.60
	Total of Investments measured at Cost (Unquoted)	**1,306.49**	**367.60**
B	**Other Investments (measured at Fair Value through Other Comprehensive Income)**		
	a) **Unquoted investments (all fully paid) (refer note 4.1)**		
	501 (Previous year 501) shares of Sardar Bhiladwala Pardi Peoples Co Operative Bank Limited of ₹ 100.	0.50	0.50
	1 (Previous year 1) share of Shri Damanganga Sahakari Khand Udyog Mandali Limited of ₹ 2,000.	0.02	0.02
	300 (Previous year 300) shares of Wel-Treat Enviro Management Organisation of ₹ 10	0.03	0.03
	Total of Unquoted investments (a)	**0.55**	**0.55**
	b) **Quoted investments (all fully paid)**		
	2,300 (Previous year 2,300) equity shares of Gujarat State Financial Corporation of ₹ 10 each	*	*
	1,944 (Previous year 1,944) equity shares of Punjab National Bank of ₹ 2 each (Previous year ₹ 2 each) fully paid up	0.91	0.68
	Total of Quoted investments (b)	**0.91**	**0.68**
	Total of Other Investments (a+b)	**1.46**	**1.23**
	Total (A+B)	**1,307.95**	**368.83**

* Fully impaired.		
Aggregate amount of quoted investments (Gross)	0.65	0.65
Aggregate Market value of quoted investments	0.91	0.68
Aggregate amount of unquoted investments (Gross)	1,307.04	368.15

Note 4.1: The Group considers that the carrying amount recognised in the financial statements approximate their fair values.

Note : 5 Other Financial Assets

Particulars	As at 31 March, 2023	As at 31 March, 2022
	₹ Lakh	₹ Lakh
a) Security deposits (Unsecured)		
Considered good	236.10	15.44
Doubtful	5.00	5.00
	241.10	**20.44**
Less: Allowance for doubtful deposit	5.00	5.00
	236.10	**15.44**
b) Other bank balances - held as margin money against bank guarantee	35.60	-
Total	**271.70**	**15.44**

Note : 6 Income Tax Assets (net)

Particulars	As at 31 March, 2023	As at 31 March, 2022
	₹ Lakh	₹ Lakh
Advance income tax (net of provision for tax ₹ 2806.15 lakh (Previous year ₹ 1746.58 lakh))	39.97	28.70
Total	**39.97**	**28.70**

Note : 7 Other non-current assets

Particulars	As at 31 March, 2023	As at 31 March, 2022
	₹ Lakh	₹ Lakh
a) Capital advances	1,417.18	828.61
b) Prepaid expenses	215.83	453.07
c) Deposit paid under protest	25.68	25.68
Total	**1,658.69**	**1,307.36**

Note : 8 Inventories (refer note 8.1 below)

Particulars	As at 31 March, 2023	As at 31 March, 2022
	₹ Lakh	₹ Lakh
a) Raw materials (At lower of cost and net realisable value) (refer note 8.2)	3,711.85	3,619.52
b) Work-in-progress (At lower of cost and net realisable value)	77.59	8.60
c) Finished goods (At lower of cost and net realisable value)	596.15	462.65
d) Stores and spares (At or lower than cost)	972.51	1,039.60
e) Consumables (At lower of cost and net realisable value)	25.14	88.22
f) Packing material stock (At lower of cost and net realisable value)	11.05	15.29
Total	**5,394.29**	**5,233.88**

Note 8.1: Inventories have been offered as security against the term loans and working capital loans provided by the banks (refer note 16.1 and 19.1).
Note 8.2: Includes Goods-in-transit ₹ 258.75 Lakh (previous year ₹ 224.15 Lakh).

Note : 9 Trade Receivables (refer note 33.4 (d) (i))

Particulars	As at 31 March, 2023	As at 31 March, 2022
	₹ Lakh	₹ Lakh
Trade Receivables considered good- Secured	-	-
Trade Receivables considered good- Unsecured	4,144.90	5,619.46
Trade Receivables which have significant increase in credit risk	-	-
Trade Receivables- Credit Impaired	4.18	4.18
	4,149.08	5,623.64
Less: Allowance for bad and doubtful debts	(4.18)	(4.18)
Total	**4,144.90**	**5,619.46**

9.1 Trade receivable ageing schedule for the year ended 31 March 2023 and 31 March 2022:

Particulars	Not Due	Less Than 6 months	6 months to 1 year	1 year to 2 years	2 years to 3 years	More than 3 years	Total
	₹ Lakh	₹ Lakh	₹ Lakh	₹ Lakh	₹ Lakh	₹ Lakh	₹ Lakh
Undisputed Trade Receivables - Considered good	2,881.34 *4,511.50*	1,263.56 *1,107.96*	- -	- -	- -	- -	4,144.90 *5,619.46*
Undisputed Trade Receivables - credit impaired	- -	0.57 *0.85*	0.37 *0.09*	- -	- -	- -	0.94 *0.94*
Disputed Trade Receivables - Considered good	- -	- -	- -	- -	- -	- -	- -
Disputed Trade Receivables - credit impaired	- -	- -	- -	- -	- -	3.24 *3.24*	3.24 *3.24*
	2,881.34 *4,511.50*	1,264.13 *1,108.81*	0.37 *0.09*	- -	- -	3.24 *3.24*	4,149.08 *5,623.64*
						Less: Allowance for credit loss	**(4.18)** *(4.18)*
						Total Trade Receivables	**4,144.90** ***5,619.46***

9.2 Information about major customers : One customer (previous year one customer) contributed to more than 10% of the total revenue individually for the year ended 31 March, 2023. Total revenue from this customer is ₹ 8,119.41 lakh (previous year ₹ 8,914.95 lakh) for the year ended 31 March, 2023.

Note : 10 Cash and cash equivalents

Particulars	As at 31 March, 2023	As at 31 March, 2022
	₹ Lakh	₹ Lakh
Cash and cash equivalents		
(a) Cash on hand	0.87	1.69
(b) Balances with banks		
- In current accounts	15.20	63.76
- In deposit accounts	195.00	1,607.99
Total	**211.07**	**1,673.44**

Note : 11 Bank balances other than note 10 above

Particulars	As at 31 March, 2023	As at 31 March, 2022
	₹ Lakh	₹ Lakh
Other bank balances *		
In earmarked accounts		
- In deposit accounts	0.68	0.68
- Balances held as margin money	94.29	149.61
- Unclaimed dividend accounts	11.88	12.67
Total	**106.85**	**162.96**

* Restricted cash balance.

Note : 12 Other Financial Assets

Particulars	As at 31 March, 2023	As at 31 March, 2022
Unsecured consider good unless otherwise stated	₹ Lakh	₹ Lakh
Loans and advances to employees	3.90	10.59
Interest accrued but not due on fixed deposits, margin money deposits, etc.	4.30	7.16
Security Deposits	0.30	0.30
Total	**8.50**	**18.05**

Note : 13 Other current assets

Particulars	As at 31 March, 2023	As at 31 March, 2022
	₹ Lakh	₹ Lakh
Unsecured and considered good		
Prepaid expenses	72.38	89.50
Balances with government authorities		
- GST credit receivable	689.12	-
Advance to vendors	1,040.29	506.96
Export incentive receivable	0.13	44.60
Total	**1,801.92**	**641.06**

Note 14 Equity Share Capital

	Particulars	As at 31 March, 2023	As at 31 March, 2022
		₹ Lakh	₹ Lakh
a)	AUTHORISED 1,50,00,000 (Previous year 1,50,00,000) Equity Shares of ₹ 10 each with voting rights.	1,500.00	1,500.00
		1,500.00	**1,500.00**
b)	ISSUED 53,56,700 (Previous year 53,56,700) Equity Shares of ₹ 10 each with voting rights.	535.67	535.67
c)	SUBSCRIBED AND FULLY PAID UP 53,56,700 (Previous year 53,56,700) Equity Shares of ₹ 10 each with voting rights.	535.67	535.67
	Total	**535.67**	**535.67**

14.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the year

Particulars	As at 31 March, 2023	As at 31 March, 2022
Equity Shares at the beginning and at the end of the year	**53,56,700**	**53,56,700**

14.2 Details of Shares held by Promoter (In numbers):

Name of the Shareholders	As at 31 March, 2023	As at 31 March, 2022
Gautam D Shah	10,64,750	10,64,750
% Holding	19.88%	19.88%
Sureshbhai C Shah	8,30,060	7,92,860
% Holding	15.50%	14.80%
Bela G Shah	3,87,540	3,87,540
% Holding	7.23%	7.23%
Sunita S Shah	1,84,200	1,84,200
% Holding	3.44%	3.44%
Promoter's Group		
Varun Shah	4,27,700	4,27,700
% Holding	7.98%	7.98%
Devashri Gautam Shah	1,21,400	1,21,400
% Holding	2.27%	2.27%

14.3 Details of Shares held by each shareholder holding more than 5 % shares (In numbers):

Name of the Shareholders	As at 31 March, 2023	As at 31 March, 2022
Gautam D Shah	10,64,750	10,64,750
% Holding	19.88%	19.88%
Sureshbhai C Shah	8,30,060	7,92,860
% Holding	15.50%	14.80%
Mayur J Shah	4,88,627	-
% Holding	9.12%	-
Jayantilal M Shah	-	4,35,500
% Holding	-	8.13%
Varun Shah	4,27,700	4,27,700
% Holding	7.98%	7.98%
Bela G Shah	3,87,540	3,87,540
% Holding	7.23%	7.23%
Bharat Mafatlal Shah	2,70,900	2,70,900
% Holding	5.06%	5.06%

14.4 Terms and Rights attached to Equity Shares :

The Parent Company has only one class of equity shares having a par value of ₹ 10 per share. Each Shareholder of equity share is entitled to one vote per share. The Parent Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Further, the Board of Directors may also announce an interim dividend.

In the event of liquidation of the Parent Company, the holder of equity shares will be entitled to receive remaining assets of the Parent Company after distribution of all preferential amounts in proportion to their shareholdings.

Note 15 Other Equity (refer SOCIE)

	Particulars	As at 31 March, 2023	As at 31 March, 2022
		₹ Lakh	**₹ Lakh**
a)	Capital Reserve (refer note 15.1)	12.93	12.93
b)	Retained earnings (refer note 15.2)	20,245.80	18,226.05
c)	Equity Instruments through Other Comprehensive Income (refer note 15.3)	0.56	0.40
	Total	**20,259.29**	**18,239.38**

15.1 Capital reserve represent shares forfeited during the year ended 31 March, 2012.
15.2 Retained earnings are the profits that Company has earned to date, less any dividends or other distributions to investors.
15.3 The Company recognises the profit or loss on Fair Value of investments Through Other Comprehensive Income (FVTOCI) reserve.

Note 16 Non Current Financial Liabilities- Borrowings (refer note 16.1)

Particulars	As at 31 March, 2023	As at 31 March, 2022
	₹ Lakh	**₹ Lakh**
Secured Borrowings		
Term loans from banks	13,885.97	628.57
Total	**13,885.97**	**628.57**

16.1 Details of terms of repayment and securities provided

Sr. No.	Particulars	* Balance as at 31 March, 2023 (₹ Lakh)	* Balance as at 31 March, 2022 (₹ Lakh)	Based on sanction			End date of loan repayment as per sanction or actual repayment (whichever is earlier)
				Start date of loan repayment	Repayment of instalments (₹ Lakh)	Number of monthly instalments	
	Term loan						
1	-from bank (Refer note a)	-	60.10	February,2018	5.16	72	April, 2022
2	-from bank (Refer note a)	-	247.59	February,2018	20.67	72	March, 2023
3	-from bank (Refer note a)	-	47.74	October, 2018	0.80 #	84	April, 2022
4	-from Bank (Refer note a)	-	167.09	April,2021	7.30	78	April, 2022
5	-from bank (Refer note a and f)	282.19	387.59	October, 2018	9.90 #	84	September, 2025
6	-from Bank (Refer note a and f)	82.18	165.44	April,2021	7.00 #	78	September, 2027
7	-from Bank (Refer note a and e)	5,000.00	-	January,2024	59.52	84	December, 2030
8	-from Bank (Refer note a and e)	3,441.00	-	January,2024	40.96	84	December, 2030
9	-from Bank (Refer note a and e)	186.22	-	April,2022	6.84 #	68	November, 2027
10	-from Bank (Refer note a and e)	3,522.56	-	January,2024	89.29	84	December, 2030
11	-from Bank (Refer note a and e)	2,203.83	-	January,2024	56.25	84	December, 2030
12	-from Bank (Refer note a and e)	489.94	-	October,2023	30.95	84	September,2030
13	-from Bank (Refer note b)	-	11.34	October, 2018	1.94	48	September, 2022
14	-from Bank (Refer note b)	5.64	23.53	March,2018	1.59	60	July, 2023
15	-from Bank (Refer note b)	6.09	13.51	January,2019	0.70	60	December, 2023
16	-from Bank (Refer note b)	49.70	58.76	May,2022	1.16	60	April, 2027
17	-from Bank (Refer note b)	8.23	-	October,2022	0.18	60	September,2027
18	-from Bank (Refer note b)	8.23	-	October,2022	0.18	60	September,2027
19	-from Bank (Refer note b)	34.53	-	February,2023	0.72	60	January,2028
20	-from Bank (Refer note c)	78.02	90.69	December,2016	1.19	180	November, 2031
	Sub-total	**15,398.36**	**1,273.38**				
Less:							
a) Unamortised upfront fees		239.77	-				
b) Interest accrued but not due		28.67	8.11				
	Total	**15,129.92**	**1,265.27**				

* Includes as at 31 March, 2023 ₹ 1,243.95 lakh (previous year ₹ 644.81 lakh) current maturities of Long term borrowings (refer note 19).

Represents instalment amount at the initial period, subsequently instalment amounts are changing as per the terms of repayment.

Note a. Term loan is secured by way of pari passu charges on Immovable properties (Land and Building), Plant and Machinery (present and future) and other constructions at Vapi of the Parent Company and equitable mortgage on immovable properties situated at Vapi of the Parent Company, further secured by Hypothecation charge over the entire current assets of the Parent Company including raw materials, stock in process, finished goods, stores and spares and other consumables, receivables and all other current assets of the Parent Company (present and future) with other lenders under Consortium.

Note b. Vehicle loans referred in S. No. 13-19, are secured by way of hypothecation of Vehicles and bears interest rates ranging from 6.80% to 8.90%.

Note c. Term loan referred to in S. No. 20 is secured by way of mortgage on Guest house situated at Daman bears floating interest rate ranging from 7.55% to 8.40%.

Note d. All term loans from banks are further secured by way of personal guarantee of Mr. Gautam D Shah, Chairman and Managing Director of the Parent Company.

Note e. Term loans from banks referred in S. No. 7 to 12, bears rate of interest ranging from 8.35% to 8.55%.

Note f. Term loans from banks referred in S. No. 5 and 6, bears rate of interest ranging from 9.30% to 10.75%.

Note 16.2 Reconciliation between opening and closing balances in the balance sheet for liabilities arising from financing activities as required by Ind AS 7 "Statement of Cash Flows" is as under:

	₹ Lakh
Opening balance at the beginning of 1 April, 2021	2,436.67
Cash flow during the year	2,140.67
Closing balance at the beginning of 31 March, 2022	**4,577.34**
Opening balance at the beginning of 1 April, 2022	4,577.34
Cash flow during the year	12,357.80
Closing balance at the beginning of 31 March, 2023	**16,935.14**

Note 17 Non Current Provisions

	Particulars	As at 31 March, 2023	As at 31 March, 2022
		₹ Lakh	₹ Lakh
	Provision for employee benefits		
a)	Provision for gratuity	13.89	22.28
b)	Provision for compensated absences	68.35	57.66
	Total	**82.24**	**79.94**

Note 18 Other Non-current liabilities

	Particulars	As at 31 March, 2023	As at 31 March, 2022
		₹ Lakh	₹ Lakh
a)	Deferred revenue income (refer note 18.1)	121.85	127.88
	Total	**121.85**	**127.88**

18.1 The Deferred revenue arises as a result of the benefit received by the Group on import of capital equipment under the 'Export Promotion Capital Goods' Scheme of the Central Government at a concessional/ zero rate of custom duty.

Note 19 Current Financial Liabilities - Borrowings

Particulars	As at 31 March, 2023	As at 31 March, 2022
	₹ Lakh	₹ Lakh
Secured Borrowings		
(a) Current maturities of long-term borrowings (refer note 16)	1,243.95	644.81
(b) Loan repayable on demand from banks (refer note 19.1)	1,805.22	3,303.96
Total	**3,049.17**	**3,948.77**

19.1 Cash Credit is secured by way of hypothecation of stocks, book debts, furniture, fixture and fitting, office equipment and plant and machinery and equitable mortgage of immovable properties on pari passu basis and personal guarantee of Chairman and Managing Director of the Company. The Cash Credit is repayable on demand and bears interest at the rate of MCLR plus 0.70% to 1.90%.

Note 20 Current Financial Liabilities - Trade Payables

Particulars	As at 31 March, 2023	As at 31 March, 2022
	₹ Lakh	₹ Lakh
Total outstanding dues of micro enterprises and small enterprises (refer note 20.1)	445.38	151.69
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,703.61	2,153.20
Total	**2,148.99**	**2,304.89**

20.1 Trade payables ageing schedule for the year ended 31 March 2023 and 31 March 2022:

Particulars	Outstanding for the following periods					
	Less Than 6 months	6 months to 1 year	1 year to 2 years	2 years to 3 years	More than 3 years	Total
Outstanding due to MSME	444.85 *138.91*	0.03 *0.05*	0.50 *12.73*	- -	- -	445.38 *151.69*
Others	1,606.44 *2,081.61*	16.30 *4.75*	20.46 *16.69*	10.85 *3.95*	49.56 *46.20*	1,703.61 *2,153.20*
Total Trade Payables	2,051.29 *2,220.52*	16.33 *4.80*	20.96 *29.42*	10.85 *3.95*	49.56 *46.20*	2,148.99 *2,304.89*

Note: a) Aging has been considered from the date of transaction.
b) Previous year numbers are shown in italics.

Relationship with struck off companies

Name of Struck off companies	Nature of Transaction	Transactions during the year 31 March 2023	Balance Outstanding as at 31 March 2023	Relationship with the Struck off company
Sakthi Energy Private Limited	Payables	Nil	26.28	Vendor
Aava Technovision Pvt. Ltd	Payables	Nil	0.02	Vendor

Name of Struck off companies	Nature of Transaction	Transactions during the year 31 March 2022	Balance Outstanding as at 31 March 2022	Relationship with the Struck off company
Sakthi Energy Private Limited	Payables	Nil	26.28	Vendor
Aava Technovision Pvt. Ltd	Payables	Nil	0.02	Vendor

Note 20.2 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at 31 March, 2023	As at 31 March, 2022
	₹ Lakh	₹ Lakh
(a) The amount remaining unpaid to any supplier at the end of each accounting year-		
(i) The principal amount remaining unpaid to any supplier at the end of each accounting year	443.79	147.72
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year.	1.59	3.97
(b) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
Total	445.38	151.69

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Note 21 Current Financial Liabilities- Others

Particulars	As at 31 March, 2023	As at 31 March, 2022
	₹ Lakh	₹ Lakh
(a) Interest accrued but not due on borrowings	28.67	8.11
(b) Unclaimed dividend *	11.88	12.67
(c) Payables on purchase of fixed assets		
- MSME	341.24	-
- Other	498.44	186.20
Total	880.23	206.98

* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

Note 21.1 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at 31 March, 2023	As at 31 March, 2022
	₹ Lakh	₹ Lakh
(a) The amount remaining unpaid to any supplier at the end of each accounting year-		
(i) The principal amount remaining unpaid to any supplier at the end of each accounting year	329.73	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year.	11.51	-
(b) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
Total	341.24	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Note 22 Other current liabilities

Particulars	As at 31 March, 2023	As at 31 March, 2022
	₹ Lakh	₹ Lakh
Advances from customers	1.55	15.82
Deferred revenue income	6.08	6.08
Statutory remittances		
Tax deducted at source payable	48.99	76.35
Goods and services tax payable	-	167.52
Others (Provident Fund, Professional Tax, ESIC)	13.26	8.50
Total	69.88	274.27

Note 23 Current Provisions

Particulars	As at 31 March, 2023	As at 31 March, 2022
	₹ Lakh	₹ Lakh
Provision For Employee Benefits		
Provision for gratuity	27.77	25.89
Provision for compensated absences	62.09	23.45
Total	89.86	49.34

Note 24 Income tax Liabilities (net)

Particulars	As at 31 March, 2023	As at 31 March, 2022
	₹ Lakh	₹ Lakh
Provision for tax (net of advance tax ₹ 421.89 lakh (Previous year ₹ 962.44 lakh))	63.90	68.57
Total	63.90	68.57

Note : 25 Revenue from Operations

Particulars	For the year ended 31 March, 2023 ₹ Lakh	For the year ended 31 March, 2022 ₹ Lakh
Sale of products (refer note 25.1)	37,107.35	41,640.50
Sale of traded goods	-	46.34
Other Operating Revenue		
Export benefits (including Government grant)	80.34	137.96
Total	**37,187.69**	**41,824.80**

Note: 25.1 Information relating to products sold		
Multilayer Testliner and Testliner Paper (including Sale of traded goods)	36,835.55	41,402.34
Income from windmills	271.80	284.50
Total	**37,107.35**	**41,686.84**

Note : 26 Other Income

Particulars	For the year ended 31 March, 2023 ₹ Lakh	For the year ended 31 March, 2022 ₹ Lakh
Interest income on fixed deposits, margin money deposits etc. (at amortised cost)	6.20	93.21
Interest income on loan given	0.30	1.53
Interest income on others	-	0.23
Foreign exchange gain (net)	28.23	1.18
Dividend income from other long-term investments	0.01	-
Sale of scrap	6.82	0.04
Total	**41.56**	**96.19**

Note : 27 Cost of materials consumed

Particulars	For the year ended 31 March, 2023 ₹ Lakh	For the year ended 31 March, 2022 ₹ Lakh
Opening stock	3,619.52	2,128.57
Add: Purchases	23,775.26	27,793.37
	27,394.78	29,921.94
Less: Closing stock	3,711.85	3,619.52
Total	**23,682.93**	**26,302.42**

Note : 28 Changes in Inventories of Finished Goods and work-in-progress

Particulars	For the year ended 31 March, 2023 ₹ Lakh	For the year ended 31 March, 2022 ₹ Lakh
Inventories at the end of the year		
Finished goods	596.15	462.65
Work-in- progress	77.59	8.60
Total	**673.74**	**471.25**
Inventories at the beginning of the year		
Finished goods	462.65	165.68
Work-in-progress	8.60	3.62
Total	**471.25**	**169.30**
Total	**(202.49)**	**(301.95)**

Note : 29 Employee Benefits Expense

Particulars	For the year ended 31 March, 2023 ₹ Lakh	For the year ended 31 March, 2022 ₹ Lakh
Salaries and wages	1,528.13	1,770.76
Contribution to provident fund and other funds (refer note 33.1)	62.96	47.98
Gratuity expenses (refer note 33.1)	13.70	76.50
Staff welfare expenses	21.22	24.39
Total	**1,626.01**	**1,919.63**

Note :30 Finance Costs

Particulars		For the year ended 31 March, 2023	For the year ended 31 March, 2022
		₹ Lakh	₹ Lakh
a) Interest expense on			
i) Borrowings		312.30	267.31
ii) Interest on income tax		-	17.77
b) Other borrowing costs including bank charges		324.24	169.09
c) Interest on delayed payment to MSME		13.10	0.01
d) Interest on lease liability		0.01	-
Total		649.65	454.18

Note : 31 Other Expenses

Particulars		For the year ended 31 March, 2023	For the year ended 31 March, 2022
		₹ Lakh	₹ Lakh
Consumption of stores and spare parts		628.45	923.83
Power and fuel		5,841.65	5,118.15
Packing material consumed		370.65	423.93
Unloading charges		273.52	237.05
Insurance		96.85	95.05
Repairs and maintenance- Machinery		191.00	307.89
Repairs and maintenance- Building		11.97	10.00
Repairs and maintenance - Others		45.08	71.35
Other manufacturing expenses		159.53	171.86
Selling expenses		576.01	782.64
Commission on sale		206.95	284.70
Audit fees		23.62	23.62
Consultancy fees		137.54	198.15
Rent (refer note 33.5)		1.56	2.26
Professional charges		23.54	53.30
Rates and taxes		9.56	2.50
Security charges		94.13	97.59
Travelling expenses		19.95	6.38
Vehicle expenses		36.02	28.67
Sundry advances written off		4.43	-
Loss on disposal of fixed asset		4.56	-
Expenditure on Corporate Social Responsibilities (refer note 33.12)		62.82	61.65
Windmill expenses		88.91	88.59
Miscellaneous expenses		255.71	251.46
Total		9,164.01	9,240.62

Note : 32 Other Comprehensive Income

	Particulars		For the year ended 31 March, 2023	For the year ended 31 March, 2022
A	**(i) Items that will not be reclassified to profit or loss:**		₹ Lakh	₹ Lakh
	- Remeasurement of defined benefit obligation losses		4.71	4.40
	- Net fair value gain/ (loss) on investments in equity shares at FVTOCI		0.23	(0.03)
	- Share of other comprehensive income/ (expense) of joint venture		-	-
	Total		**4.94**	**4.37**
	(ii) Income tax relating to items that will not be reclassified to profit or loss:			
	- Current Tax		(1.37)	(1.27)
	- Deferred Tax		(0.07)	-
	Total		**(1.44)**	**(1.27)**
B	**Items that will be reclassified to profit or loss**		-	-
	Total Other Comprehensive Income (A+B)		**3.50**	**3.10**

Disclosures under Indian Accounting Standards:

Note: 33.1 Employee Benefit Obligations

a. Short-term Employee Benefits

These benefits include wages and salaries, including other monetary and non-monetary benefits, compensated absences which are either non-accumulating or accumulated and expected to be availed within twelve months after the end of the reporting period.

b. Long-term Employee Benefits

i) Defined Contribution Plans

The Group makes Provident Fund contributions, which are defined contribution plans, for qualifying employees. The Group has no further payment obligations once the contributions have been paid. Under the Provident Fund Schemes, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Group are in compliance with the rates specified in the rules of the schemes. The Group recognised ₹ 62.96 lakh (previous year ₹ 47.98 lakh) as an expense and included in Note 29 – Employee Benefits Expense 'Contribution to provident fund and other funds' in the Statement of Profit and Loss for the year ended 31 March, 2023.

Contribution to defined contribution plans, recognised as expenses for the year are as under :

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
	₹ Lakh	₹ Lakh
Employer's contribution to provident fund	18.15	13.50
Employer's contribution to pension scheme	32.19	22.48
Employer's contribution to Employees' State Insurance Corporation	12.62	11.99
Total Expense recognised in the Statement of Profit and Loss	**62.96**	**47.98**

ii) Defined Benefit Plans

The Group has a defined benefit plan for gratuity plan in India (funded). The Group's defined benefit plan for gratuity is a final salary plan for employees, which requires contributions to be made to a separately administered fund.

The fund is managed by a trust which is governed by the Board of Trustees. The Board of Trustees are responsible for the administration of the plan assets and for the definition of the investment strategy.

During the year, there were no plan amendments, curtailments and settlements.

A separate trust fund is created to manage the Gratuity plan and the contributions towards the trust fund is done as guided by rule 103 of Income Tax Rules, 1962.

Amount recognised in the Statement of Profit and Loss

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
	Gratuity (Funded)	
Current service cost	10.48	4.24
Past service cost	-	72.77
Interest cost	7.87	3.48
Interest income	(4.65)	(3.99)
Total Expense recognised in the Statement of Profit and Loss	**13.70**	**76.50**

Amount recognised in Other Comprehensive Income (OCI)

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
	Gratuity (Funded)	
Due to change in Demographic Assumptions gains	-	(0.02)
Due to change in Financial Assumptions gains	(3.28)	(3.50)
Due to Experience gains	(0.83)	-
Return on plan assets excluding interest income gains	(0.60)	(0.88)
Total remeasurement of defined benefit obligation gains recognised in OCI	**(4.71)**	**(4.40)**

The following table sets out the funded status of the defined benefit plans and the amount recognised in the financial statement

Net Asset/ (Liability) recognized in the Balance Sheet

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
	Gratuity (Funded)	
Present value of defined benefit obligation	124.48	117.53
Fair value of plan assets	82.82	69.36
Net Asset/ (Liability) recognized in the Balance sheet	**(41.66)**	**(48.17)**

Change in defined benefit obligations (DBO) during the year (₹ Lakh)

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
	Gratuity (Funded)	
Present value of DBO at beginning of the period	117.53	57.35
Current service cost	10.48	4.24
Past service cost	-	72.77
Interest cost	7.87	3.48
Actuarial losses/(gains) due to change in Demographic Assumption	-	(0.02)
Actuarial losses/(gains) due to change in Financial Assumption	(3.28)	(3.51)
Actuarial losses/(gains) due to experience	(0.83)	-
Benefits paid from the fund	(7.29)	(16.78)
Present value of DBO at the end of the period	**124.48**	**117.53**

Change in the fair value of asset during the year (₹ Lakh)

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
	Gratuity (Funded)	
Fair Value of Plan Assets at beginning of the year	69.36	65.79
Interest Income	4.65	3.99
Return on Plan Assets excluding Interest Income	0.60	0.88
Employer contribution	15.50	15.49
Benefits paid from the fund	(7.29)	(16.78)
Plan Assets as at the end of the year	**82.82**	**69.36**

Category of Assets (₹ Lakh)

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
	Gratuity (Funded)	
Insurance Fund (Maintained by LIC)	82.82	69.36

Principal Actuarial assumptions

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
	Gratuity (Funded)	
Discount rate	7.30%	6.70%
Salary escalation	5.00%	5.00%
Attrition Rate	14.00%	14.00%
Mortality table	Indian Assured Lives Mortality (2006-08) Ultimate	
Prescribed contribution for the next year (₹ Lakh)	27.77	25.89

Maturity Analysis of the Benefit Payments: From the fund (₹ Lakh)

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
	Gratuity (Funded)	
Projected benefits payable in future years from the date of reporting		
1st Following Year	19.41	17.22
2nd Following Year	17.28	15.69
3rd Following Year	17.30	15.58
4th Following Year	14.62	14.59
5th Following Year	18.01	12.34
Sum of Years 6 to 10	50.95	50.50
Sum of Years 11 and above	44.54	43.31

In the absence of detailed information regarding plan assets which is funded with LIC the composition of each major category of plan assets the percentage or amount for each category to the fair value of plan assets has not been disclosed.

These plans typically expose the Group to actuarial risks such as:

Investment risk - The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Interest rate risk - A fall in the discount rate which is linked to the Government Securities rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

Asset Liability Matching Risk (ALM) : The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

Salary risk - The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than the assumed level will increase the plan's liability.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

Concentration Risk: Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.

In order to protect the capital and optimise returns within acceptable risk parameters, the plan assets are well diversified. The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

Sensitivity

Sensitivity of the projected benefit obligation on assumptions:

(₹ Lakh)

Particulars	**Change in Assumption**	**As at 31 March, 2023**	
		Increase by	**Decrease by**
Discount rate	1%	(5.08)	5.57
Expected rate of escalation in salary	1%	5.64	(5.23)
Attrition rate	1%	0.54	(0.60)

(₹ Lakh)

Particulars	**Change in Assumption**	**As at 31 March, 2022**	
		Increase by	**Decrease by**
Discount rate	1%	(5.06)	5.57
Expected rate of escalation in salary	1%	5.61	(5.19)
Attrition rate	1%	0.35	(0.40)

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.
The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.
Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.
There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

iii) Other Long-term Employee Benefits

Compensated absences which are accumulated and not expected to be availed within twelve months after the end of the reporting period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

An amount of ₹ 67.96 Lakh (previous year ₹ 44.86 Lakh) has been charged to the Statement of Profit and Loss for the year ended 31 March, 2023 towards Compensated absences.

Note: 33.2 Segment Information

a. Description of segments and principal activities

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Board of Directors (BoD) i.e. CODM to make decisions about resources to be allocated to the segments and assess their performance.

The Group has a single operating segment i.e. manufacturing of kraft paper (Testliner and Multilayer Testliner). Accordingly the segment revenue, segment result, segment assets and segment liabilities are reflected in the financial statements as at and for the financial year ended 31 March, 2023 and 31 March, 2022 respectively.

b. Geographical Information
Revenue from customers is earned mainly in India and non-current assets are located in India.

c) Information about products and services
The Group is in single line of business of manufacturing of Kraft paper (Testliner and Multilayer Testliner).

Note: 33.3 Related Party Disclosure

Details of Related Parties:

Description of Relationship	Names of Related Parties
(i) Subsidiary	Shree Samrudhi Industrial Papers Private Limited
(ii) Joint Venture	Shree Samrat Pulp and Paper Private Limited
(iii) Key Managerial Personnel	Mr. Gautam D Shah, Mrs. Bela G Shah, Mr. Goutam Majumder* and Mr. Prakash Patel**
(iv) Relative of Key Managerial Personnel (KMP)	Varun Shah, Devashri Shah***

* Resigned as Executive Director w.e.f. 28 March, 2023
** Appointed as Executive Director w.e.f. 29 March, 2023
*** Resigned as Non-executive director w.e.f. 10 February, 2022.

Transactions with related parties during the year

(₹ Lakh)

Particulars	Joint Venture	Non Executive Director	Key Managerial Personnel	Relative of KMP
Salary				
Mr. Varun Shah	-	-	-	**65.77**
	-	-	-	*62.69*
Managerial remuneration				
(i) Mr. Gautam D Shah	-	-	**131.15**	-
	-	-	*189.42*	-
(ii) Mrs. Bela G Shah	-	-	**130.77**	-
	-	-	*189.42*	-
(iii) Mr. Prakash Patel	-	-	**0.06**	-
	-	-	-	-
(iv) Mr. Goutam Majumder	-	-	**26.98**	-
	-	-	*6.83*	-
Personal guarantees given on Parent Company's behalf*	-	-	-	-
	-	-	-	-
Dividend paid				
(i) Mr. Gautam D Shah	-	-	**10.65**	-
	-	-	*10.65*	-
(ii) Mrs. Bela G Shah	-	-	**3.88**	-
	-	-	*3.88*	-
(iii) Ms. Devashri Shah	-	-	-	**1.21**
	-	*1.21*	-	-
(iv) Mr. Varun Shah	-	-	-	**4.28**
	-	-	-	*4.28*
Director Sitting Fees				
(i) Ms. Devashri Shah	-	-	-	-
	-	*0.30*	-	-
Interest Income				
Shree Samrat Pulp and Paper Private Limited	-	-	-	-
	1.53	-	-	-
Loans Given				
Shree Samrat Pulp and Paper Private Limited	-	-	-	-
	60.00	-	-	-
Loans given repaid				
Shree Samrat Pulp and Paper Private Limited	-	-	-	-
	60.00	-	-	-

Previous year figures are shown in italics.

** Mr. Gautam Shah (Key Managerial Personnel) has given personal guarantee for various loan availed by the Parent Company (refer note 16.1).*

Note: 33.4 Financial Instruments (Fair Value Measurements) :

The Group has various financial assets and liabilities. The disclosures regarding the classification, fair value hierarchy, capital management, market risk, credit risks and liquidity risks are as follows:

a. **Classification of Financial Assets and Liabilities**

(₹ Lakh)

Particulars	As at 31 March, 2023	As at 31 March, 2022
A. Financial Assets		
I. Measured at Amortised Cost		
(i) Other Non-current financial assets	271.70	15.44
(ii) Trade Receivables	4,144.90	5,619.46
(iii) Cash and Cash Equivalents	211.07	1,673.44
(iv) Bank balances other than (iii) above	106.85	162.96
(v) Other Current Financial Assets	8.50	18.05
II. Measured at FVTOCI		
(i) Investments *	1.46	1.23
Total (A)	**4,744.48**	**7,490.58**
B. Financial Liabilities		
I. Measured at Amortised Cost		
(i) Borrowings	16,935.14	4,577.34
(ii) Trade Payables		
- Total outstanding dues of micro enterprises and small enterprises	445.38	151.69
- Total outstanding dues of creditors other than micro enterprises and small enterprises	1,703.61	2,153.20
(iii) Lease Liability	0.77	0.86
(iv) Other Financial Liabilities	880.23	206.98
Total (B)	**19,965.13**	**7,090.07**

*Excludes Financial Assets measured at Cost (refer note b-ii below)

b. Fair Value Hierarchy of Financial Assets and Liabilities

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (i) recognised and measured at fair value and (ii) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, Group has classified its financial instruments into three levels prescribed under the accounting standards below:

Level 1: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Level 3 inputs are unobservable inputs for the asset or liability.

Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(i) Measured at Amortised Cost for which Fair Value is disclosed

The fair values of all current financial assets and liabilities including trade receivables, cash and cash equivalents, bank balances, trade payables, and other current financial assets and liabilities are considered to be the same as their carrying values, due to their short term nature. The fair values of all non-current financial assets and liabilities are considered to be the same as their carrying values, as the impact of fair valuation is not material.

(ii) Measured at Fair Value Through Other Comprehensive Income (FVTOCI)

The Group has investments in quoted equity shares of Gujarat State Financial Corporation and Punjab National Bank. These equity investments have been classified as Fair Value through Other Comprehensive Income (FVTOCI). Fair value movements are recognized directly in other comprehensive income on such investments. Accordingly, such quoted investments fall under fair value hierarchy level 1. The fair value of these investments as at 31 March, 2023 and 31 March, 2022 is ₹ 1.46 lakh and ₹ 1.23 lakh respectively.

c. Capital Management and Gearing ratio

Total equity as shown in the balance sheet includes equity share capital, capital reserve, general reserves and retained earnings. The Group aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to its shareholders.

The Group's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Group will take appropriate steps in order to maintain, or if necessary adjust, its capital structure. The management monitors the return on capital as well as the level of dividends to shareholders.

The gearing ratio at end of the reporting period was as follows.

(₹ Lakh)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Gross Debt	16,935.14	4,577.34
Cash and Bank Balances	353.52	1,836.40
Net Debt (A)	**16,581.62**	**2,740.94**
Total Equity (As per Balance Sheet) (B)	20,794.96	18,775.05
Net Debt to Equity Ratio (A/B)	**0.80**	**0.15**

d. Financial risk management

Company's activities expose it to credit risk, liquidity risk and market risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and its impact on the financial statements

(i) **Credit Risk**

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. Trade receivables are typically unsecured and are derived from revenue earned from customers located in India. Credit risk has always been managed by the Group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the company uses expected credit loss model to assess the impairment loss or gain.

Age of receivables as at 31 March, 2023 (₹ Lakh)

Ageing	Not Due	Less Than 6 months	6 months to 1 year	More than 1 year	Total
Gross Amount	2,881.34	1,264.13	0.37	3.24	4,149.08
Allowance for bad receivables	-	(0.85)	(0.09)	(3.24)	(4.18)
Net Trade receivables	**2,881.34**	**1,263.28**	**0.28**	-	**4,144.90**

Age of receivables as at 31 March, 2022 (₹ Lakh)

Ageing	Not Due	Less Than 6 months	6 months to 1 year	More than 1 year	Total
Gross Amount	4,511.50	1,108.81	0.09	3.24	5,623.64
Allowance for bad receivables	-	(0.85)	(0.09)	(3.24)	(4.18)
Net Trade receivables	**4,511.50**	**1,107.96**	-	-	**5,619.46**

Reconciliation of loss allowance (₹ Lakh)

Particulars	Amount
Loss allowance as at 31 March, 2021	48.26
Changes in loss allowance	(44.08)
Loss allowance as at 31 March, 2022	4.18
Changes in loss allowance	-
Loss allowance as at 31 March, 2023	**4.18**

(ii) **Liquidity Risk**

Liquidity risk is the risk that the Group will find it difficult in meeting its obligations associated with its financial liabilities in time.
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.
Management monitors rolling forecasts of the Group's liquidity position and cash and cash equivalents on the basis of expected cash flows.
The tables below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities.

As at 31 March, 2023 ₹ Lakh

Particulars	Upto 1 year	1 to 5 year	5+ years	Total	Carrying Value
Borrowings- Current	3,049.17	-	-	3,049.17	3,049.17
Borrowings- Non Current	-	10,539.83	3,346.14	13,885.97	13,885.97
Trade Payables	2,148.99	-	-	2,148.99	2,148.99
Interest accrued but not due on borrowings	28.67	-	-	28.67	28.67
Unclaimed dividend	11.88	-	-	11.88	11.88
Lease Liability	0.01	0.76	-	0.77	0.77
Payables on purchase of fixed assets	839.68	-	-	839.68	839.68
Total	**6,078.40**	**10,540.59**	**3,346.14**	**19,965.13**	**19,965.13**

As at 31 March, 2022 ₹ Lakh

Particulars	Upto 1 year	1 to 5 year	5+ years	Total	Carrying Value
Borrowings- Current	3,948.77	-	-	3,948.77	3,948.77
Borrowings- Non Current	-	574.72	53.85	628.57	628.57
Trade Payables	2,304.89	-	-	2,304.89	2,304.89
Interest accrued but not due on borrowings	8.11	-	-	8.11	8.11
Unclaimed dividend	12.67	-	-	12.67	12.67
Lease Liability	0.01	0.85		0.86	0.86
Payables on purchase of fixed assets	186.20	-	-	186.20	186.20
Total	**6,460.65**	**575.57**	**53.85**	**7,090.07**	**7,090.07**

(iii) **Market Risk**

The Group is exposed to the movement in price of key raw materials in domestic and international markets. The Group has in place policies to manage exposure to fluctuations in the prices of the key raw materials used in operations. The Group manages fluctuations in raw material price through hedging in the form of advance procurement when the prices are perceived to be low and also enters into advance buying contracts as strategic sourcing initiative in order to keep raw material and prices under control to the extent possible.

A) Foreign Exchange Risk

The Group is exposed to foreign exchange risk arising from direct transactions in foreign currency and also indirectly through transactions denominated in foreign currency though settled in functional currency (INR), primarily with respect to the US Dollar (USD). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR).

The risk is measured through a forecast of highly probable foreign currency cash flows. As per the risk management policy, the foreign currency exposure is unhedged.

The table below shows the unhedged currency exposure of financial assets and liabilities:

Particulars	Currency	As at 31 March, 2023	
		Forex in Lakh	(₹ Lakh)
Import of Goods and Services	USD	(0.43)	(35.27)
Capital Imports	EURO	(1.33)	(118.29)
Export of Goods	USD	0.13	10.44

Particulars	Currency	As at 31 March, 2022	
		Forex in Lakh	(₹ Lakh)
Import of Goods and Services	USD	(0.33)	(24.68)
Capital Imports	EURO	(1.33)	(111.63)
Export of Goods	USD	2.58	195.72

The sensitivity of profit or loss and equity to changes in the exchange rates that arise from foreign currency denominated financial instruments mentioned above is as below:

(₹ Lakh)

Particulars	As at 31 March, 2023	As at 31 March, 2022
USD Sensitivity :		
Increase by 5%	1.24	(8.55)
Decrease by 5%	(1.24)	8.55
EURO Sensitivity :		
Increase by 5%	5.91	5.58
Decrease by 5%	(5.91)	(5.58)

Note: In the Group's Opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year/ in future years.

B) Interest Rate Risk and Sensitivity :

The Group's exposure to the risk of changes in market interest rates relates primarily to long term debt. Borrowings at variable rates expose the Group to cash flow interest rate risk. With all other variables held constant, the following table demonstrates composition of fixed and floating rate borrowing of the Group and impact of floating rate borrowings on Group's profitability.

Interest Rate Exposure (₹ Lakh)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Floating Rate Borrowings	17,147.79	4,379.51
Fixed Rate Borrowings	55.79	197.83

Sensitivity on floating rate borrowings (₹ Lakh)

Particulars	Impact on Profit and Loss Account		Impact on Equity	
	As at 31 March, 2023	As at 31 March, 2022	As at 31 March, 2023	As at 31 March, 2022
Interest Rate Increase by 0.25%	(42.87)	(10.95)	(42.87)	(10.95)
Interest Rate Decrease by 0.25%	42.87	10.95	42.87	10.95

Note: Interest rate sensitivity has been calculated assuming the borrowing outstanding at the reporting date have been outstanding for the entire reporting period.

Note: 33.5 Leases

(i) Amount recognised in the balance sheet

Right of use assets (₹ Lakh)

Category of asset	Opening as at 01 April, 2022	Addition / (deductions) during 2022-23	Depreciation during 2022-23	Closing as at 31 March, 2023
Leasehold land	13.77	3,031.09	61.78	2983.08

(₹ Lakh)

Category of asset	Opening as at 01 April, 2021	Addition / (deductions) during 2021-22	Depreciation during 2021-22	Closing as at 31 March, 2022
Leasehold land	15.36	-	1.59	13.77

The value of the lease liability as of 01 April, 2019 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with IndAS 116 and discounting the lease liabilities to the present value under IndAS 116.

(₹ Lakh)

Lease Liabilities as at 01 April, 2022	0.86
Lease Liabilities as at 01 April, 2021	0.96

(ii) Amount recognised in the statement of profit and loss

The statement of profit and loss shows following amounts relating to leases :

(₹ Lakh)

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Interest expense on lease liabilities (included in finance costs)	0.01	0.01
Expense relating to short-term leases (included in Operating Expenses)	1.20	1.90

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 10%.

The bifurcation below provides details regarding the contractual maturities of lease liabilities as of 31 March, 2023 on an undiscounted basis:

(₹ Lakh)

Particulars	As at 31 March, 2023	As at 31 March, 2022
1 year	0.10	0.10
1-3 years	0.20	0.20
3-5 years	0.20	0.20
More than 5 years	0.30	0.40

Note: 33.6 Earnings per Share (EPS)

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
a) Net profit after tax attributable to equity shareholders (₹ Lakh)	2,069.97	2,162.28
b) Weighted average number of equity shares	53,56,700	53,56,700
c) EPS (₹) [Basic and Diluted (a/b)]	**38.64**	**40.37**
(Face value per share ₹ 10)		

Note: 33.7 Income Tax

a. Components and movements of Deferred Tax Liability (Net):

(₹ Lakh)

Particulars	As at 01 April, 2022	Recognised to Statement of Profit and Loss	Adjustment during the year	Recognised in Other Comprehensive Income	As at 31 March, 2023
	(a)	(b)	(c)	(d)	(e=a+b+c+d)
i. Items of Deferred Tax Liabilities :					
Property, Plant and Equipment and Intangible Assets	1,768.42	(18.80)	-	-	1,749.62
Financial Assets Fair Value through OCI	0.17	-	-	0.07	0.24
Total Deferred Tax Liability (i)	**1,768.59**	**(18.80)**	-	**0.07**	**1,749.86**
ii. Items of Deferred Tax Assets :					
Allowance for doubtful trade receivables and deposits	2.98	-	-	-	2.98
Disallowances under Section 43B of the Income Tax Act, 1961	56.68	8.62	-	-	65.30
Total Deferred Tax Assets (ii)	**59.66**	**8.62**	-	-	**68.28**
Net Deferred Tax Liability (DTL) (i-ii)	**1,708.94**	**(27.42)**	-	**0.07**	**1,681.59**

(₹ Lakh)

Particulars	As at 01 April, 2021	Recognised to Statement of Profit and Loss	Adjustment during the year	Recognised in Other Comprehensive Income	As at 31 March, 2022
	(a)	(b)	(c)	(d)	(e=a+b+c+d)
i. Items of Deferred Tax Liabilities :					
Property, Plant and Equipment and Intangible Assets	1,770.38	(1.96)	-	-	1,768.42
Financial Assets Fair Value through OCI	0.18	-	-	(0.01)	0.17
Total Deferred Tax Liability (i)	**1,770.56**	**(1.96)**	-	**(0.01)**	**1,768.59**
ii. Items of Deferred Tax Assets :					
Allowance for doubtful trade receivables and deposits	15.50	(12.52)	-	-	2.98
Disallowances under Section 43B of the Income Tax Act, 1961	34.04	22.64	-	-	56.68
Total Deferred Tax Assets (ii)	**49.54**	**10.12**	-	-	**59.66**
Net Deferred Tax Liability (DTL) (i-ii)	**1,721.02**	**(12.08)**	-	**(0.01)**	**1,708.94**

b. Components of Income Tax Expense

(₹ Lakh)

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Income Tax Expense		
i. Current Tax		
Current Tax on Profits for the year	484.79	1,012.34
Total Current Tax (i)	**484.79**	**1,012.34**
ii. Adjustment for current tax of prior periods	-	-
iii. Deferred Tax		
Decrease / (Increase) in Deferred Tax Assets	(8.62)	(10.12)
Increase / (Decrease) in Deferred Tax Liability	(18.80)	(1.97)
Total Deferred Tax (iii)	**(27.42)**	**(12.09)**
Total Income Tax Expense (i+ii+iii)	**457.37**	**1,000.26**

c. Reconciliation of Income Tax Expense with Accounting Profit :

(₹ Lakh)

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Profit Before Tax	2,527.34	3,162.54
Tax at Indian Tax Rate of 29.12% (previous year 29.12%)	735.96	920.93
Tax impact on windmill income exempt u/s 80 IA	(29.06)	(51.97)
Depreciation on windmill not allowable as per Income tax act	19.60	19.60
CSR expenditure disallowed	9.48	11.14
Tax impact on share of (profit)/ loss of joint venture	(273.41)	100.51
Others	(5.20)	0.05
Income Tax Expense as per Statement of Profit and Loss	**457.37**	**1,000.26**

Note : 33.8 Details and financial information of Joint Venture (JV) :
Details of the Group's joint venture at the end of the reporting period is as follows:

Name of Joint Venture	Principle activity	Place of incorporation and principal	Proportion of ownership and voting	
			As at 31 March, 2023	As at 31 March, 2022
Shree Samrat Pulp and Paper Private Limited	Manufacturing of kraft paper	India	50%	50%

The above joint venture is accounted for using equity method in these consolidated financial statements.
The summarised financial information below represents amounts shown in the joint venture's financial statements to the extent of parent's share

Particulars	As at 31 March, 2023	As at 31 March, 2022
	₹ Lakh	₹ Lakh
Non-current assets	16.61	481.97
Current assets	1,382.46	412.85
Non-current liabilities	0.43	-
Current liabilities	92.15	527.23

The above amounts of assets and liabilities include the following:

Particulars	As at 31 March, 2023	As at 31 March, 2022
	₹ Lakh	₹ Lakh
Cash and cash equivalents	93.09	6.73
Current financial liabilities (excluding trade payables and provisions)	-	4.30
Non-current financial liabilities (excluding trade payables and provisions)	-	-

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
	₹ Lakh	₹ Lakh
Revenue from operations (including revenue from sale of traded goods)	123.82	303.16
Profit for the year *	938.90	(345.17)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	938.90	(345.17)

* Share of profit of joint venture accounted for using equity method (net of tax) for the year ended 31 March 2023 includes share of profit amounting to ₹ 1,366.62 lakhs on sale by way of an assignment of lease of land.

The above profit for the year include the following:

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
	₹ Lakh	₹ Lakh
Depreciation and amortisation	3.04	23.67
Interest income	34.50	2.32
Interest expense	-	4.33
Income tax expense	270.94	(87.95)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the JV recognised in the consolidated financial statements:

Particulars	As at 31 March, 2023	As at 31 March, 2022
	₹ Lakh	₹ Lakh
Net assets of the JV	2,612.99	735.20
Proportion of the Group's ownership interest in the JV	50%	50%
Carrying amount of the Group's interest in the JV	1,306.49	367.60

Note : 33.9 Additional information of enterprises consolidated as Subsidiary / Associate/ Joint Venture, as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013.

Name of the Enterprise	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive Income		Share in Total comprehensive Income	
	As % of consolidated net assets	Amount in ₹ lakh	As % of consolidated profit or loss	Amount in ₹ lakh	As % of consolidated other comprehensive income	Amount in ₹ lakh	As % of consolidated total other comprehensive income	Amount in ₹ lakh
I. Parent								
Shree Ajit Pulp and Paper Limited								
As at 31 March, 2023	97.51%	20,277.57	54.53%	1,128.79	100.00%	3.50	54.61%	1,132.29
As at 31 March, 2022	102.26%	19,198.85	115.86%	2,505.27	100.00%	3.10	115.84%	2,508.37
II. Subsidiaries								
Indian								
Shree Samrudhi Industrial Papers Private Limited								
As at 31 March, 2023	0.11%	23.40	0.11%	2.28	0.00%	-	0.11%	2.28
As at 31 March, 2022	0.11%	21.12	0.10%	2.18	0.00%	-	0.10%	2.18
Foreign As at 31 March, 2023 and As at 31 March, 2022	NIL							
Non-controlling interests in all subsidiaries As at 31 March, 2023 and As at 31 March, 2022	NIL							
III. Associates (Investment as per the equity method) As at 31 March, 2023 and As at 31 March, 2022	NIL							
IV. Joint Venture (as per equity method)								
Indian								
Shree Samrat Pulp and Paper Private Limited								
As at 31 March, 2023	2.38 %	493.99	45.36 %	938.90	-	-	45.28 %	938.90
As at 31 March, 2022	(2.37)%	(444.92)	(15.96)%	(345.17)	-	-	(15.94)%	(345.17)
Foreign As at 31 March, 2023 and As at 31 March, 2022	NIL							
Total								
As at 31 March, 2023	100.00%	20,794.96	100.00%	2,069.97	100.00%	3.50	100.00%	2,073.47
As at 31 March, 2022	100.00%	18,775.05	100.00%	2,162.28	100.00%	3.10	100.00%	2,165.38

Note: 33.10 Contingent liabilities and commitments (to the extent not provided for)

(₹ Lakh)

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Contingent liabilities		
Claims against the Group not acknowledged as debt (deposit paid ₹ 20 lakh as at 31 March, 2023 (previous year ₹ 20 lakh))	28.37	28.37
Custom duty demand disputed by the Group relating to issues of classification (Deposit paid ₹ 5.53 lakh as at 31 March, 2023 (previous year ₹ 5.53 lakh))	62.07	62.07
Service tax demand disputed by the Group relating to issues of applicability	9.30	9.30
Goods and Service tax demand disputed by the Group	8.44	5.64
Future cash outflows in respect of above matters are determinable only on receipt of judgements/ decisions pending at various forums /authorities and the Group does not expect any outflow of resources.		
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances ₹ 1408.38 lakhs (previous year ₹ 792.68 lakhs))	3,794.46	9,494.80

Note: 33.11 Other Statutory Information

(i) The Group do not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
(ii) The Group do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
(iii) The Group have not traded or invested in Crypto currency or Virtual Currency during the financial year.
(iv) The Group have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
b. provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
(v) The Group have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
b. provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
(vi) The Group do not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
(vii) Monthly statement of current assets (book debts and inventories) is filed by the Group with the bank are in agreement with the unaudited books of accounts.
(viii) The Group is not declared willful defautler by any banks where Company has availed term loan facilities.
(ix) The Group has complied with the number of layers prescribed under Companies Act, 2013.
(x) The Group has not entered into any Scheme of Arrangement which has an accounting impact on current or previous financial year.
(xi) The Group has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

Note: 33.12 Details of expenditure on Corporate Social Responsibility Activities as per Section 135 of Companies Act , 2013 read with schedule III are as below :

(₹ Lakh)

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
a) Gross amount required to be spent by the Group during the year	62.03	60.64
Less: Amount available for setoff from previous year	1.52	0.51
Net amount required to be spent by the Group during the year	60.51	60.13
b) Amount spent during the year :		
- in respect of amount required to be spent for the year ended 31 March, 2023*	62.82	-
- in respect of amount required to be spent for the year ended 31 March, 2022*	-	61.65
Total	**62.82**	**61.65**

i) This amount is spent for healthcare, education, measures for reducing inequalities faced by socially and economically backward groups, hunger & poverty, environment sustainability and protection of art & culture.
ii) Amount spent on construction / acquisition of any assets is NIL.
iii) There are no related party transactions in relation to Corporate Social Responsibility in the current and previous year.
* ₹ 2.31 Lakhs (previous year ₹ 1.52 Lakhs) is available for setoff in succeeding years.

Note: 33.13 Events after the reporting period
The Board of Directors, at its meeting held on 30 May, 2023, has proposed a final dividend of ₹ 1.00/- per equity share of face value ₹ 10/- each for the financial year ended 31 March, 2023. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held and if approved would result in a cash outflow of approximately ₹ 53.57 Lakh for dividend.

Note: 33.14 Approval of financial statements
The financial statements were approved by the board of directors on 30 May, 2023.

For and on behalf of the Board of Directors

Gautam D Shah	**Bela G Shah**	**Shanoo Mathew**
CMD	**Whole-time Director & CFO**	**Company Secretary**
DIN 00397319	**DIN 01044910**	**Membership No. A60688**

Place : Vapi
Date : 30 May, 2023

DELOITTE HASKINS & SELLS LLP
Chartered Accountants

ACCOUNTING RATIOS

The following tables present certain accounting and other ratios compared on the basis of the Audited Financial Information. For details, see *"Financial Statements"* on page85.

Accounting Ratios:

Particulars	Based on Audited Consolidated Financial Statements	
	Fiscal 2023	Fiscal 2022
Basic earnings per share (₹) (for continued operations)	38.64	40.37
Diluted earnings per share (₹) (for continued operations)	38.64	40.37
Return on Net Worth (%)	9.96%	11.52%
Net Asset Value per Equity Share (₹)	387.95	350.25
EBITDA (₹ in lakhs)	3,897.69	4,349.17

The formula used in the computation of the above ratios are as follows:

Basic earnings per share	Net Profit/(Loss) after Tax as per Consolidated Statement of Profit and Loss attributable to Equity Shareholders (after adjusting non-controlling interest) after exceptional item, as applicable/Weighted Average number of Equity Shares.
Diluted earnings per share	Net Profit/(Loss) after Tax as per Consolidated Statement of Profit and Loss attributable to Equity Shareholders (after adjusting non-controlling interest) after exceptional item, as applicable/Weighted Average number of Equity Shares (including convertible securities).
Return on net worth (in %)	Profit/(Loss) for the Year as per Consolidated Statement of Profit and Loss attributable to Equity Shareholders (prior to other comprehensive income)/Net worth at the end of the year on consolidated basis.
Net Worth as per 2(1)(hh) SEBI (ICDR) Regulations,2018	Net worth means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.
Net asset value per Equity Share	Net Worth on consolidated basis divided by the number of Equity Shares outstanding for the year.
EBITDA	Profit/(Loss) for the year before finance costs, tax, depreciation, amortization, and exceptional items as presented in the Consolidated Statement of Profit and Loss.

Calculation of Return of Net Worth

(In ₹ lakhs, unless otherwise specified)

Particulars	Based on Audited Consolidated Financial Statements	
	Fiscal 2023	Fiscal 2022
Net Profit after Tax (before OCI) (A)	2,069.97	2,162.28
Net Worth (B)*	20,781.47	18,761.72
Return of Net Worth (A/B) (%)	9.96%	11.52%

*Net Worth as per 2(1) (hh) of SEBI (ICDR) Regulations,2018

Calculation of Net asset value per Equity Share

(In ₹ lakhs, unless otherwise specified)

Particulars	Based on Audited Consolidated Financial Statements	
	Fiscal 2023	Fiscal 2022
Net Worth (A) (₹ in lakhs)	20,781.47	18,761.72
No. of Shares (B) (in numbers)	53,56,700	53,56,700
Net Assets Value [(A x 100,000)/B]	387.95	350.25

Calculation of EBITDA

(In ₹ lakhs, unless otherwise specified)

Particulars	Based on Audited Consolidated Financial Statements	
	Fiscal 2023	**Fiscal 2022**
Net Profit / (Loss) after Tax	2,069.97	2,162.28
Add: Taxes	457.37	1,000.26
Add: Interest	649.65	454.18
Add: Depreciation	720.70	732.45
EBITDA	3,897.69	4,349.17

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our Audited Consolidated Financial Statements as of and for the year ended March 31, 2023, all prepared in accordance with the Companies Act and Ind AS, including the schedules, annexures and notes thereto and the reports thereon, included in the section titled "Financial Statements" on page 85 of this Draft Letter of Offer. Unless otherwise stated, the financial information used in this chapter is derived from the Audited Consolidated Financial Statements of our Company.

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 sections titled "Risk Factors" and "Forward-Looking Statements" on pages 21 *and 17 respectively, of this Draft Letter of Offer.*

Our financial year ends on March 31 of each year, so all references to a particular "Financial year" and "Fiscal" are to the twelve (12) month period ended March 31 of that financial year. References to the "Company", "we", "us" and "our" in this chapter refer to Shree Ajit Pulp and Paper Limited, as applicable in the relevant period, unless otherwise stated. Unless otherwise indicated or the context requires, the financial information for Financial Year 2023 included herein is based on the Audited Consolidated Financial Statements, included in this Draft Letter of Offer. For further information, see "Financial Statements" beginning on page85.

OVERVIEW OF OUR BUSINESS

We are primarily engaged in the business of manufacturing, marketing and selling of machine glazed Kraft paper-Testliner *(single wire)* and multi-layer Testliner *(triple wire*) from waste recycled papers with wide range from 80-330 grams per square metre ("**GSM**") and varying from 18-35 bursting factor ("**BF**") in **("Manufacturing Unit – I")**. We are also venturing in light weight 40-120 GSM with high tensile performance kraft paper in **("Manufacturing Unit – II")**. Our products have a variety of applications and are used in industry such as FMCG, textiles, automobiles, e-commerce, pharmaceuticals, perishable, other packaging items for industrial and household purpose, paper bags, etc. We sell our products in domestic as well as in international markets.

Our Manufacturing Unit – I and II are located at Survey No. 239, village salvav, 106, 107, 108P and 105P, Morai, Near Morai Railway Crossing, Vapi 396191, Valsad, Gujarat, India with an installed capacity of 1,20,000 MTPA and Plot No. 1 and 1/B, Phase I, GIDC, Vapi - 396195, Gujarat with an installed capacity of 82,500 MTPA, respectively. Manufacturing Unit - II is newly setup and has commenced the commercial production w.e.f. July 17, 2023.

We are certified in 'Single Chain of Custody (COC)" with 'FSC-STD-40-004 V3-1', 'FSC-STD-40-007 V2-0', FSC-STD-50-001 V2-0' standards issued by Preferred by Nature. We have been recognized as a 'One Star Export House' by Ministry of Commerce and Industry, Government of India for our performance in export of our products.

SIGNIFICANT FACTORS AFFECTING OUR BUSINESS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our business, financial condition and results of operations are affected by numerous factors and uncertainties, including those discussed in the section titled *'Risk Factors'* on page21. The following are certain factors that had, and we expect will continue to have, a significant effect on our business, financial condition and results of operations:

- Factors affecting the Indian Paper Industry;
- Increasing competition in the Industry;
- Ability to comply with the quality requirement of customers as well as regulatory authorities;
- Changes in government regulations, tax regimes, laws and regulations that apply to the industry;
- Changes in fiscal, economic or political conditions in India;
- Changes in the foreign exchange control regulations, interest rates and tax laws in India.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied consistently to the periods presented in the Audited Consolidated Financial Statements. For details of our significant accounting policies, please refer chapter titled *"Financial Statements"* on page 85 of this Draft Letter of Offer.

CHANGE IN ACCOUNTING POLICIES

There has been no change in accounting policies during the Financial Year 2023.

RESERVATIONS, QUALIFICATIONS AND ADVERSE REMARKS/OTHER OBSERVATIONS IN CARO

The following is the summary of qualifications/reservations/emphasis of matters/adverse remarks/other observations in CARO (as applicable) in the Audited Financial Statements for the Financial Year 2023:

<table>
<tr><th>Period</th><th>Type of Financials</th><th>Qualifications/ Reservations/ Matter of Emphasis/ Adverse Remarks/ Other Observations in CARO</th></tr>
<tr><td>Financial Year 2023</td><td>Consolidated</td><td>Qualifications/Reservations/Adverse Remarks:
NIL

Matter of Emphasis:
NIL</td></tr>
<tr><td>Financial Year 2023</td><td>Standalone</td><td>Qualifications/Reservations/Adverse Remarks:
NIL

Matter of Emphasis:
NIL

Other Observations in CARO:

vii. In respect of statutory dues:

(b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31,2023 on account of disputes are given below:
<table>
<tr><th>Name of the statue</th><th>Nature of dues</th><th>Forum where Dispute is pending</th><th>Period to which the Amount relates</th><th>Amount involved (₹ in lakhs)</th><th>Amount Unpaid (₹ in lakhs)</th></tr>
<tr><td>Finance Act, 1994</td><td>Service Tax</td><td>Additional Commissioner</td><td>April 2014 – March 2015</td><td>9.30</td><td>9,30</td></tr>
<tr><td>The Customs Act,1962</td><td>Custom Duty</td><td>CESTAT</td><td>April 2011-March 2013</td><td>62.07</td><td>56.54</td></tr>
<tr><td>The Goods and Service Tax Act 2017</td><td>Goods and Service Tax</td><td>Assistant Commissioner of Goods and Service Tax</td><td>July 2017-March 2020</td><td>8.44</td><td>8.44</td></tr>
<tr><td>The Income Tax Act,1961</td><td>Income Tax</td><td>Commissioner of Income Tax</td><td>April 2020-March 2021</td><td>0.07</td><td>0.07</td></tr>
</table>
</td></tr>
</table>

PRINCIPAL COMPONENTS OF OUR STATEMENT OF PROFIT AND LOSS

Revenue

Our revenue comprises of:

Revenue from operations

Revenue from operations comprises (i) sale of products which includes Multilayer Testliner and Testliner Paper (including Sale of Traded Goods) and income from windmills ;(ii) other operating revenues which includes export benefits.

Other income

Other income primarily comprises interest income on fixed deposit, margin money deposits, interest income on loan given, and others which includes other non-operating income such as foreign exchange gain, dividend income from other long-term investments and sale of scrap.

Expenses

Our expenses primarily comprise cost of materials consumed, purchase of stock-in-trade, changes in inventories of finished goods, work in progress and stock in trade, employee benefit expense, finance costs, depreciation and amortization expenses and other expenses.

Cost of materials consumed

The cost of materials consumed comprises of wastepaper, colour and chemical.

Purchase of stock-in-trade

Purchase of stock-in-trade comprise of trading of Testliner and Testliner paper.

Changes in inventories of finished goods, work in progress and stock in trade

Changes in inventories of finished goods, work in progress and stock in trade comprises of difference in amount of inventories of finished goods, work in progress and stock in trade at the beginning of period *vis-a-vis* amount of inventories at the end of period.

Employee benefit expense

Employee benefit expenses comprises salaries and wages, contribution to provident fund and other funds, gratuity expenses and staff welfare expenses.

Finance cost

Finance cost comprises interest expense and other borrowing costs. Interest expense generally comprises interest on borrowings, interest on income tax, interest on delayed payment to MSME and interest on lease liability.

Depreciation and amortization expense

Depreciation and amortization expense comprises of depreciation on buildings, right of use asset, plant and equipment, windmills, electrical installation, furniture & fixtures, vehicles, office equipment and amortisation on computer software.

Other expenses

Other expenses comprises consumption of stores and spare parts, power and fuel, packing material consumed, unloading charges, insurance, repairs and maintenance of machinery, building and others, other manufacturing expenses, selling expenses, commission on sale, audit fees, consultancy fees, rent, professional charges, rates and taxes, security charges, travelling expenses, vehicle expenses, sundry advances written off, loss on disposal of fixed asset, expenditure on corporate social responsibilities, windmill expenses and other miscellaneous expenses.

Tax expense

Tax expense comprises current tax and deferred tax. Current tax is the amount of tax payable on the taxable income for the year/period as determined in accordance with applicable tax rates and the provisions of applicable tax laws. Deferred tax liability or asset is recognized based on the difference between taxable profit and book profit due to the effect of timing differences. Our deferred tax is measured based on the applicable tax rates and tax laws that have been enacted or substantively enacted by the relevant balance sheet date.

Results of our Operations

The following table sets forth certain information with respect to our results of operations for the periods indicated:

(₹ In lakhs)

Particulars	**Financial Year 2023**		**Financial Year 2022**	
	Amount	**% of Total Revenue**	**Amount**	**% of Total Revenue**
Revenue from Operations	37,187.69	99.89%	41,824.80	99.77%
Other Income	41.56	0.11%	96.19	0.23%
Total Revenue	**37,229.25**	**100.00%**	**41,920.99**	**100.00%**
Cost of Material Consumed	23,682.93	63.61%	26,302.42	62.74%
Purchase of stock-in-trade	-	-	65.93	0.16%
Changes in Inventories of finished goods and work in progress	(202.49)	(0.54) %	(301.95)	(0.72) %
Employee Benefit Expenses	1,626.01	4.37%	1,919.63	4.58%
Financial Cost	649.65	1.74%	454.18	1.08%
Depreciation and Amortization Expenses	720.70	1.94%	732.45	1.75%
Other Expenses	9,164.01	24.62%	9,240.62	22.04%
Total Expenses	**35,640.81**	**95.73%**	**38,413.28**	**91.63%**
Profit before share of (loss)/profit of joint venture and tax	**1,588.44**	**4.27%**	**3,507.71**	**8.37%**
Share of (loss)/profit of joint venture accounted for using equity method (net of tax)	938.90	2.52%	(345.17)	(0.82) %
Profit /(Loss) before tax	**2,527.34**	**6.79%**	**3,162.54**	**7.54%**
Tax expense:				
- Current Tax	484.79	1.30%	1,012.34	2.41%
- (Excess)/short provision relating to earlier years	-	-	-	-
- Deferred Tax Provision/(Reversal)	(27.42)	(0.07) %	(12.08)	(0.03) %
Net Tax expenses	**457.37**	**1.23%**	**1,000.26**	**2.39%**
Profit/(Loss) for the period after tax	**2,069.97**	**5.56%**	**2,162.28**	**5.16%**

Financial Year 2023 compared to Financial Year 2022

Total Revenue

Our total revenue for the Financial Year 2023 was ₹ 37,229.25 lakhs as compared to ₹ 41,920.99 lakhs for the Financial Year 2022, representing a decrease of 11.19%. Total revenue comprises of:

Revenue from Operations

Our revenue from operations for the Financial Year 2023 was ₹ 37,187.69 lakhs as compared to ₹ 41,824.80 lakhs for the Financial Year 2022, representing a decrease of 11.09%. This decrease was primarily due to decrease in sales volume of our products and lower price realisation.

Other income

Other income for the Financial Year 2023 was ₹ 41.56 lakhs as compared to ₹ 96.19 Lakhs for the Financial Year 2022, representing a decrease of 56.79%. This decrease in other income was primarily due to decrease in interest income on fixed deposits.

Expenses

Our total expenditure for the Financial Year 2023 was ₹ 35,640.81 Lakhs as compared to ₹ 38,413.28 lakhs for the Financial Year 2022, representing a decrease of 7.22%. Total expenditure comprises of:

Cost of Material Consumed

The Cost of Material Consumed for the Financial Year 2023 was ₹ 23,682.93 lakhs as compared to ₹ 26,302.42 lakhs for the Financial Year 2022, representing a decrease of 9.96%. This decrease was on account of decrease in volume of raw material consumed in production of our products.

Purchase of stock-in-trade

Purchase of stock-in-trade for the Financial Year 2023 was ₹ NIL as compared to ₹ 65.93 lakhs for the Financial Year 2022. This decrease was due to no sale of stock-in-trade for the Financial Year 2023 as compared to the Financial Year 2022.

Changes in inventories of finished goods, work in progress and stock-in-trade

The changes in inventories of finished goods, work in progress and stock-in-trade for the Financial Year 2023 were ₹ (202.49) lakhs as compared to ₹ (301.95) lakhs for the Financial Year 2022. This change was due to an increase in closing stock of finished goods and work in progress for the Financial Year 2023 vis-à-vis closing stock of finished goods and work in progress for the Financial Year 2022.

Employee benefit expenses

Employee benefit expense for the Financial Year 2023 was ₹ 1,626.01 lakhs as compared to ₹ 1,919.63 lakhs for the Financial Year 2022, representing a decrease of 15.30 %. This decrease was primarily due to non-payment of commission to directors, decrease in bonus based on production and retirement of some senior employees who were receiving higher salary.

Finance cost

Finance cost for the Financial Year 2023 was ₹ 649.65 lakhs as compared to ₹ 454.18 lakhs for the Financial Year 2022, representing an increase of 43.04%. This increase in finance cost was primarily due to increase in interest expense on borrowings, higher working capital utilisation, other borrowing costs including bank charges and interest on delayed payment to MSME.

Depreciation and amortization expenses

Depreciation and amortization expenses for the Financial Year 2023 was ₹ 720.70 lakhs as compared to ₹ 732.45 lakhs for the Financial Year 2022, representing a decrease of 1.60%. This decrease was due to change in written down value (WDV) of property, plant and equipment and intangible assets.

Other expenses

Other expenses for the Financial Year 2023 were ₹ 9,164.01 lakhs as compared to ₹ 9,240.62 lakhs for the Financial Year 2022, representing a decrease of 0.83%. This decrease was primarily due to decrease in consumption stores and spare parts, packing material consumed, repair and maintenance of machinery, selling expenses, commission on sale, and consultancy fees.

Profit/(loss) before share of (loss)/profit of joint venture and tax

Profit/(loss) before *share of (loss)/profit of joint venture and tax* for the Financial Year 2023 was ₹ 1,588.44 lakhs as compared to ₹ 3,507.71 lakhs for the Financial Year 2022, representing a decrease of 54.72%. This decrease in profit before share of (loss)/profit of joint venture and tax was primarily due to decrease in revenue from operation, other income and increase in finance cost.

Share of (loss)/profit of joint venture accounted for using equity method (net of tax)

Share of profit of joint venture for the Financial Year 2023 was ₹ 938.90 lakhs as compared to ₹ (345.17) lakhs for the Financial Year 2022.This increase in profit was due to profit on account of sale of land, building and machinery of joint venture.

Profit/(loss) before Tax

The profit/(loss) before tax for the Financial Year 2023 was ₹ 2,527.34 lakhs as compared to ₹ 3,162.54 lakhs for the Financial Year 2022, representing a decrease of 20.09%.

Tax expenses

Total tax expense for the Financial Year 2023 was ₹ 457.37 lakhs as compared to ₹ 1,000.26 lakhs for the Financial Year 2022.This decrease was primarily due to decrease in taxable income for the year ended March 31,2023.

Profit/(Loss) for the period after tax

In light of the above discussion, the profit after tax for the Financial Year 2023 was ₹ 2,069.97 lakhs as compared to ₹ 2,162.28 lakhs for the Financial Year 2022, representing a decrease of 4.27%.

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 described in the chapter titled *"Risk Factors"* and chapter titled *"Management's Discussion and Analysis of Financial Conditions and Results of Operations"* beginning on pages 21 and 133 respectively, of this Draft Letter of Offer, to our knowledge, there are no known trends or uncertainties that have or are expected to have a material adverse impact on our income from continuing operations.

Unusual or Infrequent Events or Transactions

Other than as described in this Draft Letter of Offer, there have been no events or transactions to our knowledge which may be described as "unusual" or "infrequent".

Significant dependence on a Single or Few Suppliers or Customers

Other than as described in this Draft Letter of Offer, particularly in chapter titled "Risk Factors" on page21, to our knowledge, there is no significant dependence on a single or few customers or suppliers.

Related Party Transactions

For details, please refer to the chapter titled "*Financial Statements*" beginning on page 85 of this Draft Letter of Offer.

Significant developments after March 31, 2023, that may affect our future results of operations

Other than as disclosed in this Draft Letter of Offer, there have been no significant developments after March 31, 2023, that may affect our future results of operations. For further information, please see the chapter titled "*Material Developments*" on page 139.

MATERIAL DEVELOPMENTS

Except as stated elsewhere in this Draft Letter of Offer and as disclosed below, to our knowledge, no circumstances have arisen since March 31, 2023, which materially or adversely affect or are likely to affect, within the next 12 months, our operations, performance, prospects or profitability, or the value of our assets or our ability to pay our liabilities.

- *Re-appointment and Regularization of Directors and Key Managerial Personnel*:

  On April 14, 2023, through a postal ballot, the shareholders of our Company expressed their approval for reappointment of Gautam D. Shah as the Managing Director and Bela G. Shah as the Whole Time Director and Chief Financial Officer of our Company.

  On June 25, 2023, our Company passed a resolution via postal ballot, conducted through an e-voting process, to regularize the appointment of Prakash D. Patel as the Executive Director of our Company.

- *Declaration of Dividend*:

  On May 30, 2023, our Board recommended a final dividend @ 10% i.e., ₹1 per Equity Share for the year ended on March 31, 2023 and the same was approved by our Shareholders at their Annual General Meeting held on August 04, 2023.

- *Appointment of Statutory Auditor*:

  On May 30, 2023, our Board recommended the appointment of M/s G. B. Laddha & Co. LLP, Chartered Accountants, (Firm Registration No. 120352W/W100033) as the Statutory Auditors of the Company for a period of 5 (five) years and the same was approved by our Shareholders at their Annual General Meeting held on August 04, 2023.

- *Conversion of Joint Venture into a Limited Liability Partnership*:

  On May 30, 2023, the Board of Directors of our Company has passed a resolution approving the conversion of Shree Samrat Pulp and Paper Private Limited, a joint venture company into a Limited Liability Partnership (LLP).

- *Commencement of production at the new manufacturing facility*:

  With effect from July 17, 2023, our Company has commenced commercial production at its new manufacturing facility i.e., Shree Ajit Pulp and Paper Ltd Unit (II) located at Plot No.1, Plot 1/B, 1st Phase, GIDC, Vapi- 396195, Dist. Valsad, Gujarat.

- *Credit Rating Report*:

  On August 10, 2023, ICRA reaffirmed our Company's credit rating at [ICRA]A(Negative)/[ICRA]A1.

- Credit Enhancement of Loan Facility:

  On September 11, 2023, the Board of Directors of our Company has passed a resolution approving enhancement of various credit facilities to ₹ 39,291.00 lakhs from ₹ 37,926.00 lakhs.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND DEFAULTS

Our Company and our Subsidiary are involved in certain legal proceedings from time to time, which are primarily in the nature of tax disputes, civil suits, and petitions pending before various authorities.

Except as disclosed below, there is no outstanding litigation with respect to (i) issues of moral turpitude or criminal liability on the part of our Company or our Subsidiary; (ii) material violations of statutory regulations by our Company or our Subsidiary; (iii) economic offences where proceedings have been initiated against our Company or our Subsidiary; (iv) any pending matters, which if they result in an adverse outcome, would materially and adversely affect our operations or our financial position or that of our Subsidiary.

*Any outstanding litigation involving our Company i.e., proceedings other than litigation involving issues of moral turpitude, criminal liability, material violations of statutory regulations or proceedings related to economic offences, shall be considered material and shall be disclosed in this Draft Letter of Offer, if (i) the monetary claim involved in such proceedings is an amount equal to or exceeding 2% of the revenue from operations of the Company as per the standalone audited financial statements of the Company for the immediately preceding financial year (being ₹ 743.75 lakhs i.e., 2% of ₹ 37,187.69 lakhs as on March 31, 2023) ("**Materiality Threshold**"), and/or (ii) is otherwise determined to be material in terms of the Materiality Policy. ""*

Pre-litigation notices received by our Company and/or our Subsidiary from third parties (excluding notices pertaining to any offence involving issues of moral turpitude, criminal liability, material violations of statutory regulations or proceedings related to economic offences) has not been evaluated for materiality until such time our Company and/or our Subsidiary are impleaded as defendants in litigation proceedings before any judicial/ arbitral forum.

All terms defined in a particular litigation disclosure pertain to that litigation only. Unless stated to the contrary, the information provided below is as of the date of this Draft Letter of Offer.

Litigations involving our Company

There are no issues of moral turpitude or criminal liability, material violations of statutory regulations or economic offences or material pending matters involving our Company, except as follows:

A. Proceedings involving issues of moral turpitude or criminal liability

i. ***Criminal Litigations initiated against our Company:***

Nil

ii. ***Criminal Litigations initiated by our Company:***

Nil

B. Matters involving material violations of statutory regulations by our Company

As on the date of this Draft Letter of Offer, there are no proceedings/matters involving material violations of statutory regulations by our Company.

C. Economic offences where proceedings have been initiated against our Company

As on the date of this Draft Letter of Offer, there are no economic offences initiated against our Company.

D. Other proceedings involving our Company which involve an amount exceeding the Materiality Threshold and other pending matters, which if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company

i. ***Civil Litigations initiated against our Company:***

Nil

ii. ***Civil Litigations initiated by our Company:***

Nil

E. Tax Proceedings initiated against our Company

i. ***Direct Tax:***

a. Outstanding Tax Demand

- Income Tax Department has processed return of income filed by company for A.Y. 2022-23 (FY 2021-22) under section 143(1) of Income tax Act, 1961 ("IT Act") and vide its intimation dated July 29, 2023 informed the company of a prima facie adjustment of adding ₹ 714.08 lakhs to the income of the company and raised a demand of Income tax and interest thereon of ₹253.72 lakhs. Company has filed an online application under section 154 of the IT act requesting for rectification of error apparent on records by removing duplicate effect of income computed and delete the demand raised. As on date of this Draft Letter of Offer, the rectification application filed by company is pending with the IT authorities.

- As on date of the Draft Letter of Offer, the income tax demand on our Company amounting to ₹7,330 for Assessment Year 2018-19 and the same is outstanding.

b. TDS Outstanding Demand

- Our Company has outstanding TDS demands of ₹400, ₹1,500, ₹31,280, and ₹1,420 for the FY 2018-19, 2016-17, 2010-11 and 2008-09 respectively. As on date of Draft Letter of Offer, these TDS demands are outstanding.

c. Litigation pending against authorities

Nil

ii. ***Indirect Tax:***

Litigation pending against authorities

a. ***Shree Ajit Pulp and Paper Limited ("Our Company") vs. Joint Commissioner – Appeal No. 10786 of 2015***

"Our Company has filed an appeal before the Hon'ble Customs Excise and Service Tax Appellate Tribunal, WZB, Ahmedabad, bearing Appeal Number 10786 of 2015, against the order passed by the Ld. Commissioner (A), Customs, Ahmedabad". Our Company had imported coal from Indonesia classified under CTH 27011920 as "Steam Coal". Our Company had paid additional duty leviable under section 3(1) of the Customs Tariff Act, 1975 at the rate of 1%. Our Company has availed exemption from basic customs duty under notification no. 12/2012-Cus. Dated March 17, 2012 (Sr. No. 123). Further, our Company received an SCN vide dated ("**Steam Coal SCN**") calling upon them to show cause as to why their classification of "Steam Coal" should not be rejected and why the same should not be reclassified under Customs Tariff Item/Heading 27011200 (Bituminous Coal) and why the differential duty (at the rate of 5%) along with penalty should not be levied upon. Our Company filed their reply to the Steam Coal SCN. However, subsequently, they received an order-in-original from the Office of the Joint Commissioner, Customs, Surat ("**OIO**") dated July 31, 2014, whereby the imported coal was classified as Bituminous Coal and a differential duty of ₹ 5,39,612 was determined to be payable along with interest as well as a penalty of ₹ 82,000 by the Company. The Company has challenged the OIO before the Ld. Commissioner (A), Customs, Ahmedabad which in turn upheld the OIO. Hence, our Company has filed this appeal challenging the OIO Appeal which is currently pending.

b. ***Shree Ajit Pulp and Paper Limited vs. Joint Commissioner – Appeal No. 11242 of 2015***

Our Company has filed an appeal before the Hon'ble Customs Excise and Service Tax Appellate Tribunal, WZB, Ahmedabad, bearing Appeal Number 11242 of 2015, against the order passed by the Ld. Commissioner (A), Customs, Ahmedabad. Our Company had imported coal from Indonesia classified under CTH 27011920 as "Steam Coal". Our Company had paid additional duty leviable under section 3(1) of the Customs Tariff Act, 1975 at the rate of 1%. Further, our Company has availed exemption from basic customs duty under notification no. 12/2012-Cus. Dated March 17, 2012 (Sr. No. 123). Our Company has received a SCN vide dated August 22, 2014 ("**Steam Coal SCN 1**") calling upon them to show cause as to why their classification of "Steam Coal" should not be rejected and why the same should not be reclassified under Customs Tariff Item/Heading 27011200 (Bituminous Coal) and why the differential duty (at the rate of 5%) along with penalty should not be levied upon. Our Company has filed their reply to the Steam Coal SCN 1. However, subsequently, they received an order-in-original from the Office of the Joint Commissioner, Customs, Surat ("**OIO 1**") dated November 3, 2014, whereby the imported coal was classified as Bituminous Coal and a differential duty of ₹21,00,159 was determined to be payable, along with interest as well as a fine of ₹25,73,000 and a penalty of ₹3,15,000. Our Company has challenged the OIO 1 before the Ld. Commissioner (A), Customs, Ahmedabad which in turn upheld the OIO 1. Hence, our Company has filed this appeal challenging the OIO Appeal 1 which is currently pending.

c. ***Shree Ajit Pulp and Paper Limited vs. Joint Commissioner – Appeal No. 12088 of 2015***

Our Company has filed an appeal before the Hon'ble Customs Excise and Service Tax Appellate Tribunal, WZB, Ahmedabad, bearing Appeal Number 12088 of 2015, against the order passed by the Ld. Commissioner (A), Customs, Ahmedabad. Our Company had imported coal from Indonesia classified under CTH 27011920 as "Steam Coal". Our Company had paid additional duty leviable under section 3(1) of the Customs Tariff Act, 1975 at the rate of 1%. Our Company has availed exemption from basic customs duty under notification no. 12/2012-Cus. Dated March 17, 2012 (Sr. No. 123). Our Company has received a SCN dated November 21, 2014 ("**Steam Coal SCN 2**") calling upon them to show cause as to why their classification of "Steam Coal" should not be rejected and why the same should not be reclassified under Customs Tariff Item/Heading 27011200 (Bituminous Coal) and why the differential duty (at the rate of 5%) along with penalty should not be levied upon. Our Company filed their reply to the Steam Coal SCN 2. However, subsequently, they received an order-in-original from the Office of the Joint Commissioner, Customs, Surat ("**OIO 2**") dated January 20, 2015, whereby the imported coal was classified as Bituminous Coal and a differential duty of ₹5,19,682 was determined to be payable along with interest as well as a penalty of ₹78,000 by our Company. Our Company has challenged the OIO 2 before the Ld. Commissioner (A), Customs, Ahmedabad which in turn upheld the OIO 2. Hence, our Company has filed this appeal challenging the OIO Appeal 2 which is currently pending.

d. ***Show Cause Notice – Central Board of Excise & Customs, Central Excise, Customs & Service Tax Zone, Vadodara***

Our Company has received a SCN dated February 19, 2016 from the Central Board of Excise & Customs, Central Excise, Customs & Service Tax Zone, Vadodara wherein our Company was asked to show cause reason as to why CENNVAT Credit of ₹9,30,268, availed by our Company as input tax being service tax paid on sales commission, should not be disallowed, interest at an applicable rate should be demanded and penalty should not be imposed. The matter is currently pending.

e. ***Shree Ajit Pulp and Paper Limited vs. Assistant Commissioner (SGST)***

Our Company has filed an appeal before the Hon'ble Goods and Service Tax Appellate Tribunal on July 18, 2022 against the order passed by the Assistant Commissioner (SGST), Unit-II (73) Vapi ("**Assistant Commissioner**"). The Assistant Commissioner issued a SCN dated March 14, `2022 and conducted verification for the period April 1, 2018 to March 31, 2019, wherein as per GSTR 2A a tax credit of ₹12,89,05,088 was found to be receivable. However, as per GSTR 3B our Company had claimed tax credit of ₹13,34,37,608 and thus a difference of ₹45,32,519 was reported and an interest liability of ₹5,60,653 was passed vide order bearing number 1918 dated June 20, 2022. Our Company has filed an appeal against the said order. The appeal on the interest of ₹8,44,073 on the disputed difference is currently pending.

Litigations involving our Subsidiary

There are no issues of moral turpitude or criminal liability, material violations of statutory regulations or economic offences or material pending matters involving our Company, except as follows:

A. Proceedings involving issues of moral turpitude or criminal liability

i. Criminal Litigations initiated against our Subsidiary:

Nil

ii. Criminal Litigations initiated by our Subsidiary:

Nil

B. Matters involving material violations of statutory regulations by our Subsidiary

As on the date of this Draft Letter of Offer, there are no proceedings/matters involving material violations of statutory regulations by our Subsidiary.

C. Economic offences where proceedings have been initiated against our Subsidiary

As on the date of this Draft Letter of Offer, there are no economic offences initiated against our Subsidiary.

D. Other proceedings involving our Subsidiary which involve an amount exceeding the Materiality Threshold and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Subsidiary

i. Civil Litigations initiated against our Subsidiary:

Nil

ii. Civil Litigations initiated by our Subsidiary:

Nil

Tax Proceedings initiated against our Subsidiary

i. ***Direct Tax:***

a. Outstanding Tax Demand

As on date of Draft Letter of Offer, the outstanding tax demand amounting ₹1,975 for Assessment Year 2020-21 and the same is outstanding.

ii. ***Indirect Tax:***

Nil

GOVERNMENT AND OTHER STATUTORY APPROVALS

Our Company requires various licenses, registrations, permits and approvals issued by relevant central and state authorities under various rules and regulations ("**Approvals**") for carrying on its present business activities. The requirement for the Approvals may vary based on factors such as the legal requirements in the jurisdiction, in which the manufacturing facility is located. Further, our obligation to obtain and renew such approvals arises periodically and applications for such approvals are made at the appropriate stage.

Since, our Company intends to utilize the proceeds of the Issue, after deducting Issue related expenses towards long-term working capital requirements and for general corporate purposes, no government and regulatory approval pertaining to the Objects of the Issue will be required.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorised by a resolution of the Board passed at its meeting held July 14, 2023, pursuant to Section 62(1)(a) and other applicable provisions of the Companies Act, 2013.

The Rights Issue Committee has, at its meeting held on [●] determined the Issue Price of ₹ [●] per Rights Equity Share (including a premium of ₹[●] per Rights Equity Share), in consultation with the Lead Manager, and the Rights Entitlement as [●] ([●]) Rights Equity Share for every [●] ([●]) fully paid up Equity Shares held on the Record Date.

On Application, Investors will have to pay ₹[●] per Rights Equity Share, which constitutes [●]% of the Issue Price and the balance ₹[●] per Rights Equity Share which constitutes [●]% of the Issue Price, will have to be paid, on one or more subsequent Call(s) as determined by our Board / Rights Issue Committee at its sole discretion, from time to time.

Our Company has received 'in-principle' approval for listing of the Rights Equity Shares to be Allotted pursuant to Regulation 28 of SEBI Listing Regulations, *vide* letter bearing reference number [●] dated [●] issued by BSE for listing of the Rights Equity Shares to be Allotted pursuant to the Issue. Our Company will also make application to BSE to obtain their trading approval for the Rights Entitlements as required under the SEBI Rights Issue Circulars.

Our Company has been allotted the ISIN [●] for the Rights Entitlements to be credited to the respective demat accounts of the Eligible Equity Shareholders of our Company. Our Company has been allotted ISIN [●] from both NSDL and CDSL for partly paid-up. For details, see "*Terms of the Issue*" on page 152 of this Draft Letter of Offer.

Prohibition by SEBI or other Governmental Authorities

Our Company, our Promoter, our Directors, the members of our Promoter Group and persons in control of our Company have not been prohibited from accessing the capital market or debarred from buying or selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any jurisdiction or any authority/court as on date of this Draft Letter of Offer.

Our Company and certain Promoters have been penalized by SEBI for violations of provisions of SEBI Listing Regulations and SEBI (Prohibition of Insider Trading) Regulations, 2015 in the last 5 years. The penalties have been paid and there are no outstanding SEBI actions against our Company or our Promoters and members of our Promoter Group as on the date of this Draft Letter of Offer. For details, see chapter titled Outstanding Litigations and Default on page140.

Further, our Promoters and our Directors are not promoters or directors of any other company which is 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.

Neither our Promoters nor our Directors have been declared as fugitive economic offender under Section 12 of Fugitive Economic Offenders Act, 2018.

Association of our Directors with the securities markets

None of our Directors are associated with the securities market.

Prohibition by RBI

Neither our Company nor our Promoters and Directors have been categorized or identified as wilful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

Eligibility for the Issue

Our Company is a listed company, incorporated under the Companies Act, 1956. The Equity Shares of our

Company are presently listed on BSE. We are eligible to undertake the Issue in terms of Chapter III and other applicable provisions of the SEBI ICDR Regulations. Further, our Company is undertaking this Issue in compliance with Part B of Schedule VI to the SEBI ICDR Regulations.

Applicability of the SEBI ICDR Regulations

The present Issue being of less than ₹5,000 Lakhs, our Company is in compliance with first proviso to Regulation 3 of the SEBI ICDR Regulations and our Company shall file the copy of the Letter of Offer prepared in accordance with the SEBI ICDR Regulations with SEBI for information and dissemination on the website of SEBI, i.e. www.sebi.gov.in.

Compliance with Regulations 61 and 62 of the SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Company undertakes to make an application to the BSE Limited for listing of the Rights Equity Shares to be issued pursuant to the Issue. BSE Limited is the Designated Stock Exchange for the Issue.

Compliance with Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations

Our Company is in compliance with the provisions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations as explained below:

1. Our Company has been filing periodic reports, statements and information in compliance with the SEBI Listing Regulations, as applicable for the last one year immediately preceding the date of filing of this Draft Letter of Offer with SEBI & Stock Exchange;

2. The reports, statements and information referred to above are available on the website of BSE; and

3. Our Company has an investor grievance handling mechanism which includes meeting of the Stakeholders' Relationship Committee at frequent intervals, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations, and given that the conditions specified in Clause (3) of Part B of Schedule VI of SEBI ICDR Regulations are not applicable to our Company, the disclosures in this Draft Letter of Offer are in terms of Clause (4) of Part B of Schedule VI of the SEBI ICDR Regulations.

Disclaimer Clause of SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS 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 THIS DRAFT LETTER OF OFFER. THE LEAD MANAGER, VIVRO FINANCIAL SERVICES PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED, 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 OUR COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT OUR COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, VIVRO FINANCIAL SERVICES PRIVATE LIMITED HAS FURNISHED TO SEBI, A

DUE DILIGENCE CERTIFICATE DATED [●], 2023, WHICH READS AS FOLLOWS:

[●]

THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE DRAFT LETTER OF OFFER.

Disclaimer from our Company and the Lead Manager

Our Company and the Lead Manager accept no responsibility for statements made other than in this Draft Letter of Offer or in any advertisement or other material issued by our Company or by any other persons at the instance of our Company and anyone placing reliance on any other source of information would be doing so at their own risk.

Investors who invest in this Issue will be deemed to have represented to our Company, the Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable law, rules, regulations, guidelines and approvals to acquire the Rights Equity Shares, and are relying on independent advice/evaluation as to their ability and quantum of investment in the Issue.

Cautions

Our Company and the Lead Manager shall make all relevant information available to the Eligible Equity Shareholders in accordance with the SEBI ICDR Regulations 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 this Draft Letter of Offer.

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 Rights Equity Shares and the Rights Entitlements, but only under circumstances and in the applicable jurisdictions. Unless otherwise specified, the information contained in this Draft Letter of Offer is current only as at its date.

Disclaimer in respect of Jurisdiction

This Draft Letter of Offer has been prepared under the provisions of Indian law 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 Ahmedabad, Gujarat, India only.

Disclaimer Clause of BSE

As required, a copy of the Draft Letter of Offer has been submitted to BSE. The disclaimer clause, as intimated by BSE to us, post scrutiny of the Draft Letter of Offer will be inserted, prior to filing of the Letter of Offer with the Stock Exchange.

Designated Stock Exchange

The Designated Stock Exchange for the purposes of the Issue is BSE Limited.

Selling Restrictions

This Draft Letter of Offer is solely for the use of the person who has received it from our Company or from the Registrar. This Draft Letter of Offer is not to be reproduced or distributed to any other person.

The distribution of this Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer, Common Application Form and the Rights Entitlement Letter ("**Issue Materials**") and the issue of Rights Entitlements and Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession the Issue Materials may come are required to inform themselves about and observe such restrictions.

Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and, in accordance with the SEBI ICDR Regulations, the Company will dispatch Issue Materials only to the Eligible Equity Shareholders who have a registered address in India or who have provided an Indian address to our Company. In case such Eligible Equity Shareholders have provided their valid e-mail address, the relevant Issue Materials will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then Issue Material will be physically dispatched, on a reasonable effort basis, to the Indian address provided by them. 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 e-mail or send a physical copy of the Issue Materials, shall not be sent the issue Materials.

Investors can also access the Issue Materials from the websites of the Registrar, our Company and the Stock Exchange.

Our Company, the Lead Manager, and the Registrar will not be liable for non-dispatch of physical copies of the Issue Materials.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose. Accordingly, the Rights Entitlements or Rights Equity Shares may not be offered or sold, directly or indirectly, and the Issue Materials or any offering materials or advertisements in connection with the Issue may not be distributed, in whole or in part, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Issue Materials will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, the Issue Materials must be treated as sent for information purposes only and should not be acted upon for subscription to the Rights Equity Shares and should not be copied or redistributed. Accordingly, persons receiving a copy of the Issue Materials should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the Issue Materials to any person outside India where to do so, would or might contravene local securities laws or regulations. If Issue Materials are received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in the Issue Materials.

Any person who makes an application to acquire the Rights Entitlements or the Rights Equity Shares offered in the Issue will be deemed to have declared, represented, warranted and agreed that such person is authorized to acquire the Rights Entitlements or the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction. Our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company reserves the right to treat any Application Form as invalid where they believe that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements and we shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such Application Form.

Neither the delivery of the Issue Materials 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 the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Draft Letter of Offer or the date of such information.

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 ISSUE OF RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENTS. ACCORDINGLY, EACH INVESTOR SHOULD CONSULT THEIR OWN COUNSEL, BUSINESS ADVISOR AND TAX ADVISOR AS TO THE LEGAL, BUSINESS, TAX AND RELATED MATTERS CONCERNING THE ISSUE OF 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 SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OF AMERICA OR THE TERRITORIES OR POSSESSIONS THEREOF ("**UNITED STATES**"), AND APPLICABLE STATE SECURITIES LAWS. THE OFFERING TO WHICH THIS DRAFT LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENT FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENT. THERE IS NO INTENTION TO REGISTER ANY PORTION OF THE ISSUE OR ANY OF THE SECURITIES DESCRIBED HEREIN IN THE UNITED STATES OR TO CONDUCT A PUBLIC OFFERING OF SECURITIES IN THE UNITED STATES. ACCORDINGLY, THIS ISSUE MATERIALS SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANY TIME.

Accordingly, this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer, Rights Entitlement Letter and Application Form should not be forwarded to or transmitted in or into the United States at any time.

Neither our Company nor any person acting on our behalf will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on our behalf has reason to believe is in the United States when the buy order is made. Envelopes containing an Application Form and Rights Entitlement Letter 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, 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 these Equity Shares in India.

Our Company is making the Issue on a rights basis to Eligible Equity Shareholders and the Issue Materials will be dispatched only to Eligible Equity Shareholders who have an address in India. Any person who acquires Rights Entitlements and the Rights Equity Shares will be deemed to have declared, represented, warranted and agreed that (i) it is not, and that at the time of subscribing for such Rights Equity Shares or the Rights Entitlements, it will not be, in the United States, and (ii) it is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations.

We, the Registrar, the Lead Manager or any other person acting on behalf of us, reserve the right to treat as invalid any Application Form which: (i) does not include the certification set out in the Application Form 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 Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations; (ii) appears to us or its agents to have been executed in, electronically transmitted from or dispatched from the United States; (iii) where a registered Indian address is not provided; or (iv) where we believe that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements; and we shall not be bound to allot or issue any Rights Equity Shares in respect of any such Application Form.

Rights Entitlements may not be transferred or sold to any person in the United States.

NO OFFER IN ANY JURISDICTION OUTSIDE INDIA

The Rights Entitlements and the Equity Shares have not been approved or disapproved by the US Securities and Exchange Commission (the "**US SEC**"), any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Rights Entitlements, the Equity Shares or the accuracy or adequacy of this Draft Letter of Offer.

Any representation to the contrary is a criminal offence in the United States.

The above information is given for the benefit of the Applicants / Investors. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under the applicable laws or regulations.

THIS DOCUMENT IS SOLELY FOR THE USE OF THE PERSON WHO RECEIVED IT FROM OUR

COMPANY OR FROM LEAD MANAGER OR FROM THE REGISTRAR. THIS DOCUMENT IS NOT TO BE REPRODUCED OR REDISTRIBUTED OR PASSED ON, DIRECTLY OR INDIRECTLY, TO ANY OTHER PERSON OR PUBLISHED, IN WHOLE OR IN PART, FOR ANY PURPOSE.

Filing

This Draft Letter of Offer has been filed with BSE for seeking its in-principle approval for the proposed Issue in terms of SEBI ICDR Regulations. In accordance with the SEBI ICDR Regulations, our Company shall file a copy of the Letter of Offer with the SEBI at its office located at SEBI Bhavan, Plot No. C4-A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra, India and through the SEBI intermediary portal at https://siportal.sebi.gov.in in terms of the SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018, for the purpose of their information and dissemination on its website.

Mechanism for Redressal of Investor Grievances

Our Company has adequate arrangements for redressal of investor grievances in compliance with the SEBI Listing Regulations. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/OIAE/2/2011 dated June 3, 2011. Consequently, investor grievances are tracked online by our Company.

Our Company has a Stakeholders Relationship Committee which meets at least once a year and as and when required.

Link Intime India 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 Company Secretary and Compliance Officer.

Investor complaints received by our Company are typically disposed of within 15 days from the receipt of the complaint.

Investor Grievances arising out of this Issue

Any investor grievances arising out of the Issue will be handled by the Registrar to the Issue. The agreement between the Company and the Registrar to the Issue provides for a period for which records shall be retained by the Registrar to the Issue in order to enable the Registrar to the Issue to redress grievances of Investors.

Investors may contact the Registrar or our Compliance Officer for any pre-Issue/post-Issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the SCSBs, giving full details such as name, address of the Applicant, contact number(s), e-mail ID of the sole/ first holder, folio number or demat account number, serial number of the Application Form, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSBs where the Application Form, or the plain paper application, as the case may be, was submitted by the ASBA Investors along with a photocopy of the acknowledgement slip. For details on the ASBA process, see "Terms of the Issue" on page152.

Investors may contact the Registrar to the Issue at:

Link Intime India Private Limited
C-101, 1st Floor, 247 Park, LBS Marg,
Surya Nagar, Gandhi Nagar Vikhroli (West),
Mumbai –400 083, Maharashtra, India –
Telephone: +91 –81081 14949
Email: ajitP.rightsissue@linkintime.co.in
Website: www.linkintime.co.in
Investor Grievance E-mail: ajitP.rightsissue@linkintime.co.in
Contact Person: Sumeet Deshpande
SEBI Registration No.: INR000004058

Investors may contact the Company Secretary and Compliance Officer at the below mentioned address for any pre-Issue/post-Issue related matters such as non-receipt of Letters of Allotment/share certificates/demat credit/

Refund Orders etc.

Shanoo Mathew, is the Company Secretary and Compliance Officer of our Company. His contact details are set forth hereunder:

Shanoo Mathew
Shree Ajit Pulp and Paper Limited
Survey No 239, Near Morai, Railway Crossing,
Village Salvav, Via-Vapi, Valsad – 396191, Gujarat, India.
Telephone: +91 260 6635700
E- mail: rightsissue@shreeajit.com

SECTION VII – OFFERING INFORMATION

TERMS OF THE ISSUE

This section is for the information of the Investors proposing to apply in this Issue. Investors should carefully read the provisions contained in this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company and the Lead Manager 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 are advised to make their independent investigation and ensure that the Application Form is accurately filled up in accordance with instructions provided therein and this Draft Letter of Offer. Unless otherwise permitted under the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, Investors proposing to apply in this Issue can apply only through ASBA.

Investors are requested to note that Application in this Issue can only be made through ASBA. Please note that in accordance with the provisions of the SEBI Rights Issue Circular all investors (including Renouncee) shall make an application for a rights issue only through ASBA facility.

Overview

This Issue and the Right Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, the FEMA, the FEMA Rules, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government and other statutory and regulatory authorities from time to time, approvals, if any, from the RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with the BSE Limited and the terms and conditions as stipulated in the Allotment Advice or security certificate and rules as may be applicable and introduced from time to time

1. Dispatch and availability of Issue materials

In accordance with the SEBI ICDR Regulations, and the SEBI Rights Issue Circular, our Company will send/dispatch at least three days before the Issue Opening Date, the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material ("**Issue Materials**") only to the Eligible Shareholders who have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Right Shares is permitted under laws of such jurisdictions and does not result in and may not be construed as, a public offering in such jurisdictions. In case the Eligible Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case the Eligible Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, the Letter of Offer will be provided by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard. . Investors can access the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) on the websites of:

- our Company at www.shreeajit.com;
- the Lead Manager at www.vivro.net;
- the Registrar to the Issue at www.linkintime.co.in; and
- the Stock Exchange at www.bseindia.com.

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e. www.linkintime.co.in) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form).The link for the same shall also be available on the website of our Company (i.e. www.shreeajit.com).

Shareholders who have not received the Application Form may apply, along with the requisite Application Money, by using the Application Form available on the websites above, or on plain paper, with the same details as mentioned in the Application Form available online.

Further, our Company will undertake all adequate steps to reach out to the Eligible Equity Shareholders who have provided their Indian address through other means, as may be feasible. However, our Company, the Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form attributable to the non-availability of the e-mail address of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in transit. Resident Eligible Equity Shareholders, who are holding Equity Shares in physical form as on the Record Date, can obtain details of their respective Rights Entitlements from the website of the Registrar by entering their Folio Number and such other credentials for validation of the identity of the shareholder, as may be required.

The distribution of the Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter, and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose. Accordingly, the Rights Entitlements or Rights Equity Shares may not be offered or sold, directly or indirectly, and the Issue Materials or any offering materials or advertisements in connection with the Issue may not be distributed, in whole or in part, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Issue Materials will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, the Issue Materials must be treated as sent for information purposes only and should not be acted upon for subscription to the Rights Equity Shares and should not be copied or redistributed. Accordingly, persons receiving a copy of the Issue Materials should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the Issue Materials to any person outside India where to do so, would or might contravene local securities laws or regulations. If Issue Materials are received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in the Issue Materials.

Accordingly, persons receiving a copy of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates or the Lead Manager or their respective affiliates to any filing or registration requirement (other than in India). If the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who makes an application to acquire Rights Entitlements and the Rights Equity Shares offered in the Issue will be deemed to have declared, represented and warranted that such person is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without the requirement for our Company or our affiliates or the Lead Manager or their respective affiliates to make any filing or registration (other than in India).

2. Facilities for Application in this Issue

In accordance with Regulation 76 of the SEBI ICDR Regulations, the SEBI Rights Issue Circulars and the ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA. For details, please refer to paragraph titled "*Procedure for Application through the ASBA process*" beginning on page 165 of this Draft Letter of Offer.

Please note that one single Application Form shall be used by Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in this Issue, as applicable. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account. Investors may accept this Issue and apply for the Rights Equity Shares by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein the ASBA Account in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB. Please note that Applications made with payment using third party bank accounts are liable to be rejected.

Applicants should note that they should very carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Please note that incorrect depository account details or PAN, or Application Forms without depository account details shall be treated as incomplete and shall be rejected. For details see *"Terms of the Issue – Grounds for Technical Rejection"* on page 175 of this Draft Letter of Offer. Our Company, the Lead Manager, the Registrar and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR Regulations are specified in the plain paper application. If an Eligible Equity Shareholder makes an Application both in an Application Form as well as on plain paper, both applications are liable to be rejected. Please note that in terms of Regulation 78 of the SEBI ICDR Regulations, the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently. For details, see "*Terms of the Issue – Applications on Plain Paper under ASBA process*" on page 167 of this Draft Letter of Offer.

3. Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Resident Eligible Equity Shareholders holding the Equity Shares in dematerialized form; and (ii) a demat suspense escrow account (namely, "[●]") opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) the demat accounts of the Eligible Equity Shareholders which are frozen or the Equity Shares which are lying in the unclaimed suspense account (including those pursuant to Regulation 39 of the SEBI Listing Regulations) or details of which are unavailable with our Company or with the Registrar on the Record Date; or (b) Equity Shares held in the account of IEPF authority; or (c) Equity held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (d) credit of the Rights Entitlements returned/reversed/failed; or I the ownership of the Equity Shares currently under dispute, including any court proceedings, if any; or (f) non-institutional Equity Shareholders in the United States.

In this regard, our Company has made necessary arrangements with CDSL and NSDL for crediting the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is [●]. The ISIN for the Rights Entitlements shall remain frozen (for debit) until the Issue Opening Date.

The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date. Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense escrow account to the Stock Exchange after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

Further, if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall be lapsed and shall be extinguished after the Issue Closing Date. No Rights Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Rights Equity Shares offered under Rights Issue for subscribing to the Rights Equity Shares offered under Issue.

Resident Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date i.e. [●] are requested to provide relevant details (such as copies of self-attested PAN, bank detail, mobile number, email id and nominee detail using ISR-1, SH-13 (which can be downloaded from Registrar's website i.e. [●]) and ISR-2 (if signature does not match with our record) and client master sheet of demat account etc., details / records confirming the legal and beneficial ownership of their respective Equity Shares) to our Registrar not later than 2 (two) Working Days prior to the Issue Closing Date, i.e., by [●] to enable the credit of their Rights Entitlements by way of transfer from demat suspense escrow account to their demat account at least 1 (one) day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to the Company or the Registrar account is active to facilitate the aforementioned transfer.

In accordance with the SEBI Rights Issue Circulars, the Resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least 2 (two) Working Days prior to the Issue Closing Date shall not be eligible to make an Application for Rights Equity Shares against their Rights Entitlements with respect to the equity shares held in physical form.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense escrow account to the Stock Exchange after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

PLEASE NOTE THAT CREDIT OF THE RIGHTS ENTITLEMENTS IN THE DEMAT ACCOUNT DOES NOT, *PER SE*, ENTITLE THE INVESTORS TO THE RIGHTS EQUITY SHARES AND THE INVESTORS HAVE TO SUBMIT APPLICATION FOR THE RIGHTS EQUITY SHARES ON OR BEFORE THE ISSUE CLOSING DATE AND MAKE PAYMENT OF THE APPLICATION MONEY. FOR DETAILS, SEE *"TERMS OF THE ISSUE"* ON PAGE 152 OF THIS DRAFT LETTER OF OFFER.

Other important links and helpline:

The Investors can visit following links for the below-mentioned purposes:

a) Frequently asked questions are available on the website of the Registrar (www.linkintime.co.in) or call helpline numbers (+91 810 811 4949) for online / electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors:
b) Updation of Indian address/ email address/ mobile number in the records maintained by the Registrar or our Company: www.linkintime.co.in
c) Submission of self-attested PAN, client master sheet and demat account details by non-resident Eligible Shareholders: ajitP.rightsissue@linkintime.co.in

Renouncees

All rights or obligations of the Eligible Equity Shareholders in relation to Applications and refunds relating to this Issue shall, unless otherwise specified, apply to the Renouncee(s) as well.

Authority for the Issue

The Board of Directors in its meeting dated July 14, 2023 have authorized this Issue under Section 62(1)(a) of the Companies Act, 2013.

The Board of Directors has in consultation with the Lead Manager in their meeting held on [●] have determined the Issue Price at ₹ [●] per Equity Share. Further the Board of Directors has in consultation with the Lead Manager in their meeting held on [●] has determined the Rights Entitlement as [●] Rights Equity Share(s) for every [●] fully paid-up Equity Share(s) held on the Record Date. Our Company has received in-principle approval from BSE in accordance with Regulation 28 of the SEBI Listing Regulations for listing of the Rights Equity Shares to be allotted in the Issue pursuant its letter dated [●]. Our Company will also make application to BSE to obtain trading approval for the Rights Entitlements as required under the SEBI Rights Issue Circulars.

Our Company has been allotted the ISIN: [●] for the Rights Entitlements to be credited to the respective demat accounts of the Equity Shareholders of our Company.

Basis for the Issue

The Rights Equity Shares are being offered for subscription for cash to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held in dematerialized form and on the register of members of our Company in respect of the Equity Shares held in physical form at the close of business hours on the Record Date, i.e., [●].

Rights Entitlements (ISIN: [●])

Eligible Equity Shareholders whose names appear as a beneficial owner in respect of the Equity Shares held in dematerialized form or appear in the register of members as an Eligible Equity Shareholder of our Company in respect of the Equity Shares held in physical form as on the Record Date, i.e., [●], are entitled to subscribe to the number of Rights Equity Shares as set out in the Rights Entitlement Letter.

The Registrar will send/dispatch a Rights Entitlement Letter along with the Abridged Letter of Offer and the Application Form to all Eligible Equity Shareholders who have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlements or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions, which will contain details of their Rights Entitlements based on their shareholding as on the Record Date.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar i.e., www.linkintime.co.in by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form). The link for the same shall also be available on the website of our Company i.e., www.shreeajit.com.

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialized form. If the Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than 2 (two) Working Days prior to Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least 1 (one) day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar i.e., www.linkintime.co.in . Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will send/ dispatch the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form and other issue material only to the Eligible Shareholders who have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and does not result in and may not be construed as, a public offering in such jurisdictions. In case the Eligible Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case the Eligible Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them. For further details, see *"Notice to Investors"* on page 11 of this Draft Letter of Offer.

PRINCIPAL TERMS OF THIS ISSUE

Face Value

Each Rights Equity Share will have the face value of ₹10/-.

Issue Price

The Rights Equity Share is being offered at a price of ₹[●]/- (Rupees [●]) per Rights Equity Share including a premium of ₹[●]/- (Rupees [●]) per Rights Share).

On Application, Investors will have to pay ₹[●] (Rupees [●] Only) per Rights Share which constitutes [●] ([●] Percent) of the Issue Price, and the balance ₹[●] (Rupees [●] Only) per Rights Share which constitutes [●] ([●] Percent) of the Issue Price, will have to be paid, on one more additional calls as may be decided by the Board / Rights Issue Committee of the Board from time to time.

The Issue Price for Rights Equity Shares has been arrived at by our Company in consultation with the Lead Manager and has been decided prior to the determination of the Record Date.

Rights Entitlement Ratio

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of [●] ([●]) Rights Equity Share(s) for every [●] ([●]) Equity Share(s) held by the Eligible Equity Shareholders as on the Record Date i.e., [●].

Record date for Call and suspension of trading

Our Company would fix a Call Record Date giving notice, in advance of such period as may be prescribed under applicable law, to the Stock Exchange for the purpose of determining the list of holders of the Rights Equity Shares to whom the notice for the Call would be sent. Once the Call Record Date has been fixed, trading in the Rights Equity Shares for which the Call has been made may be suspended prior to the Call Record Date.

Procedure for Call for Rights Equity Shares

Our Company would convene a meeting of our Board to pass the required resolutions for making the Call and suitable intimation would be given by our Company to the Stock Exchange. Further, advertisements for the same will be published in (i) one English national daily newspaper; (ii) one Hindi language national daily newspaper; and (iii) one Gujarati language daily newspaper (Gujarati being the regional language of Gujarat, where our Registered Office is situated), all with wide circulation.

The Call shall be deemed to have been made at the time when the resolution authorizing such Call is passed at the meeting of our Board. The Call may be revoked or postponed at the discretion of our Board. Pursuant to the provisions of the Articles of Association, the Investors would be given at least 14 days notice for the payment of the Call. The Board may, from time to time at its discretion, extend the time fixed for the payments of the Call. Our Company, at its sole discretion and as it may deem fit, may send one or more reminders for the Call, and if it does not receive the Call Money as per the timelines stipulated, the defaulting holders of the Rights Equity Shares will be liable to pay interest as may be fixed by our Board unless waived or our Company may forfeit the Application Money and any Call Money received for previous Call made.

Payment of Call Money

In accordance with the SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/238/2020 dated December 8, 2020 regarding additional payment mechanism (i.e. ASBA, etc.) for payment of balance money in calls for partly paid specified securities issued by the listed entity, the Investor may make payment of the Call Monies using ASBA Mechanism through the Designated Branch of the SCSB or through online/electronic through the website of the SCSBs (if made available by such SCSB) by authorizing the SCSB to block an amount, equivalent to the amount payable on Call Monies, in the Investors ASBA Account. The Investor may also use the facility of linked online trading, demat and bank account (3-in-1 type account), if provided by their broker, for making payment of the Call Monies.

Separate ISIN for Rights Equity Shares

In addition to the present ISIN for the existing Equity Shares, our Company would obtain a separate ISIN for the Rights Equity Shares for each Call, until fully paid-up. The Rights Equity Shares offered under this Issue will be traded under a separate ISIN after each Call for the period as may be applicable under the rules and regulations prior to the record date for the final Call notice. The ISIN representing the Rights Equity Shares will be terminated after the Call Record Date for the final Call. On payment of the final Call Money in respect of the Rights Equity Shares, such Rights Equity Shares would be fully paid-up and merged with the existing ISIN of our Equity Shares.

Rights of instrument holder

Each Rights Equity Share shall rank *pari passu* with the existing Equity Shares of the Company, once fully paid-up.

Renunciation of Rights Entitlements

This Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and vice versa shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

The renunciation of Rights Entitlements credited in your demat account can be made either by way of On Market or through Off-market transfer. For details, see *"Procedure for Renunciation of Rights Entitlements"* on page 166 of this Draft Letter of Offer.

In accordance with SEBI Rights Issue Circulars, the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least 2 (two) Working Days prior to the Issue Closing Date, will not be able to renounce their Rights Entitlements.

Trading of the Rights Entitlements

In accordance with the SEBI Rights Issue Circulars, the Rights Entitlements credited shall be admitted for trading on the Stock Exchange under Rights Entitlement ISIN [●]. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchange for trading of Rights Entitlements. Investors shall be able to trade/ transfer their Rights Entitlements either through On Market Renunciation or through Off Market Renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

The On Market Renunciation shall take place electronically on the secondary market platform of the Stock Exchange on T+1 rolling settlement basis, where T refers to the date of trading. The transactions will be settled on a trade-for-trade basis. The Rights Entitlements shall be tradable in dematerialized form only. The market lot for trading of Rights Entitlements is 1 (one) Rights Entitlement.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from [●] to [●] (both days inclusive). No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date. For details, see *"Terms of the Issue - Procedure for Renunciation of Rights Entitlements – On Market Renunciation"* and *"Terms of the Issue – Procedure for Renunciation of Rights Entitlements – Off Market Renunciation"* on page 167 of this Draft Letter of Offer. Once the Rights Entitlements are credited to the demat account of the Renouncees, application in the Issue could be made until the Issue Closing Date. For details, see *"Procedure for Application"* on page 163 of this Draft Letter of Offer.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

Terms of Payment

The Issue Price of ₹[●] per Rights Equity Share (including premium of ₹ per Rights Equity Share) shall be payable as follows:

Amount payable per Equity Share[1]	Face Value (₹)	Premium (₹)	Total (₹)
On Application	[●]	[●]	[●][2]
One or more subsequent Call(s) as determined by our Board / Rights Issue Committee at its sole discretion, from time to time	[●]	[●]	[●] [3]
Total	[●]	[●]	[●]

[1] For further details on Payment Schedule, see "Terms of the Issue" on page 152.
[2] Constitutes [●]% of the Issue Price
[3] Constitutes [●]% of the Issue Price

Rights Equity Shares in respect of which the Call payable remains unpaid may be forfeited, at any time after the due date for payment of the balance amount due in accordance with the Companies Act, 2013 and our Articles of Association.

Where an Applicant has applied for additional Rights Equity Shares and is Allotted a lesser number of Rights Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The un-blocking of ASBA funds / refund of monies shall be completed be within such period as prescribed under the SEBI ICDR Regulations. If there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio of [●] ([●]) Rights Equity Share(s) for every [●] ([●]) Equity Share(s) held on the Record Date. As per the SEBI Rights Issue Circulars, the fractional entitlements are to be ignored. For Rights Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [●] ([●]) Equity Share(s) or is not in the multiple of [●] ([●]), the fractional entitlement of such Eligible Equity Shareholders shall be ignored by rounding down of their Rights Entitlements. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored as above will be given preferential consideration for the Allotment of 1 (one) Additional Rights Equity Share each if they apply for Additional Rights Equity Shares over and above their Rights Entitlements, if any, subject to availability of the Rights Equity Shares in this Issue post allocation towards the Rights Entitlement applied for.

For example, if an Eligible Equity Shareholder holds [●] ([●]) Equity Shares, such Shareholder will be entitled to [●] ([●]) Rights Equity Shares on a rights basis and will also be given a preferential consideration for the Allotment of [●] ([●]) additional Rights Equity Share if the Shareholder has applied for Additional Rights Equity Shares.

Also, those Equity Shareholders holding less than [●] ([●]) Equity Shares shall be entitled to 'Zero' entitlement for the Rights Equity Share under this Issue. Such Shareholders shall be dispatched an Application Form with 'Zero' entitlement. Such Eligible Equity Shareholders are entitled to apply for Additional Rights Equity Shares and would be given preference in the Allotment of [●] ([●]) Additional Rights Equity Share, if such Equity Shareholders have applied for the Additional Rights Equity Shares. However, they cannot renounce the same to third parties. Application Forms with zero entitlement will be non-negotiable/non-renounceable.

Ranking

The Rights Equity Shares to be issued and allotted pursuant to the Issue shall be subject to the provisions of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, the SEBI ICDR Regulations, the SEBI LODR Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with the Stock Exchange and the terms and conditions as stipulated in the Allotment Advice. The Rights Equity Shares to be issued and allotted pursuant to the Issue shall rank pari passu with the existing Equity Shares of our Company, in all respects including dividends, once fully paid-up.

Mode of payment of dividend

In the event of a declaration of dividend, our Company shall pay dividend to the Eligible Equity Shareholders as per the provisions of the Companies Act and the provisions of the Articles of Association.

Listing and trading of the Rights Equity Shares to be issued pursuant to the Issue

As per the SEBI – Rights Issue Circular, the Rights Entitlements with a separate ISIN would be credited to the demat account of the respective Eligible Equity Shareholders before the Issue Opening Date. On the Issue Closing Date the depositories will suspend the ISIN of Rights Entitlements for transfer and once the allotment is done post the Basis of Allotment approved by the Designated Stock Exchange, the separate ISIN no. [●] for Rights Entitlements so obtained will be permanently deactivated from the depository system.

The Investors shall be able to trade their Rights Entitlements either through On Market Renunciation or through Off Market Renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

The Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on BSE subject to necessary approvals. Our Company has received in-principle approval from BSE through letter dated [●]. All steps for completion of necessary formalities for listing and commencement of trading in the equity shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company will apply to BSE for final approval for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof.

The existing Equity Shares of our Company are listed and traded under the ISIN: INE185C01017 on BSE (Scrip Code: 538795). Upon receipt of 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 under the existing ISIN as fully paid-up Equity Shares of our Company. For an applicable period, the trading of the Rights Equity Shares would be suspended under the applicable law. The process of corporate action for crediting the fully paid-up Rights Equity Shares to the Investors' demat accounts may take such time as is customary or as prescribed under applicable law from the last date of payment of the amount.

The temporary ISIN shall be kept blocked till the receipt of final listing and trading approval from the BSE. The Rights Equity Shares allotted pursuant to the 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 the specified time. If permissions to list, deal in and for an official quotation of the Rights Equity Shares are not granted by BSE, our Company will within four days of receipt of intimation from the Stock Exchange, forthwith repay, without interest, all moneys received from the Applicants in pursuance of the Letter of Offer. If such money is not repaid within four days, then our Company and every Director who is an officer in default shall, on and from such expiry of four days, be liable to repay the money, with interest as applicable.

The listing and trading of the Rights Equity Shares issued pursuant to this Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

Subscription to the Issue by our Promoters and Promoter Group

For details of the intent and extent of the subscription by our Promoters and Promoter Group, please refer to "*Capital Structure – Intention and extent of participation by our Promoters and Promoter Group in the Issue*" beginning on page 44 of this Draft Letter of Offer

Compliance with SEBI ICDR Regulations

Our Company shall comply with all requirements of the SEBI ICDR Regulations. Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of holders of Equity Shares

Subject to applicable laws, the Equity Shareholders shall have the following rights:

- The right to receive dividend, if declared;

- The right to vote in person, or by proxy;
- The right to receive offers for rights shares and be allotted bonus shares, if announced;
- The right to receive surplus on liquidation;
- The right of free transferability of Rights Equity Shares;
- The right to attend general meetings and exercise voting powers in accordance with law, unless prohibited by law; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act, the Memorandum of Association and the Articles of Association.

GENERAL TERMS OF THE ISSUE

Market Lot

The Equity Shares of our Company are tradable only in dematerialized form. The market lot for Rights Equity Shares in dematerialized mode is 1 (one) Equity Share.

Joint Holders

Where 2 (Two) or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold such Equity Share as the joint holders with the benefit of survivorship subject to the provisions contained in the Articles of Association. In case of Equity Shares held by joint holders, the Application Forms submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered valid for allotment of Rights Equity Shares offered in this Issue.

Nomination

Nomination facility is available in respect of the Rights Equity Shares in accordance with the provisions of the Section 72 of the Companies Act read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014. An Investor can nominate any person by filling the relevant details in the Application Form in the space provided for this purpose.

Since the Allotment of Rights Equity Shares is in dematerialized form only, there is no need to make a separate nomination for the Rights Equity Shares to be Allotted in the Issue. Nominations registered with respective Depository Participant of the Investor would prevail. Any Investor desirous of changing the existing nomination is requested to inform his/her respective Depository Participant.

Arrangements for Disposal of Odd Lots

Our Equity Shares are traded in dematerialized form only and therefore the marketable lot is 1 (One) Equity Share and hence, no arrangements for disposal of odd lots are required.

New Financial Instruments

There are no new financial instruments like deep discount bonds, debentures with warrants, secured premium notes etc. issued by our Company.

Restrictions on transfer and transmission of shares and on their consolidation/splitting

There are no restrictions on transfer and transmission and on their consolidation/splitting of shares issued pursuant to this Issue.

However, the Investors should note that pursuant to provisions of the SEBI Listing Regulations, with effect from April 1, 2019 and as amended vide SEBI Notification bearing No. SEBI/LADNRO/GN/2022/66 on January 24, 2022, the request for transfer of securities shall not effected unless the securities are held in the dematerialized form with a depository. Provided further that transmission or transposition of securities held in physical or dematerialized form shall be effected only in dematerialized form.

Notices

In accordance with the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, our Company will send the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other Issue Material only to the Eligible Shareholders who have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Right Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case the Eligible Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case the Eligible Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, our Company along with the Lead Manager will undertake all adequate steps to dispatch the physical copies of the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form. However, our Company, Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form.

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in (i) one English language national daily newspaper with wide circulation; (ii) one Hindi language national daily newspaper with wide circulation; and (iii) one Gujarati language daily newspaper with wide circulation (Gujarati being the regional language of Gujarat where our Registered Office is situated). This Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the Common Application Form shall also be submitted with the Stock Exchange for making the same available on its website.

Offer to Non-Resident Eligible Equity Shareholders/Investors:

As per Rule 7 of the FEMA Rules, the RBI has given general permission to Indian companies to issue rights equity shares to non-resident shareholders including additional rights equity shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018, as amended from time to time issued by the RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their Rights Entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by the RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Rights Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar by email on ajitP.rightsissue@linkintime.co.in or physically/postal means at the address of the Registrar Link Intime India Private Limited. It will be the sole responsibility of the investors to ensure that the necessary approval from the RBI or the governmental authority is valid in order to make any investment in the Issue and the Lead Manager and our Company will not be responsible for any such allotments made by relying on such approvals.

The Abridged Letter of Offer, the Rights Entitlement Letter and Common Application Form shall be sent/dispatched to the email addresses and Indian addresses of non-resident Eligible Equity Shareholders, on a reasonable effort basis, who have provided an Indian address to our Company and are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and does not result in and may not be construed as, a public offering in such jurisdictions. Investors can access the Letter of Offer, the Abridged Letter of Offer and the Common Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of the Registrar, our Company and the Lead Manager and the Stock Exchange. Our Board may at its absolute discretion agree to such terms and conditions as may be stipulated by the RBI while approving the Allotment. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to their patriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis.

In case of change of status of holders, i.e., from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Manager.

Please also note that pursuant to Circular No. 14 dated September 16, 2003, issued by RBI, OCBs have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and to obtain prior approval from RBI for applying in this Issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and FEMA Rules.

PROCEDURE FOR APPLICATION

How to Apply

In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA. Further, the resident Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date can apply for this Issue through ASBA facility. For details of procedure for application by the resident Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date, please refer "o "*Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*" beginning on page 171 of this Draft Letter of Offer.

Our Company, the Lead Manager, its directors, its employees, affiliates, associates and their respective directors and officers, and the Registrar 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.

Application Form

The Application Form for the Right Shares offered as part of this Issue would be sent/ dispatched to the Eligible Shareholders only to:

- E-mail addresses of resident Eligible Shareholders who have provided their e-mail addresses;
- Indian addresses of the resident Eligible Shareholders, on a reasonable effort basis, whose e-mail addresses are not available with our Company, or the Eligible Shareholders have not provided the valid email address to our Company;
- Indian addresses of the non-resident Eligible Shareholders, on a reasonable effort basis, who have provided an Indian address to our Company; and
- E-mail addresses of foreign corporate or institutional shareholders.

The Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent through email or physical delivery, as applicable, at least 3 (Three) days before the Issue Opening Date. The Renouncees and Eligible Equity Shareholders who have not received the Application Form can download the same from the website of the Registrar, our Company, the Lead Manager or Stock Exchange.

In case of non-resident Eligible Shareholders, the Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent through e-mail address if they have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Right Equity Shares is permitted under laws of such jurisdictions and does not result in and may not be construed as, a public offering in such jurisdictions.

Further, our Company along with the Lead Manager will undertake all adequate steps to reach out the Eligible Equity Shareholders by other means. However, our Company, the Lead Manager and the Registrar shall not be liable for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form.

Please note that neither our Company nor the Lead Manager shall be responsible for delay in the receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the email addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

To update the respective email address/ mobile numbers in the records maintained by the Registrar or our

Company, Eligible Equity Shareholders should visit www.linkintime.co.in. Investors can also access this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) on the websites of:

- Our Company at www.shreeajit.com;
- the Lead Manager at www.vivro.net;
- the Registrar to the Issue at www.linkintime.co.in; or
- Stock Exchange at www.bseindia.com.

The Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., www.linkintime.co.in) by entering their DP ID and Client ID or Folio Number (in case of resident Eligible Equity Shareholders holding Equity Shares in physical form). The link for the same shall also be available on the website of our Company (i.e., www.shreeajit.com). The Application Form can be used by the Investors, Eligible Equity Shareholders as well as the Renouncees, to make Applications in this Issue, based on the Rights Entitlements credited in their respective demat accounts or demat suspense escrow account, as applicable. Please note that one single Application Form shall be used by the Investors to make Applications for all Rights Entitlements available in a particular demat account. Further, in accordance with the SEBI Rights Issue Circulars, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date can apply through this Issue by first furnishing the details of their demat account along with their self-attested PAN and details of address proof by way of uploading on Registrar website the records confirming the legal and beneficial ownership of their respective Equity Shares at least two Working Days prior to the Issue Closing Date, after which they can apply through ASBA facility.

In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account. Investors may accept this Issue and apply for the Rights Equity Shares by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Prior to making an Application, such Investors should enable the internet banking of their respective bank accounts and such Investors should ensure that the respective bank accounts have sufficient funds. Please note that Applications made with payment using third party bank accounts are liable to be rejected.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB.

Please note that Applications without depository account details shall be treated as incomplete and shall be rejected. Applicants should note that they should very carefully fill-in their depository account details and PAN number in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Incorrect depository account details or PAN number could lead to rejection of the Application. For details, please refer to "*Grounds for Technical Rejection*" beginning on page 175 of this Draft Letter of Offer. Our Company, the Lead Manager, the Registrar and the SCSB shall not be liable for any incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, please refer to "*Application on Plain Paper under ASBA process*" beginning on page 167 of this Draft Letter of Offer.

Options available to the Eligible Equity Shareholders

The Rights Entitlement Letter will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to.

If the Eligible Equity Shareholder applies in this Issue, then such Eligible Equity Shareholder can:

(i) apply for its Rights Equity Shares to the full extent of its Rights Entitlements; or

(ii) apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or

(iii) (apply for Rights Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or

(iv) apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for additional Rights Equity Shares; or
(v) renounce its Rights Entitlements in full.

Procedure for Application through the ASBA process

An investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application. Investors desiring to make an Application in this Issue through ASBA process, may submit the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form, or have otherwise provided an authorisation to the SCSB, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

Self-Certified Syndicate Banks

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34. For details on Designated Branches of SCSBs collecting the Application Form, please refer to the above-mentioned link. 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 the Designated Branches of the SCSBs, in case of Applications made through ASBA facility.

The Lead Manager, our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar 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.

Investors applying through the ASBA facility should carefully read the provisions applicable to such Applications before making their Application through the ASBA process.

Acceptance of this Issue

Investors may accept this Issue and apply for the Rights Equity Shares by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing Date for Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange.

Applications submitted to anyone other than the Designated Branches of the SCSB are liable to be rejected.

Investors can also make Application on plain paper under ASBA process mentioning all necessary details as mentioned under the section "*Application on Plain Paper under ASBA process*" beginning on page 167of this Draft Letter of Offer.

Additional Rights Equity Shares

Investors are eligible to apply for Additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Rights Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. 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 finalised in consultation with the Designated Stock Exchange. Applications for Additional Rights Equity Shares shall be considered and allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner prescribed under the section titled "*Terms of the Issue*" beginning on page 152 of this Draft Letter of Offer.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for Additional Rights Equity Shares.

Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for additional Rights Equity Shares.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date cannot renounce until the details of their demat account are provided to our Company or the Registrar and the dematerialized Rights Entitlements are transferred from suspense escrow demat account to the respective demat accounts of such Eligible Equity Shareholders within prescribed timelines. However, Such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for additional Rights Equity Shares while submitting the Application through ASBA process.

Applications by Overseas Corporate Bodies

By virtue of the Circular No. 14 dated September 16, 2003, issued by the RBI, Overseas Corporate Bodie“ ("**O”Bs**"), have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to OCBs) Regulations, 2003.

Accordingly, the existing Eligible Equity Shareholders of our Company 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 be able to 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 and were not at any time subject to any adverse notice from 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 the foreign direct investment scheme with the prior approval of Government of India if the investment is through the government approval route and with the prior approval of RBI if the investment is through automatic route on case by case basis. Eligible Equity Shareholders renouncing their rights in favour of such OCBs may do so provided such Renouncee obtains a prior approval from the RBI. On submission of such RBI approval to our Company at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the Application Form.

Procedure for Renunciation of Rights Entitlements

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchange; or (b) through an off-market transfer, during the Renunciation Period. The Investors should have the demat Rights Entitlements credited/lying in his/her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stockbroker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

The Lead Manager and our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

On Market Renunciation

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchange through a registered stockbroker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchange under ISIN [●] subject to requisite approvals. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchange for trading of Rights Entitlements. No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. The details for trading in Rights Entitlements will be as specified by the Stock Exchange from time to time. The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is 1 (One) Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., [●] to [●] (both days inclusive). The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stockbrokers by quoting the ISIN [●] and indicating the details of the Rights Entitlements they intend to sell. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE under automatic order matching mechanism and on 'T+1 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stockbroker will issue a contract note in accordance with the requirements of the Stock Exchange and the SEBI.

Off Market Renunciation

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialized form only. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date to enable Renouncees to subscribe to the Rights Equity Shares in the Issue.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN [●], the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants. The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and vice versa shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.
Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

Applications on Plain Paper under ASBA process

An Eligible Equity Shareholder who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper in case of non-receipt of Application Form as detailed above In such cases of non-receipt of the Application Form through e-mail or physical delivery (where applicable) and the Eligible Equity Shareholder not being in a position to obtain it from any other source may make an Application to subscribe to this Issue on plain paper with the same details as per the Application Form that is available on the websites of the Registrar, Stock Exchange or the Lead Manager. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorizing such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any address outside India.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR Regulations are specified in the plain paper application. If an Eligible Equity Shareholder makes an Application both in an Application Form as well as on plain paper, both applications are liable to be rejected.

Please note that in terms of Regulation 78 of the SEBI ICDR Regulations, the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently.

The Application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his/her bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

- Name of our Company, being Shree Ajit Pulp and Paper Limited;
- Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);
- Registered Folio Number (in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/ DP and Client ID;
- Number of Equity Shares held as on Record Date;
- Allotment option preferred - only Demat form;
- Number of Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for within the Rights Entitlements;
- Number of Additional Rights Equity Shares applied for, if any (applicable only if entire Rights Entitlements have been applied for);
- Total number of Rights Equity Shares applied for;
- Total amount paid at the rate of ₹[●] per Rights Equity Share at time of application;
- Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- In case of NR Eligible Equity Shareholders making an application with an Indian address, 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, the residents of Sikkim and 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;
- Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
- Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB);
- An approval obtained from any regulatory authority, if required, shall be obtained by the Eligible Equity Shareholders and a copy of such approval from any regulatory authority, as may be required, shall be sent to the Registrar at ajitP.rightsissue@linkintime.co.in ; and
- Additionally, all such Applicants are deemed to have accepted the following“

"*I/We understand that neither the Rights Entitlement nor the Rights Equity Shares have been, and will be, registered under the United States Securities Act of 1933, as amende“ (*"*US Securities ”ct*"*) or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereto (*"*United States*"*) or to, or for the account or benefit of a United States person* *as defined in the Regulation S of the US Securities Ac" ("Regulation S"), except pursuant to an exemption from, or in a transaction not subject to, the registration requirement of the Regulation S. I/ we understand the Rights Equity Shares referred to in this application are being offered and sold only in offshore transaction outside the United States in compliance with Regulation S to existing shareholders who are located in jurisdictions where such offer and sale of the Rights Equity Shares is permitted under the laws of such jurisdictions. I/ we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or Rights Entitlement in the United States. Accordingly, I/ we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/ we confirm that I/ we are not (a) in the United States and eligible to subscribe for the Rights Equity Shares under applicable securities laws, (b) complying with laws of jurisdictions applicable to such person in connection with the Issue, and (c) understand that neither us, nor the Registrar, the Lead Manager or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Manager or any other person acting on behalf of us have reason to believe is a resident of the United States "U.S. Person" (as defined in Regulation S) or is ineligible to participate in the Issue under the securities laws of their jurisdiction"*

"*I/ We will not offer, sell or otherwise transfer any of the 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 I/we are acting satisfies, (a) all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence, and (b) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of our jurisdictions of residence*.

I/we hereby make the representations, warranties, acknowledgments and agreements set forth in "Restrictions on Foreign Ownership of Indian Securities" on page 186 of this Draft Letter of Offer

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 to a person outside the United States.

I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement, and/or the Equity Shares, is/are outside the United States or a Qualified Institutional Buyer (as defined in the US Securities Act), and (ii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S or in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act.

I/We acknowledge that the Company, the Lead Manager, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

In cases where Multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, as applicable, including cases where an Investor submits Application Forms 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 at www.linkintime.co.in. Our Company, the Lead Manager and the Registrar shall not be responsible if the Applications are not uploaded by SCSB, or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

Last date for Application

The last date for submission of the duly filled in Application Form or a plain paper Application is [●]., Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the provisions of the Articles of Association, and subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).
If the Application together with the amount payable is either (i) not blocked with an SCSB; (ii) not received by

the Bankers to the Issue on or before the close of banking hours on the Issue Closing Date or such date as may be extended by our Board or any committee thereof; or (iii) not uploaded with Stock Exchange, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Equity Shares hereby offered, as provided under "*Terms of the Issue - Basis of Allotment*" beginning on page 178 of this Draft Letter of Offer.

Please note that on the Issue Closing Date for Applications through ASBA process shall be uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange. Please ensure that the Application Form and necessary details are filled in. In place of Application number, Investors can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

Modes of Payment

All payments against the Application Forms shall be made only through ASBA facility. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility.

In case of Application through ASBA facility, the Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, of the receipt of minimum subscription and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the finalization of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

The Investors 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 Application Form.

The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth hereinafter.

Mode of payment for Resident Investors

All payments against the Application Forms shall be made only through ASBA facility. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Investors

As per Rule 7 of the FEMA Rules, RBI has given general permission to Indian companies to issue Equity Shares to non-resident shareholders including additional Equity Shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018, as amended from time to time issued by RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their Rights Entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Right Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by RBI under FEMA in the matter of Application, Allotment of Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment Advice. If a non-resident or NRI Investor has specific approval from RBI, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar.

As regards Applications by Non-Resident Investors, the following conditions shall apply:

- Individual non-resident Indian Applicants who are permitted to subscribe to Rights Equity Shares by applicable local securities laws can obtain Application Forms on the websites of the Registrar or our Company or the Lead Manager.
  Note: In case of non-resident Eligible Equity Shareholders, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form shall be sent to their email addresses if they have provided their Indian address to our Company or if they are located in certain jurisdictions (other than the United States and India) where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and does not result in and may not be construed as, a public offering in such jurisdiction. The Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company or the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and does not result in and may not be construed as , a public offering in such jurisdictions and in each case who make a request in this regard.

- Application Forms will not be accepted from non-resident Investors in any jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws.
- Payment by non-residents must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by the RBI.
  Eligible Non-Resident Equity Shareholders applying on a repatriation basis by using the Non-Resident Forms should authorize their SCSB to block their Non-Resident External ("NRE") accounts, or Foreign Currency Non-Resident“ ("FCNR") Accounts, and Eligible Non-Resident Equity Shareholders applying on a non-repatriation basis by using Resident Forms should authorize their SCSB to block their Non- Resident Ordinary“ ("NRO") accounts for the full amount payable, at the time of the submission of the Application Form to the SCSB. Applications received from NRIs and non-residents for allotment of the Rights Equity Shares shall be inter alia, subject to the conditions imposed from time to time by the RBI under the FEMA in the matter of refund of Application Money, allotment of Rights Equity Shares and issue of letter of allotment. If an NR or NRI Investors has specific approval from RBI, in connection with his shareholding, he should enclose a copy of such approval with the Application Form.
- 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 Income-tax 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. Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for additional Equity Shares in the Issue.
- In case of an Application Form received from the non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by the RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursement, if any shall be credited to such account.

Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialized form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Rights Equity Shares in this Issue are advised to furnish details of their demat account to the Registrar or our Company at least 2 (Two) Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. If demat account details are not provided by the Eligible Equity Shareholders holding Equity Shares in physical form to the Registrar or our Company by the date mentioned above, such shareholders will not be allotted any Rights Equity Shares, nor such Rights Equity Shares be kept in suspense account on behalf of such shareholder.
Prior to the Issue Opening Date, the Rights Entitlements of those resident Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company. In the event, the relevant details of the demat accounts of such Eligible Equity Shareholders are not received during the Issue Period, then their Rights Entitlements kept in the suspense escrow demat account shall lapse.

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

1. The Eligible Equity Shareholders shall send form ISR-1, SH-13 (which can be download from website i.e., www.linkintime.com) and ISR-2 (if signature does not matched with RTA record) the Registrar either by email (with digital sign), post, speed post, courier, or hand delivery so as to reach to the Registrar no later than 2 (Two) Working Days prior to the Issue Closing Date;

2. The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least 1 (One) day before the Issue Closing Date; and

3. The remaining procedure for Application shall be same as set out in "*Application on Plain Paper under ASBA process*" beginning on page 167 of this Draft Letter of Offer.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date will not be allowed renounce their Rights Entitlements in the Issue. However, such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for additional Equity Shares while submitting the Application through ASBA process.

PLEASE NOTE THAT THE ELIGIBLE EQUITY SHAREHOLDERS, WHO HOLD EQUITY SHARES IN PHYSICAL FORM AS ON RECORD DATE AND WHO HAVE NOT FURNISHED THE DETAILS OF THEIR RESPECTIVE DEMAT ACCOUNTS TO THE REGISTRAR OR OUR COMPANY AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE, SHALL NOT BE ELIGIBLE TO MAKE AN APPLICATION FOR RIGHTS EQUITY SHARES AGAINST THEIR RIGHTS ENTITLEMENTS WITH RESPECT TO THE EQUITY SHARES HELD IN PHYSICAL FORM.

Allotment of the Rights Equity Shares in Dematerialized Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE. FOR DETAILS, PLEASE REFER TO "*ALLOTMENT ADVICES/ REFUND ORDERS/UNBLOCKING OF ASBA ACCOUNTS*" BEGINNING ON PAGE 179 OF THIS DRAFT LETTER OF OFFER.

General instructions for Investors

a) Please read the Draft Letter of Offer and Application Form carefully to understand the Application process and applicable settlement process.
b) Please read the instructions on the Application Form sent to you.
c) The Application Form can be used by both the Eligible Equity Shareholders and the Renouncees.
d) Application should be made only through the ASBA facility.
e) Application should be complete in all respects. The Application Form 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 the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected.
f) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under the section "*Application on Plain Paper under ASBA process*" beginning on page 167 of this Draft Letter of Offer.
g) In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.
h) An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application.
i) Applications should be submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such

extended time as permitted by the BSE.

j) Applications should not be submitted to the Bankers to the Issue, our Company or the Registrar and the Lead Manager.

k) In case of Application through ASBA facility, Investors are required to provide necessary details, including details of the ASBA Account, authorization to the SCSB to block an amount equal to the Application Money in the ASBA Account mentioned in the Application Form.

l) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications 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 "e "suspended for cre"it" and no Allotment and credit of Rights Equity Shares pursuant to this Issue shall be made into the accounts of such Investors.

m) In case of Application through ASBA facility, all payments will be made only by blocking the amount in the ASBA Account. Cash payment or payment by cheque or demand draft or pay order or NEFT or RTGS or through any other mode is not acceptable for application through ASBA process. In case payment is made in contravention of this, the Application will be deemed invalid, and Application Money will not be refunded, and no interest will be paid thereon.

n) For physical Applications through ASBA at Designated Branches of SCSB, 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 any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.

o) In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. 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.

p) 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 prior to the Date of Allotment in this Issue quoting the name of the first/sole Applicant, folio numbers (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP ID and Client ID and Application Form number, as applicable. In case of any change in contact details of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.

q) 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.

r) 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, applications made through ASBA facility may be submitted at the Designated Branches of the SCSBs. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.

s) 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 their 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.

t) In case of change of status of holders, i.e., from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Manager.

Additional general instructions for Investors in relation to making of an Application

a) Please read the instructions on the Application Form sent to you. Application should be complete in all respects. The Application Form 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 the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.

b) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation ("**Demographic Details**") are updated, true and correct, in all respects. Investors applying under this Issue should note that on the basis of name of the Investors, DP ID and Client ID provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Therefore, Investors applying under this Issue should carefully fill in their Depository Account details in the Application. These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. The Allotment Advice and the e-mail intimating unblocking of ASBA Account or refund (if any) would be e-mailed to the address of the Investor as per the e-mail address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs or the Registrar or the Lead Manager shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay. In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) DP ID, and (c) Client ID, then such Application Forms are liable to be rejected.

c) By signing the Application Forms, Investors would be deemed to have authorized the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.
d) Investors are required to ensure that the number of Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.
e) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.
f) Do not submit the General Index Registrar (GIR) number instead of the PAN as the application is liable to be rejected on this ground.
g) Avoid applying on the Issue Closing Date due to risk of delay / restrictions in making any physical Application.
h) Do not pay the Application Money in cash, by money order, pay order or postal order.
i) Do not submit multiple Applications.
j) No investment under the FDI route requiring government approval will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. The Lead Manager and our Company will not be responsible for any allotments made by relying on such approvals.
k) An Applicant being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019.

Do's:

(a) Ensure that the Application Form and necessary details are filled in.
(b) Except for Application submitted on behalf of the Central or the State Government, residents of Sikkim and the officials appointed by the courts, each Applicant should mention their PAN allotted under the Income-tax Act.
(c) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation (**"Demographic Details"**) are updated, true and correct, in all respects.
(d) Investors should provide correct DP ID and client ID/ folio number while submitting the Application. Such DP ID and Client ID/ folio number should match the demat account details in the records available with Company and/or Registrar, failing which such Application is liable to be rejected. Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, the Lead Manager, SCSBs or the Registrar will not be liable for any such rejections.

Don'ts:

(a) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.
(b) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
(c) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
(d) Do not pay the Application Money in cash, by money order, pay order or postal order.
(e) Do not submit multiple Applications.

Do’s for Investors applying through ASBA:

(a) Ensure that the necessary details are filled in the Application Form including the details of the ASBA Account
(b) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be Allotted in the dematerialized form only.
(c) Ensure that the Applications are submitted with the Designated Branch of the SCSBs, and details of the correct bank account have been provided in the Application.
(d) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including Additional Rights Equity Shares) applied for} X {Application Money of Rights Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.
(e) Ensure that you have authorized the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application and have signed the same.
(f) Ensure that you have a bank account with an SCSB providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.
(g) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.
(h) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.
(i) Ensure that your PAN is linked with Aadhaar, and you are in compliance with CBDT notification dated Feb 13, 2020, and press release dated June 25, 2021.

Don’ts for Investors applying through ASBA:

a) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or vice versa.
b) Do not send your physical Application to the Lead Manager, the Registrar, a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.
c) Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.
d) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process upon making the Application.
e) Do not submit Application Form using third party ASBA account.

Grounds for Technical Rejection

Applications made in this Issue are liable to be rejected on the following grounds:

a) DP ID and Client ID mentioned in Application does not match with the DP ID and Client ID records available with the Registrar.
b) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar.
c) Sending an Application to our Company, the Lead Manager, the Registrar, to a branch of a SCSB which is not a Designated Branch of the SCSB.
d) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.
e) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.
f) Account holder not signing the Application or declaration mentioned therein.
g) Submission of more than one Application Form for Rights Entitlements available in a particular demat account.
h) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.
i) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).

j) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the Demographic Details provided by the Depositories.
k) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.
l) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and the Letter of Offer.
m) Physical Application Forms not duly signed by the sole or joint Investors, as applicable.
n) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.
o) If an Investor is (a) debarred by SEBI; 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 Entitlements.
p) Applications which: (i) appears to the Registrar, the Lead Manager, our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States (other than from persons in the United States who are U.S. QIBs and QPs) or other jurisdictions where the offer and sale of the Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is (a) both a U.S. QIB and a QP, if in the United States or a U.S. Person or (b) outside the United States and is a non-U.S. Person, and in each case such person is eligible to subscribe for the Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; and our Company shall not be bound to issue or allot any Equity Shares in respect of any such Application Form.
q) Applications which have evidence of being executed or made in contravention of applicable securities laws.
r) Application from Investors that are residing in U.S. address as per the depository records (other than persons in the United States who are U.S. QIBs and QPs).
s) We, the Registrar, the Lead Manager or any other person acting on behalf of us, reserve the right to treat invalid any Application Form which: (i) does not include the certification set out in the Application Form to the effect that the subscriber does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations; (ii) appears to us or its agents to have been executed in, electronically transmitted from or dispatched from the United States (other than in reliance with Reg S); (iii) where a registered Indian address is not provided; or (iv) where we believe that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements; and we shall not be bound to allot or issue any Rights Equity Shares in respect of any such Application Form.
t) Applications which have evidence of being executed or made in contravention of applicable securities laws.
u) Applicants holding physical shares not submitting the documents.
v) Application from investors who do not hold Rights Entitlement (REs) as on issue closing date in the demat account from which application is submitted.
w) Application from Resident of countries which shares the border of India which is not having documentary evidence of approval from Ministry of Home Affairs.
x) Applications supported by amounts blocked from a third-party bank account.
y) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar/Depositories.

IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THIS ISSUE TO APPLY THROUGH THE ASBA PROCESS, TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THIS ISSUE SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DP ID AND BENEFICIARY ACCOUNT NUMBER/ FOLIO NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Investors applying under this Issue should note that on the basis of name of the Investors, Depository Participant's name and identification number and beneficiary account number provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository.

Hence, Investors applying under this Issue should carefully fill in their Depository Account details in the Application.

These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. By signing the Application Forms, the Investors would be deemed to have authorized the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

The Allotment Advice and the email intimating unblocking of ASBA Account or refund (if any) would be emailed to the address of the Investor as per the email address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs or the Registrar or the Lead Manager shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such Application Forms s are liable to be rejected.

Multiple Applications

In case where multiple Applications are made using same demat account, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors, and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. Further supplementary Applications in relation to further Rights Equity Shares with/without using Additional Rights Entitlement will not be treated as multiple application. A separate Application can be made in respect of each scheme of a Mutual Fund registered with the SEBI and such Applications shall not be treated as multiple applications. For details, please refer to "*Investment by Mutual Funds*" beginning on page 182 of this Draft Letter of Offer.

In cases where multiple Applications are submitted, including cases where an Investor submits Application Forms along with a plain paper Application or multiple plain paper Applications, such Applications shall be treated as multiple applications and are liable to be rejected other than multiple applications submitted by any of the Promoters or members of the Promoter Group as described "*Capital Structure – Intention and extent of participation by our Promoters and Promoter Group in the Issue*" beginning on page 44 of this Draft Letter of Offer.

Underwriting

The Issue is not underwritten.

Withdrawal of Application

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted. However, no Investor, may withdraw their Application post the Issue Closing Date.

Issue schedule

Last Date for Credit of Rights Entitlements	**[●]**
Issue Opening Date	[●]
Last Date for On Market Renunciation of the Rights Entitlements*	[●]
Issue Closing Date	[●]
Finalisation of Basis of Allotment (on or about)	[●]
Date of Allotment (on or about)	[●]
Date of credit (on or about)	[●]

Date of listing (on or about)	[●]

Note: Our 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 (inclusive of the Issue Opening Date) or such other time as may be permitted as per applicable law.
**Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*

The above schedule is indicative and does not constitute any obligation on our Company or the Lead Manager. Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than 2 (Two) Working Days prior to the Issue Closing Date, i.e., [●] to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least 1 (One) day before the Issue Closing Date, i.e., [●]. If demat account details are not provided by the Eligible Equity Shareholders holding Equity Shares in physical form to the Registrar or our Company by the date mentioned above, such shareholders will not be allotted any Rights Equity Shares, nor such Rights Equity Shares be kept in suspense account on behalf of such shareholder in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar, is active to facilitate the aforementioned transfer. Eligible Equity Shareholders holding Equity Shares in physical form can update the details of their demat accounts on the website of the Registrar (i.e., www.linkintime.co.in). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts. Eligible Equity Shareholders can obtain the details of their Rights Entitlements from the website of the Registrar (i.e., www.linkintime.co.in) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (i.e., www.shreeajit.com).

Basis of Allotment

Subject to the provisions contained in the Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter, the Articles of Association of our Company and the approval of the Designated Stock Exchange, our Board or duly authorized committee will proceed to allot the Rights Equity Shares in the following order of priority:

a) 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 Rights Equity Shares renounced in its/their favor, in full or in part, as adjusted for fractional entitlement.

b) Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one Additional Rights Equity Share each if they apply for Additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.

c) Allotment to the Eligible Equity Shareholders who have applied for the full extent of their Rights Entitlements and have also applied for Additional Rights Equity Shares shall 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, i.e., [●] provided there are unsubscribed Rights Equity Shares after making full Allotment under (a) and (b) above. The Allotment of such Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.

d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour and also have applied for Additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares shall be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.

e) Allotment to any other person that our Board or a duly authorized committee may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board or duly authorized committee in this regard shall be final and binding.

f) After taking into account Allotment to be made under (a) I(e) 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 shall send to the Designated Branches, a list of the ASBA Investors who have been Allotted Rights Equity Shares in the Issue, along with:

a) 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 Application;
b) The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
c) The details of rejected ASBA Applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

In the event of over subscription, Allotment shall be made within the overall size of the Issue.

Allotment Advice or Refund / Unblocking of ASBA Accounts

Our Company will send / dispatch Allotment advice, refund intimations (or demat credit of securities and/or letters of regret, only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, Allotment advice, refund intimations or demat credit of securities and/or letters of regret will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Allotment advice, refund intimations or demat credit of securities and/or letters of regret will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them; along with crediting the Allotted Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or issue instructions for unblocking the funds in the respective ASBA Accounts, if any, within a period of on or before T+1 day (T: Basis of allotment day). In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through an e-mail, to the e-mail address provided to our Company or at the address recorded with the Depository.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, unblocking and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Where an Applicant has applied for Additional Rights Equity Shares in the Issue and is allotted a lesser number of Rights Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The unblocking of ASBA funds / refund of monies shall be completed be within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds/unblocking of funds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

In case of those investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, and the Allotment Advice regarding their credit of the Rights Equity Shares shall be sent at the address recorded with the Depository.

Payment of Refund

Mode of making refunds

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through unblocking amounts blocked using ASBA facility.

Refund payment to non-residents

The Application Money will be unblocked in the FCNR/NRE Account of the non-resident Applicants, details of which were provided in the Application Form.

Allotment Advice or Demat Credit of Securities

The demat credit of securities to the respective beneficiary accounts or the demat suspense account (in case of credit of the Rights Equity Shares returned/ reversed/ failed) will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

Option to receive Right Equity Shares in Dematerialized Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE, OR (C) DEMAT SUSPENSE ACCOUNT PENIDNG RECEIPT OF DEMAT ACCOUNT DETAILS FOR RESIDENT ELIGIBLE EQUITY SHAREHOLDERS WHERE THE CREDIT OF THE RIGHTS ENTITLEMENTS RETURNED/REVERSED/FAILED.

Investors shall be Allotted the Rights Equity Shares in dematerialized (electronic) form. Our Company has signed two agreements with the respective Depositories and the Registrar to the Issue, which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates:

a) Tripartite agreement dated September 22, 2000 amongst our Company, NSDL and the Registrar to the Issue; and
b) Tripartite agreement dated September 22, 2000 amongst our Company, CDSL and the Registrar to the Issue

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES OF OUR COMPANY CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Rights Equity Shares in the 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 the records of our Company. 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 the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for each such holding. Those Investors who have already opened such beneficiary account(s) need not adhere to this step;
- It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories;
- The responsibility for correctness of information filled in the Application Form 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 Application Form should be the same as registered with the Investor's depository participant;
- If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected;
- The Rights Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders whose Equity Shares are with IEPF authority/ in suspense/ in physical mode, etc.). Allotment Advice, refund order/unblocking (if any) would be sent directly to the Applicant by email and, if the printing is feasible, through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account;
- Non-transferable Allotment Advice/ refund orders will be sent directly to the Investors by the Registrar to the Issue by email and, if printing is feasible, through physical dispatch; Dividend or other benefits with respect to the Equity Shares held in dematerialized form would be paid to those 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.

- Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.

Resident Eligible Equity Shareholders, who hold Equity Shares in physical form and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, shall not be able to apply in this Issue for further details, please refer to "*Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*" beginning on page 171 **of this Draft Letter of Offer.**

Investment by FPIs

In terms of the applicable FEMA Rules and the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the multiple entities having common ownership, directly or indirectly, of more than 50% or common control) must be below 10% of our post- Issue Equity Share capital. Further, in terms of FEMA Rules, the total holding by each FPI shall be below 10% of the total paid-up equity share capital of a company on a fully diluted basis and the total holdings of all FPIs put together shall not exceed 24% of the paid-up equity share capital of a company on a fully diluted basis.

Further, pursuant to the FEMA Rules the investments made by a SEBI registered FPI in a listed Indian company will be reclassified as FDI if the total shareholding of such FPI increases to more than 10% of the total paid-up equity share capital on a fully diluted basis or 10% or more of the paid-up value of each series of debentures or preference shares or warrants.

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. The FPIs who wish to participate in the Issue are advised to use the ASBA Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, only Category I FPIs, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is required to ensure that any transfer of derivative instruments issued by or on its behalf, is carried out subject to inter alia the following conditions:

a) such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and
b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre – approved by the FPI.

No investment under the FDI route will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval.

All non-resident investors should note that refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Investment by AIFs, FVCIs, VCFs and FDI route

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, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI (Alternative Investments Funds) Regulations, 2012 ("**SEBI AIF Regulations**") prescribe, among 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.

Investment by NRIs

Investments by NRIs are governed by Rule 12 of FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in this Issue under applicable securities laws.

NRIs 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 NRIs who intend to make payment through NRO counts shall use the Application form meant for resident Indians and shall not use the Application forms meant for reserved category.

As per Rule 12 of the FEMA Rules read with Schedule III of the FEMA Rules, an NRI or OCI may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognized stock exchange in India, subject to the conditions, inter alia, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid-up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Further, in accordance with press note 3 of 2020, the FDI Policy has been recently amended to state that all investments by entities incorporated in a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country ("Restricted Investors"), will require prior approval of the Government of India. It is not clear from the press note whether or not an issuance of the Right Shares to Restricted Investors will also require a prior approval of the Government of India and each Investor should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval of the Government of India is required, and such approval has been obtained, the Investor shall intimate our Company and the Registrar about such approval within the Issue Period.

Investment by Mutual Funds

Applications made by asset management companies or custodians of Mutual Funds should clearly and specifically state names of the concerned schemes for which such Applications are made.

In case of a Mutual Fund, a separate Application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

Procedure for applications by Systemically Important Non-Banking Financial Companies (“NBFC–SI”)

In case of application made by NBFC–SI registered with the RBI, (i) the certificate of registration issued by the RBI under Section 45IA of the RBI Act, 1934 and (ii) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Payment by stock invest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest Scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:

"*Any person who:*

i. makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

ii. 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

iii. 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. "

The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least ₹ 10 lakhs or 1% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to ten years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. Where such fraud (i) involves an amount which is less than ₹ 10 lakhs or 1% of the turnover of the Company, whichever is lower, and (ii) does not involve public interest, then such fraud is punishable with imprisonment for a term extending up to five years or fine of an amount extending up to ₹ 50 lakhs or with both.

Disposal of Applications and Application Money

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branch of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form. Our Board or our duly authorized committee 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 will be unblocked in the respective ASBA Accounts, in case of Applications through ASBA. 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 / unblocked in the respective ASBA Accounts of the Investor within a period of 4 days from the Issue Closing Date and refunded in the respective bank accounts from which Application Money was received on or before T+1 day (T being the date of finalization of Basis of Allotment)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 Application Form carefully.

Utilization of Issue Proceeds

Our Board of Directors declares that:

a) All monies received out of the Issue shall be transferred to a separate bank account;
b) Details of all monies utilized out of the Issue shall be disclosed, and shall continue to be disclosed until the time any part of the Issue Proceeds remains unutilized, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized;
c) 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

Undertakings by our Company

Our Company undertakes the following:

a) The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.

b) All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchange where the Rights Equity Shares are to be listed will be taken within the time prescribed by the SEBI.

c) The funds required for making refunds / unblocking to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.

d) Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within timeline prescribed by the SEBI ICDR Regulations, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.

e) No further issue of securities affecting our Company's Equity Share capital shall be made until the Rights Equity Shares are listed or until the Application Money is refunded on account of non-listing, under subscription etc.

f) In case of refund / unblocking of the application amount for unsuccessful Applicants or part of the application amount in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.

g) Adequate arrangements shall be made to collect all ASBA Applications and to consider them similar to non-ASBA Applications while finalizing the Basis of Allotment.

h) At any given time, there shall be only one denomination for the Rights Equity Shares of our Company.

i) Our Company shall comply with all disclosure and accounting norms specified by the SEBI from time to time.

j) Our Company accepts full responsibility for the accuracy of information given in this Draft Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this Draft Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.

Filing

This Draft Letter of Offer has been filed with BSE for seeking its in-principle approval for the proposed Issue in terms of SEBI ICDR Regulations. In accordance with the SEBI ICDR Regulations, our Company shall file a copy of the Letter of Offer with the SEBI at its office located at SEBI Bhavan, Plot No. C4-A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051, Maharashtra, India and through the SEBI intermediary portal at https://siportal.sebi.gov.in in terms of the SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018, for the purpose of their information and dissemination on its website.

Important

Please read the Draft Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of the Letter of Offer and must be carefully followed; otherwise, the Application is liable to be rejected. It is to be specifically noted that this Issue of Rights Equity Shares is subject to the risk factors mentioned in "*Risk Factors*" beginning on page 21 of this Draft Letter of Offer.

All enquiries in connection with the Letter of Offer, Abridged Letter of Offer or Application Form and the Rights Entitlement Letter must be addressed (quoting the Registered Folio Number or the DP and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and super scribed "[●]" on the envelope and postmarked in India or in this email to the Registrar at the following address:

Link Intime India Private Limited
C-101, 1st Floor, 247 Park, LBS Marg,
Surya Nagar, Gandhi Nagar Vikhroli (West),
Mumbai –400 083, Maharashtra, India

Telephone: +91 81081 14949
Email: ajitP.rightsissue@linkintime.co.in
Website: www.linkintime.co.in
Investor Grievance Email: ajitP.rightsissue@linkintime.co.in
Contact Person: Sumeet Deshpande
SEBI Registration No.: INR000004058

In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar www.linkintime.co.in. Further, helpline number provided by the Registrar for guidance on the Application process and resolution of difficulties is +91 810 811 4949.

The Issue will remain open for minimum period of 7 days. However, our Board or the Rights Issue Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Closing Date).

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991, of the Government of India and FEMA. While the Industrial Policy, 1991, of the Government of India, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the Foreign Investment Promotion Board ("**FIPB**"). Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Accordingly, the process for foreign direct investment ("**FDI**") and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as the Department of Industrial Policy and Promotion) ("**DPIIT**"), Ministry of Finance, Department of Economic Affairs, FIPB section, through a memorandum dated June 5, 2017, has notified the specific ministries handling relevant sectors.

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular of 2020 ("**FDI Policy**") by way of circular bearing number DPIIT file number 5(2)/2020-FDI Policy dated October 15, 2020, which with effect from October 15, 2020, consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020. The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict between FEMA and such policy pronouncements, FEMA prevails. The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

The Rights Equity Shares purchased by non- residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis. The above information is given for the benefit of the Investors. Our Company is not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

RESTRICTIONS ON PURCHASES AND RESALES

General Eligibility and Restrictions

No action has been taken or will be taken to permit a public offering of the Rights Entitlements or the Issue Shares in any jurisdiction, or the possession, circulation, or distribution of this Draft Letter of Offer, its accompanying documents or any other material relating to our Company, the Rights Entitlements or the Equity Shares in any jurisdiction where action for such purpose is required, except that this Draft Letter of Offer will be filed with SEBI and the Stock Exchange.

The Rights Entitlements and the Issue Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States.

The Rights Entitlements or the Equity Shares may not be offered or sold, directly or indirectly, and none of this Draft Letter of Offer, its accompanying documents or any offering materials or advertisements in connection with the Rights Entitlements or the Equity Shares may be distributed or published in or from any country or jurisdiction except in accordance with the legal requirements applicable in such jurisdiction.

Investors are advised to consult their legal counsel prior to accepting any provisional allotment of Equity Shares, applying for excess Equity Shares or making any offer, sale, resale, pledge or other transfer of the Rights Entitlements or the Equity Shares.

This Draft Letter of Offer and its accompanying documents will be supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or part, for any purpose.

Each person who exercises the Rights Entitlements and subscribes for the Equity Shares, or who purchases the Rights Entitlements, or Equity Shares shall do so in accordance with the restrictions in their respective jurisdictions.

SECTION VIII- STATUTORY AND OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following material documents and contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years prior to the date of this Draft Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of the documents for inspection referred to hereunder, may be inspected at the Registered and Corporate Office between 10 a.m. and 5 p.m. on all working days from the date of the Draft Letter of Offer until the Issue Closing Date.

I. Material Contracts for the Issue

1. Issue Agreement dated September 20, 2023, entered between our Company and the Lead Manager.

2. Registrar Agreement dated September 16, 2023, entered into amongst our Company and the Registrar to the Issue.

3. Banker to the Issue Agreement dated [●] to be entered amongst our Company, the Registrar to the Issue, Lead Manager to the Issue and Banker to the Issue.

II. Material Documents

1. Certified copies of the updated Memorandum of Association and Articles of Association of our Company as amended from time to time.

2. Certificate of incorporation dated March 23, 1995, and fresh certificate of incorporation consequent to conversion and change of name dated November 13, 1995.

3. Copy of Prospectus of the Company for its Initial Public Offering in the year 1996.

4. Resolution of the Board of Directors dated July 14, 2023, in relation to the Issue.

5. Resolution passed by our Rights Issue Committee dated September 20, 2023, approving and adopting this Draft Letter of Offer.

6. Resolution passed by our Rights Issue Committee dated [●], approving and adopting the Letter of Offer.

7. Consent of our Directors, Company Secretary and Compliance Officer, Statutory Auditor, Legal Advisor, Lead Manager, the Registrar to the Issue, Banker to the Issue/ Refund Bank for inclusion of their names in the Draft Letter of Offer in their respective ca

8. Copies of Annual Reports of our Company for Fiscals 2023, 2022, 2021, 2020, and 2019.

9. The Audited Consolidated Financial Statements along with report dated May 30, 2023 of the Statutory Auditor thereon, included in this Draft Letter of Offer.

10. Statement of Tax Benefits dated September 20, 2023, from the Statutory Auditor included in this Draft Letter of Offer.

11. Consent from M/s. G. B. Laddha & Co. LLP, Chartered Accountants to be named as the Statutory Auditors of the Company, to include name in this Draft Letter of Offer, as an "expert" as defined under Section 2(38) of the Companies Act, 2013, in respect of their Financial Information.

12. Tripartite Agreement between our Company, Central Depository Service India Limited and the Registrar to the Company dated September 22, 2000.

13. Tripartite Agreement between our Company, National Securities Depository Limited and the Registrar to the Company dated September 22, 2000.

14. In-principle listing approval dated [●], 2023, from the BSE.

15. Due diligence certificate dated [●], 2023, addressed to SEBI from the Lead Manager.

Any of the contracts or documents mentioned in this 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

I hereby declare that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority on this behalf, have been duly complied with. I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Gautam D. Shah
Chairman & Managing Director

Date: 20/09/2023
Place: Vapi

DECLARATION

I hereby declare that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority on this behalf, have been duly complied with. I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Bela G. Shah
Whole Time Director & Chief Financial Officer

Date: 20/09/2023
Place: Vapi

DECLARATION

I hereby declare that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority on this behalf, have been duly complied with. I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Prakash D. Patel
Executive Director

Date: 20/09/2023
Place: Vapi

DECLARATION

I hereby declare that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority on this behalf, have been duly complied with. I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

DB Shah

Darshak B. Shah
Independent Director

Date: 20/09/2023
Place: Vapi

DECLARATION

I hereby declare that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority on this behalf, have been duly complied with. I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Nawalkishor D. Modi
Independent Director

Date: 20/09/2023
Place: Vapi

DECLARATION

I hereby declare that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority on this behalf, have been duly complied with. I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Yogesh V. Kabaria
Independent Director

Date: 20/09/2023
Place: Vapi