



## COSBOARD INDUSTRIES LIMITED

(CIN- L21015OR1980PLC000916)

Our Company was originally incorporated as “Central Orissa Straw Board Private Limited” in Cuttack Orissa as a Private Limited Company under the provisions of the Companies Act, 1956 vide certificate of incorporation dated 30th December, 1980 and the constitution of the company has been changed to a limited company vide fresh certificate of incorporation dated 20th May, 1993 and name of company was changed to “Cosboard Industries Limited”. For further details in relation to the changes to the name of our Company, please refer to the section titled “Our History and Corporate Structure” beginning on page 99 of this Draft Letter of offer.

**Registered Office:** Phase II, New Industrial Estate, Jagatpur, Cuttack, Orissa, 754021, India  
**Corporate Office:** 411/412 No.127/1, 2<sup>nd</sup> Floor Srikrupa Market, Malakpet Hyderabad 500 036  
**Tel:** +91-671-2491966; **Fax:** +91-671-2490944, 2491295  
**Email:** [cs@cosboard.com](mailto:cs@cosboard.com); **Website:** [www.cosboard.com](http://www.cosboard.com)


**Contact Person:** Ms. Alka Jain, Company Secretary & Compliance Officer

**PROMOTERS OF OUR COMPANY: MR. SHIV SHANKAR TAPARIA & MR. ANIL KUMAR GILRA**  
**FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF COSBOARD INDUSTRIES LIMITED ONLY**

THE ISSUE
<p><b>ISSUE OF 42,93,800 EQUITY SHARES OF FACE VALUE OF RS. 10 EACH (“EQUITY SHARES”) OF COSBOARD INDUSTRIES LIMITED (“COSBOARD” OR THE “COMPANY” OR THE “ISSUER”) FOR CASH AT A PRICE OF RS. [●] (INCLUDING SHARE PREMIUM OF RS. [●]) PER EQUITY SHARE (“ISSUE PRICE”) FOR AN AGGREGATE AMOUNT NOT EXCEEDING RS. [●] LACS TO THE ELIGIBLE EQUITY SHAREHOLDERS ON RIGHTS BASIS IN THE RATIO OF 1 (ONE) EQUITY SHARE FOR EVERY 1(ONE) EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, I.E. [●] (THE “ISSUE”). THE ISSUE PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, PLEASE SEE THE CHAPTER TITLED “TERMS OF THE ISSUE” ON PAGE 178 OF THIS DRAFT LETTER OF OFFER.</b></p> <p style="text-align: center;"><b>GENERAL RISK</b></p> <p>Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in relation to this Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The securities being offered in the issue have not been recommended or approved by the Securities and Exchange Board of India, (“SEBI”), nor does SEBI guarantee the accuracy or adequacy of the Letter of Offer. Investors are advised to refer to the section titled “Risk Factors” given on page 12 before making an investment in this Issue.</p>

ISSUER’S ABSOLUTE RESPONSIBILITY
<p>Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter of offer contains all information with regard to our Company and the Issue, which is material in the context of this Issue; that the information contained in this Draft Letter of offer is true and correct in all material aspects and is not misleading in any material respect; that the opinions and intentions expressed herein are honestly held; and that there are no other facts, the omission of which makes this Draft Letter of offer as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.</p>

LISTING
<p>The existing Equity Shares of our Company are listed on BSE Limited (BSE). We have received “in-principle” approval from BSE for listing the Equity Shares to be allotted in the Issue vide their letter dated [●]. For the purpose of this Issue, the Designated Stock Exchange is BSE.</p>

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
 <b>Navigant</b> Reinventing Business	 <b>BIGSHARE SERVICES PVT. LTD.</b> Attention: Ashok, Ashwini
<p><b>NAVIGANT CORPORATE ADVISORS LIMITED</b>  423, A Wing, Bonanza, Sahar Plaza Complex,  J B Nagar, Andheri Kurla Road, Andheri East,  Mumbai-400 059  <b>Tel No.</b> +91-22-6560 5550  <b>Email Id-</b> <a href="mailto:navigant@navigantcorp.com">navigant@navigantcorp.com</a>  <b>Investor Grievance Email:</b> <a href="mailto:info@navigantcorp.com">info@navigantcorp.com</a>  <b>Website:</b> <a href="http://www.navigantcorp.com">www.navigantcorp.com</a>  <b>SEBI Registration Number:</b> INM000012243  <b>Contact Person:</b> Mr. Sarthak Vijlani</p>	<p><b>BIGSHARE SERVICES PRIVATE LIMITED</b>  1st floor, Bharat tin Works bldg.,  opp. Vasant Oasis makwanaroad, Marol  Andheri (E), Mumbai - 400 059  <b>Tel:</b> +91-22-6263 8200  <b>Fax:</b> +91-22-6263 8299  <b>Website:</b> <a href="http://www.bigshareonline.com">www.bigshareonline.com</a>  <b>E-Mail:</b> <a href="mailto:ashok@bigshareonline.com">ashok@bigshareonline.com</a>  <b>Contact person:</b> Mr. Ashok Shetty  <b>SEBI Regn No:</b> INR000001383</p>

ISSUE PROGRAMME		
ISSUE OPENS ON	LAST DATE FOR REQUEST FOR SPLIT APPLICATION FORMS	ISSUE CLOSES ON
[●]	[●]	[●]



**TABLE OF CONTENTS**

<b>SECTION</b>	<b>TITLE</b>	<b>PAGE NO</b>
<b>I</b>	<b>GENERAL</b>	
	DEFINITIONS AND ABBREVIATIONS	2
	PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA	9
	FORWARD LOOKING STATEMENTS	11
<b>II</b>	<b>RISK FACTORS</b>	<b>12</b>
<b>III</b>	<b>INTRODUCTION</b>	
	SUMMARY	26
	SUMMARY OF FINANCIAL INFORMATION	32
	ISSUE DETAILS IN BRIEF	35
	GENERAL INFORMATION	36
	CAPITAL STRUCTURE	41
	OBJECTS OF THE ISSUE	68
	BASIS FOR ISSUE PRICE	74
	STATEMENT OF TAX BENEFITS	76
<b>IV</b>	<b>ABOUT OUR COMPANY</b>	
	INDUSTRY OVERVIEW	78
	OUR BUSINESS	83
	KEY INDUSTRY REGULATIONS AND POLICIES	92
	OUR HISTORY AND CORPORATE STRUCTURE	99
	OUR MANAGEMENT	102
	OUR PROMOTERS	111
	OUR PROMOTER GROUP / GROUP COMPANIES / ENTITIES	113
	RELATED PARTY TRANSACTIONS	118
	DIVIDEND POLICY	119
<b>V</b>	<b>FINANCIAL STATEMENTS</b>	
	FINANCIAL STATEMENTS	120
	MANAGEMENT DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	137
<b>VI</b>	<b>STOCK MARKET DATA</b>	<b>145</b>
<b>VII</b>	<b>LEGAL AND OTHER INFORMATION</b>	<b>146</b>
	OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS	146
	GOVERNMENT & OTHER APPROVALS	164
	OTHER REGULATORY AND STATUTORY DISCLOSURES	169
<b>VIII</b>	<b>ISSUE RELATED INFORMATION</b>	<b>178</b>
	TERMS OF THE ISSUE	178
<b>IX</b>	<b>MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION</b>	<b>216</b>
	LIST OF MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION	235
	DECLARATION	236



## SECTION I: GENERAL INFORMATION

### DEFINITIONS AND ABBREVIATIONS

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

#### Company related terms

Term	Description
Our Company / the Company / Issuer / CIL / We / Us / Our/Cosboard	Except as stated otherwise, refers to Cosboard Industries Limited, a company incorporated under the Companies Act, 1956 having its Registered Office at Phase II, New Industrial Estate, Jagatpur, Cuttack, Orissa, 754021, India.
Articles of Association/ AOA	The Articles of Association of our Company, as amended from time to time
Statutory Auditors/ Auditors	M/s B R R & Associates, the statutory auditors of our Company.
Board / Board of Directors	The Board of Directors of our Company or a committee authorized to act on their behalf.
Director(s)/ Our Directors	The Directors of our Company, unless otherwise specified
Equity Share(s)	The equity share(s) of our Company having a face value of Rs. 10 each, fully paid up
MOA / Memorandum / Memorandum of Association	Memorandum of Association of our Company.
Promoter and Promoter Group	The promoter and promoter group of our Company as identified in the filings made by our Company with the Stock Exchange. For further details please refer “Our Group Companies/Entities” on page 113 of this Draft Letter of offer.
Registered Office	Phase II, New Industrial Estate, Jagatpur, Cuttack, Orissa, 754021, India.
ROC / RoC	Registrar of Companies, located at Corporate Bhawan, 3 <sup>rd</sup> Floor, Plot No. 9 (P), Sector:1, CDA, Cuttack-753014.
Key Managerial Personnel	The personnel listed as Key Managerial Personnel in the chapter titled “Our Management” beginning on page 102 of this Draft Letter of Offer.
Work/ Factory	Phase II, New Industrial Estate, Jagatpur ,Cuttack ,Orissa ,754021

#### Issue related terms

Term	Description
Abridged Letter of Offer	The abridged letter of offer to be sent to the Eligible Equity Shareholders and made available to Eligible Employees of our Company with respect to this Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act
Allot/Allotment/Allotted	Unless the context otherwise requires, the allotment of Rights Equity Shares pursuant to the Issue.
Allottee	An Investor to whom Rights Equity Shares are allotted.
Applicant	Any prospective investor who makes an application for Equity Shares in terms of this Draft Letter of Offer
Application	Application made by the Applicant whether submitted by way of CAF or in the form of a plain-paper, to subscribe to the Equity Shares issued pursuant to the Issue at the Issue Price including applications by way of the ASBA process
Application Money	Aggregate amount payable in respect of the Securities applied for in the Issue at the Issue Price



Term	Description
Application Form	The CAF
Application Supported by Blocked Amount/ ASBA	An application, whether physical or electronic, used by ASBA Applicant to make an Application authorising an SCSB to block the Application Amount in the specified Bank Account maintained with such SCSB. ASBA is mandatory for QIBs (except Anchor Investors) and Non-Institutional Applicants participating in the Issue
ASBA Account	Account maintained with SCSB and specified in the CAF or plain paper application, as the case may be, for blocking the amount mentioned in the CAF, or the plain paper application, as the case may be.
ASBA Investor/ ASBA Applicant(s).	<p>Eligible Equity Shareholders proposing to subscribe to the Issue through ASBA process and who are holding our Equity Shares in dematerialized form as on the Record Date and have applied for their Rights Entitlements and / or additional Equity Shares in dematerialized form; have not renounced their Rights Entitlements in full or in part; are not renouncees; and are applying through blocking of funds in a bank account maintained with SCSBs.</p> <p>All QIBs, Non-Institutional Investors and other Investors whose application value exceeds Rs. 2,00,000 complying with the above conditions must participate in this Issue through the ASBA Process only.</p>
Banker(s) to the Issue/	[•]
Business Day	Monday to Friday (except public holidays)
Composite Application Form / CAF	The form used by an Investor to make an application for allotment of the Rights Equity Shares in the Issue.
Controlling Branches	Such branches of the SCSBs which coordinate applications under the Issue by the ASBA Investors with the Registrar to the Issue, the Lead Manager and the Stock Exchange and a list of which is available at <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html</a>
Designated Stock Exchange	BSE Limited
Demographic Details	Demographic details of Investors available with the Depositories, including address and bank account details.
Depositories	NSDL and CDSL or any other depository registered with SEBI under Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 as amended from time to time, read with the Depositories Act, 1996.
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository Participant or DP	A Depository Participant as defined under the Depositories Act.
Depositories Regulations	The SEBI (Depository and Participant) Regulations, 1996, as amended from time to time
Designated Branches	Such branches of the SCSBs which shall collect CAF or the plain paper application, in case of Eligible Equity Shareholders, or the EAF, in case of Eligible Employees, from ASBA investor and a list of which is available on <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html</a>
Draft Letter of Offer/DLOO	This Draft Letter of Offer of our Company dated September 05, 2017 filed with SEBI for its observations and comments which does not contain complete particulars of the Issue
Eligible NRIs	NRIs from jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom the Letter of Offer constitutes an invitation to subscribe to the Equity Shares Allotted herein
Eligible QFIs	QFIs from such jurisdictions outside India where it is not unlawful to make an



## Cosboard Industries Limited

Term	Description
	offer or invitation under the Issue and in relation to whom the Letter of Offer constitutes an invitation to purchase the Equity Shares offered thereby and who have opened demat accounts with SEBI registered qualified depository participants.
Eligible Equity Shareholders	The Equity Shareholders of our Company as on the Record Date.
Equity Shares	Equity Shares of our Company having a face value of Re. 10 each.
Equity Shareholders	The Equity Shareholders of our Company.
Investors	The Eligible Equity Shareholders of our Company as on the Record Date and the Renouncees.
Issue / Issue size	Rights Issue of 42,93,800 Equity Shares of Re. 10/- each for cash at a price of Rs. [●] per Rights Equity Share including premium of Rs. [●] per Rights Equity Share, aggregating upto Rs. [●] lacs to the existing Equity Shareholders of our Company on rights basis in the ratio of 1(one) Equity Share for every 1(one) Equity Share held as on the Record Date.
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Price	Rs. [●] per Equity Share
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days and during which prospective Applicants may submit their application
Issue Proceeds	The monies received by our Company pursuant to the issue of Equity Shares on Rights basis which are allotted pursuant to the Issue
Lead Manager/LM	Lead Manager to the Issue being Navigant Corporate Advisors Limited.
Letter of Offer	This letter of offer dated [●] as filed with the Stock Exchanges after incorporating SEBI comments on this Draft Letter of Offer
Listing Agreement	The uniform equity listing agreement signed between our Company and the Stock Exchange
Non-Institutional Applicant	Non institutional investor as defined under Regulation 2(1)(w) of the SEBI ICDR Regulations.
Qualified Foreign Investors / QFIs	Qualified Foreign Investor as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 (as amended), registered with SEBI under applicable laws in India. A Qualified Foreign Investor may buy, sell or otherwise continue to deal in securities without registration as Foreign Portfolio Investors subject to compliance with conditions specified in the SEBI (Foreign Portfolio Investors) Regulations, 2014
Qualified Institutional Buyers / QIBs	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual fund registered with SEBI, FIIs and sub-account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, multilateral and bilateral development financial institution, venture capital fund registered with SEBI, foreign venture capital investor registered with SEBI, state industrial development corporation, insurance company registered with IRDA, provident fund with minimum corpus of ` 250 millions, pension fund with minimum corpus of Rs. 250 millions, National Investment Fund set up by the Government of India and insurance funds set up and managed by the army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India
Refund Account(s)	The account opened with Refund Banker(s), from which refunds (excluding refunds to ASBA Applicants), if any, of the whole or part of the Application



## Cosboard Industries Limited

Term	Description
	Amount shall be made
Refund through electronic transfer of funds	Refunds through NECS, Direct credit, RTGS, NEFT or ASBA process , as applicable
Refund Banker	[●]
Registrar to the Issue	Bigshare Services Pvt. Ltd.
Retail Individual Applicants	Individual Applicants (including HUFs applying through their Karta and Eligible NRIs) who have not applied for Equity Shares for an amount of more than Rs. 2,00,000 in any of the Application options in the Issue.
Record Date	[●]
Renouncee(s)	Any person(s) who has / have acquired Rights Entitlements from the Eligible Equity Shareholders.
Rights Entitlement	The number of Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to his / her shareholding in our Company as on the Record Date.
Rights Equity Shares	The Equity Shares being offered to the Eligible Equity Shareholders of our Company in this Issue.
Split Application Form (s) / SAF(s)	Split Application Form, The application form(s) used in case of renunciation in part by an Eligible Equity Shareholder in favour of one or more Renouncees.
Stock Exchange(s)	The BSE where the Equity Shares of our Company are listed and where the Rights Equity Shares are proposed to be listed.
Self Certified Syndicate Bank(s) or SCSB(s)	The banks which are registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offers services of ASBA, including blocking of bank account and a list of which is available on <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html</a>
SEBI (ICDR) Regulations, 2009	Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009 as amended from time to time
Takeover Code	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 read with amendments issued subsequent to that date.
Working Day	Working Day of SEBI

### Conventional, General and Industry Terms or Abbreviations

Term /Abbreviation	Description / Full Form
“₹” / “Rs.” / “Rupees” / “INR”	Indian Rupees
“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 as notified under the Companies (Accounts) Rules, 2014
“ASSOCHAM”	The Associated Chambers of Commerce and Industry of India
“BSE”	BSE Limited
“BTI Regulations”	Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994
“CCI”	Competition Commission of India
“CDSL”	Central Depository Services (India) Limited
“Central Government”	Central Government of India
“CIN”	Corporate identity number



## Cosboard Industries Limited

Term /Abbreviation	Description / Full Form
“Companies Act,1956”	Companies Act, 1956, and the rules, regulations, modifications and clarifications made thereunder, as the context requires and to the extent not repealed
“Companies Act,2013”	Companies Act, 2013 and the rules, regulations, modifications and clarifications thereunder, to the extent notified
“Companies Act”	Companies Act, 1956 to the extent in force, and/ or the Companies Act, 2013 to the extent notified
“Depositories Act”	Depositories Act, 1996
“Depository”	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
“DIN”	Director identification number
“DP ID”	Depository participant identity
“EPS”	Earnings per share
“Factories Act”	The Factories Act, 1948
“FDI”	Foreign direct investment
“FEMA Regulations”	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
“FEMA”	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder
“FII”	Foreign institutional investor as defined under Regulation 2(1)(g) of the SEBI FPI Regulations
“Financial Year” /“FY” / “Fiscal”	Period of 12 months ended March 31 of that particular year, unless otherwise stated
“FPI”	Foreign Portfolio Investors as defined under the SEBI FPI Regulations.
“GAAP”	Generally Accepted Accounting Principles
“Government”	Central Government and / or the State Government, as applicable
“GST”	Goods and service tax
“HUF”	Hindu undivided family
“ICAI”	Institute of Chartered Accountants of India
“IND AS”	Indian Accounting Standards

### Abbreviation

Term	Description / Full Form
“Indian GAAP”	Generally accepted accounting principles followed in India including the accounting standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 as applicable.
“ISIN”	International securities identification number allotted by the Depository
“IT Act”	Income Tax Act, 1961
“MCA”	Ministry of Corporate Affairs, Government of India
“Mutual Fund”	Mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
“NACH”	National Automated Clearing House
“NEFT”	National electronic fund transfer
“NR”	Non-resident or person(s) resident outside India, as defined under the FEMA





## Cosboard Industries Limited

Term /Abbreviation	Description / Full Form
“NRE Account”	Non-resident external account
“NRI”	A person resident outside India who is a citizen of India as defined under the Foreign Exchange Management (Deposit) Regulations, 2016 or is an ‘Overseas Citizen of India’ cardholder within the meaning of Section 7(A) of the Citizenship Act, 1955.
“NRO Account”	Non-resident ordinary account
“NSDL”	National Securities Depository Limited
“Net worth”	Paid up Equity Share Capital plus reserves and surplus minus revaluation reserve
“OCB” / “Overseas Corporate Body”	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
“PAN”	Permanent account number
“PAT”	Profit after tax
“PBT”	Profit before tax
“RBI”	Reserve Bank of India
“RoC”	Registrar of Companies, Cuttack, located at Corporate Bhawan, 3rd Floor, Plot No. 9 (P), Sector - 1, CDA, Cuttack - 753014, Odisha, India
“RTGS”	Real time gross settlement
“SCRA”	Securities Contracts (Regulation) Act, 1956
“SCRR”	Securities Contracts (Regulation) Rules, 1957
“SEBI Act”	The Securities and Exchange Board of India Act, 1992
“SEBI FPI Regulations”	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended
“SEBI ICDR Regulations”	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
“SEBI Listing Regulations”	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
“SEBI”	The Securities and Exchange Board of India
“Securities Act”	United States Securities Act of 1933
“State Government”	Government of a State of India
“Takeover Regulations”	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
VCF	Venture capital funds, as defined in and registered under the VCF Regulations
“Year”/“Calendar Year”	Unless context otherwise requires, shall refer to the twelve-month period ending December 31.

The words and expressions used but not defined herein shall have the same meaning as assigned to such terms under the SEBI ICDR Regulations, the Companies Act, the SEBI Act, SCRA and the Depositories Act and the rules and regulations made thereunder. Notwithstanding the foregoing, terms in “Tax Benefits Statement” and “Financial Statements” on pages 120, respectively, shall have the meaning given to such terms in such sections.





**NOTICE TO OVERSEAS INVESTORS**

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

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

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

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

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



## **PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA**

### **Certain Conventions**

Unless otherwise specified or the context otherwise requires, all references in this Draft Letter of Offer to “India” are to the Republic of India, together with its territories and possessions; all references to the “Government” or the “Central Government” are to the Government of India.

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

### **Financial Data**

Unless stated otherwise, the financial information and data in this Draft Letter of Offer is derived from Audited Financial Statements for the Financial Year ended March 31, 2017 which have been included in this Draft Letter of Offer. For further details please see the section titled “Financial Statements” on page 120. We publish our financial statements in Indian Rupees.

Our Company’s fiscal year commences on April 1 and ends on March 31 of the following calendar year. Accordingly, all references to a particular “financial year” or “fiscal year” or “Fiscal” are to the 12 (twelve) month period ended March 31 of that year.

Our Company has historically prepared its financial statements in accordance with Indian GAAP, applicable accounting standards and guidance notes issued by the ICAI, the Companies Act and other statutory and/or regulatory requirements. Our Audited financial results for the financial year ended March 31, 2017 that appear in this Draft Letter of Offer have been prepared by our Company in accordance with Ind-AS and other applicable statutory and / or regulatory requirements, including the requirements of the Listing Regulations. Indian GAAP differs significantly in certain respects from Ind AS, IFRS and US GAAP. Neither the information set forth in our financial statements nor the format in which it is presented should be viewed as comparable to information prepared in accordance with IFRS or any accounting principles other than principles specified in the Indian accounting practices. 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. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

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. Numerical values have been rounded off to two decimal places.

### **Currency of Presentation**

All references to “₹” or “INR” or “Rupees” refer to Indian Rupees, the lawful currency of India. Any reference to “USD” or “US\$” or “\$” refers to the United States Dollar, the lawful currency of the United States of America. Unless stated otherwise, throughout this Draft Letter of Offer, all figures have been expressed in Rupees in lakhs.

### **Please Note:**

- One million is equal to 10 Lakhs / 1,000 thousand;
- One lakh is equal to 100 thousand; and
- One crore is equal to 10 million / 100 lakhs.



## **INDUSTRY & MARKET DATA**

Unless otherwise stated, Industry & Market data used throughout this Draft Letter of Offer has been obtained from Internal Company Reports and Industry Publications and the Information contained in those publications has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Draft Letter of Offer is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources.

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.

The Ministry of Corporate Affairs ("MCA") notified the Companies (Indian Accounting Standards) Rules, 2015 on February 16, 2015, providing revised roadmap on implementation of Ind-AS, which stipulates implementation of Ind-AS in a phased manner beginning from accounting period 2016 - 2017. Our company is required to prepare and present our financial statements in accordance with Ind-AS from April 01, 2017. Our historical audited financial statements are prepared in accordance with the Companies Act and Indian GAAP.

Given that Ind-AS differs in many respects from Indian GAAP, our financial statements prepared and presented in accordance with Ind-AS relating to any period subsequent to April 1, 2017, may not be comparable to our historical financial statements prepared under Indian GAAP. In the event that any of our historical financial statements, including our financial statements for Fiscal 2017 are required to be also prepared in accordance with Ind-AS, such historical Ind-AS financial statements may vary from our historical India GAAP financial statements, and there can be no assurance that such variation will be material. As of the date of this DLOF, we are not required to prepare the financial statements for the quarter ended 30th June, 2016, 30th September, 2016, 31st December, 2016 and 31<sup>st</sup> March 2017 of our Company in accordance with Ind-AS, and are in the process of evaluating the difference in accounting policies and practices under Ind-AS and Indian GAAP that may be reasonably expected to impact the preparation and presentation of our future financial statements, and, to the extent applicable, our historical financial statements, in accordance with Ind-AS. The preparation of our financial statements in accordance with Ind-AS may require our management to make judgments, estimates and assumptions. Based upon management's evaluation of the relevant facts and circumstances as on the date of the relevant financial statements, and such estimates and underlying assumptions may be reviewed in the future on an on-going basis. For further information, see "Risk Factors - Certain companies in India, including our Company, will be required to prepare financial statements in accordance with Ind-AS with effect from April 1, 2017. Ind-AS differs from Indian GAAP, IFRS and US GAAP in many ways and our financial statements relating to periods commencing April 1, 2017 prepared under Ind-AS may not be comparable to our historical financial statements prior to such period prepared under Indian GAAP.



## **FORWARD - LOOKING STATEMENTS**

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

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

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

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

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

For a further discussion of factors that could cause our actual results to differ, please refer to “Risk Factors” on page 12 of the Draft Letter of Offer. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither we nor the Lead Manager make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. Neither we nor the Lead Manager nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI / Stock Exchanges requirements, we and Lead Manager will ensure that the Eligible Equity Shareholders are informed of material developments until the time of the grant of listing and trading permissions by the Stock Exchanges.



## SECTION II: RISK FACTOR

An investment in equity shares involves a high degree of risk. You should carefully consider all the information in the Draft Letter of Offer, including the risks and uncertainties described below, before making an investment in our Equity Shares. The risks and uncertainties described in this section are not the only risk we may face. If any of the following risks actually occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment. Unless otherwise stated in the relevant risk factors set below, we are not in a position to specify or quantify the financial or other implications of any risk mentioned herein. In making an investment in this Issue, prospective investors must rely on their own examination of our Company and terms of the Issue. The numbering of the Risk Factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another.

*Unless otherwise stated or the context otherwise requires, the financial information used in this section is derived from our Restated Financial Information.*

### INTERNAL RISK FACTORS:

1. Our Company, its Directors, Promoter and its Group entities are involved in certain regulatory proceeding(s). Any adverse decision in such proceeding(s) may render us/them liable to liabilities/penalties and may adversely affect our business and results of operations.

Summary of litigations are given below:

Sr. No.	Particulars	No. of Cases/Disputes	Approximate Aggregate Claim Amount (Rs. In Lacs)
<b>LITIGATION BY OR AGAINST OUR COMPANY</b>			
<b>Litigation filed by Our Company</b>			
	Civil Cases filed by our Company *	13	239.12
	Criminal cases filed by our Company	-	-
<b>LITIGATION FILED AGAINST OUR COMPANY</b>			
	Civil Cases filed against our Company **	8	-
	Criminal cases filed against our Company	-	-
<b>LITIGATIONS INVOLVING OUR DIRECTORS</b>			
	Civil cases filed against our Directors **	3	-
	Civil cases filed by our Directors **	5	-
	Criminal cases filed by Our Director **	1	-

\* Include 5 Cases where amount is not quantifiable at this stage and include certain cases where Director(s)/Promoter(s) are also party with the Company.

\*\* The Amount is not quantifiable at this stage.

If cases filed by Our Companies and Our Directors are not decided in favor of such companies, these entities would be deprived of claims receivable from counter parties.

For details of the above litigation, please refer to the section titled "Outstanding Litigation" appearing on page 146 of this Draft Letter of Offer.



## **Cosboard Industries Limited**

### **2. Some of the properties from which we are operating are not registered in our name.**

We operate from our registered office situated at New Industrial Estate, Phase II Jagatpur, Cuttack: 754021, Orissa and Corporate office situated at 411/412 No.127/1 2nd Floor Srikrupa Market, Malakpet, Hyderabad 500036. We have taken the Registered & Corporate office on lease for a period of 99 years and 3 years respectively. Any discontinuance of rent agreement / facility will lead us to locate any other premises. Our inability to identify the new premises may adversely affect the operations, finances and profitability of our Company.

### **3. Our Logo is in the process of getting registered. If we fail to obtain trademark registration our brand building efforts may be hampered which might lead to adverse effect on our business.**

There is no assurance that the application will be approved by the Trade Mark Registry. In addition, our application for the registration of the trade mark may be opposed by third parties and we may have to incur significant cost and spend time in litigations in relation to these oppositions. In the event we are not able to obtain the trademark registration of our Company, we may not be able to avail the legal protection and legal remedies (in case of infringement) available as a proprietor of registered trademarks. Non-registration may adversely affect our Company's ability to protect its trademark against infringements which may materially and adversely affect our goodwill and business. For details on the trademark applications, please see the chapter titled "Government and other Statutory Approvals" beginning on page 164 of this Draft Letter of offer.

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

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

(Rs. In Lacs.)					
Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
Net Cash flow from Operative activities	(64.24)	(515.39)	146.95	(1,647.96)	(893.83)
Net Cash Flow from investing activities	(93.19)	(1,426.18)	(1,122.16)	(304.53)	(122.41)
Net Cash Flow from Financing activities	156.09	2,029.41	966.59	1,956.80	1,117.33
<b>Net Cash Flow for the Year</b>	<b>(1.34)</b>	<b>87.84</b>	<b>(8.61)</b>	<b>4.32</b>	<b>101.09</b>

### **5. Our promoters/Promoters group have pledged their major shareholding and may loose the control over the company on default of replayment of loan.**

As on June 30, 2017, Our promoter and Promoter Group together hold 20,25,050 Equity Shares of Rs. 10 constituting 47.16% of the total paid up share capital of the Company and out of which 12,79,524 Equity shares have been pledged by the promoter/Promoter group constituting 63.18% of the shares held by them. If they would not be able to repay the pledge amount then they may lose the shares pledged and their control over the company would be reduced which may affect the business operations and results of the Company.

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

We have entered into transactions with our promoters and group companies. While we believe that all such transactions have been conducted on an arm's length basis, there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we may enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our





## ***Cosboard Industries Limited***

financial condition and results of operations. For further details please refer to Financial Statements Of Our Company on page no 120.

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

Our Group Companies such as Harishankar Paper Products (P) Ltd., Tirupati Kagadas Pvt Ltd, Abhishek Enterprises and Yash Commercial Corporation are involve in similar line of business. Further, we have not entered into any non-compete agreement with our said entities. We cannot assure you that our Promoter who has common interest in said entities will not favour the interest of the said entities As a result; conflicts of interests may arise in allocating business opportunities amongst our Company and our Group Entities in circumstances where our respective interests diverge. There can be no assurance that our Promoters or our Group Entities or members of the Promoter Group will not compete with our existing business or any future business that we may undertake or that their interests will not conflict with ours. Any such present and future conflicts could have a material adverse effect on our reputation, business, results of operations and financial condition which may adversely affect our profitability and results of operations. For further details, please refer to “Common Pursuits” on Page 112 of this Draft Letter of offer.

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

We rely significantly on certain raw materials (principally bamboo, wood, industrial chemicals and pulp) and energy sources (principally water and electricity) for the manufacture of our products. In Fiscal 2017, raw materials comprised approximately 66.37% of our net sales.

We have not entered into any formal arrangements or commitments for the supply of our raw material requirements and procure such requirement from local farmers and the open market. In addition, due to complicated land ownership structures, we may not be able to procure land within adequate time, or at all, to plantation of bamboo/ pulp wood for captive requirements. Further, as a result of increase in prices of bamboo, we use hardwood to cater our raw material requirements, as an alternative to bamboo. We may not be able to procure adequate quantity of hardwood at a commercially acceptable price, or at all. Any unavailability of hardwood at a competitive cost and timely manner would have a material adverse effect on our business, operations and financial condition.

In addition, availability of pulp in the international markets affects prices of pulp. Events in past such as earthquake in Chile, a major supplier of pulp, and increase in demand of pulp in China, led to increase in price of pulp internationally. Raw material prices will change based on worldwide supply and demand and there is no assurance that we will be able to procure our requirements from suppliers at reasonable costs and in a timely manner. For trends in relation to raw material prices, see Industry Overview on page 78.

Further, factors such as inclement weather and heavy monsoons may delay or disrupt the harvest of hardwood or bamboo for the particular crop period, leading to unavailability of raw materials. Also, some of our customers may have businesses which may be seasonal in nature and a downturn in demand for our products by such customers could reduce our revenues during such periods.

We procure our entire industrial chemicals required for our operations from the open market on a spot basis, and consequently are affected by variations in price of such industrial chemicals. Any adverse variation in price of industrial chemicals may adversely affect our raw material costs.

Further, we may not be able to pass increased cost for industrial chemicals to our customers.





**9. Outbreaks of diseases can significantly affect availability of raw materials for our products.**

Outbreak of diseases can significantly affect availability of raw materials for our products. From time to time, there have been outbreaks of certain diseases in plants, such as gall disease on eucalyptus trees which led to damage of saplings and adversely affected growth of eucalyptus plant. Damage to existing eucalyptus plants and reluctance to plant new eucalyptus led to reduction in availability of raw materials required to manufacture paper and paper products. Outbreak of any such disease in future can adversely affect availability of raw materials, affect our plantation initiative and lead to waste of cost incurred in plantation.

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

We compete in different markets within the paper industry on the basis of the quality of our products, customer service, product development activities, price, and distribution. All of our markets are highly competitive. Factors affecting our competitive success include, among other things, price, availability of products, brand recognition, customer service, ease of use, and reliability. Our competitors vary in size, and may have greater financial, marketing, personnel and other resources than us and certain of our competitors have a longer history of established businesses and reputations in the Indian paper and packaging board market as compared with us. Competitive conditions in some of our segments have caused us to incur lower net selling prices and reduced gross margins and net earnings. These conditions may continue indefinitely.

Changes in the identity, ownership structure, and strategic goals of our competitors and the emergence of new competitors in our target markets may impact our financial performance. New competitors may include foreign-based companies and commodity-based domestic producers who could enter our specialty markets.

In addition to competition with different players in the paper industry, industrial paper products compete with products such as polymers, wood and steel for packaging. The writing and printing paper faces limited substitution threat from the increased tendency of storage of data in soft form, which may affect demand of our writing and printing paper products.

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

As of March, 2017, we had total outstanding indebtedness of Rs. 7295.92 lacs. We expect to incur substantial additional indebtedness in order to finance the expansion of our manufacturing facilities. The indebtedness incurred and expected to be incurred and the restrictions imposed on us by our current or future loan arrangements could adversely impact our ability to conduct our business operations and result in other significant adverse consequences.

We cannot assure that we will generate sufficient cash to enable us to service our existing or future borrowings, comply with covenants or fund other liquidity needs. If we fail to meet our debt service obligations or financial covenants required under the financing documents, the relevant lenders could declare us to be in default under the terms of our borrowings, accelerate the maturity of our obligations or take over the financed project. Further, a default by us under the terms of any financing document may also constitute a cross-default under other financing documents, which may individually or in aggregate, have a material and adverse effect on our results of operations and financial position. We cannot assure you that, in the event of any such acceleration, we will have sufficient resources to repay these borrowings. Failure to meet our



obligations under the debt financing arrangements could have a material adverse effect on our cash flows, business and results of operations.

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

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

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

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

**13. Our Company may incur penalties or liabilities for some Non Compliances with the provisions of Companies Act, 1956/2013 and provisions of SEBI Act, Regulations etc. under certain provisions of the Companies Act and other applicable laws.**

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

- The Company has not obtained requisite approval from the Shareholders/Board Resolution for increasing/availing the Borrowing power/loan before 26<sup>th</sup> September, 2014;
- No approval from the Board of Directors was obtained for entering into the Related party transaction before the Financial year 2016-17;
- Approval from the Board of Directors was not obtained in respect of secured loan taken from M/s Cosmos Co-operative Ltd and unsecured loan taken from the promoters/Directors;
- Reporting to SEBI/BSE was not made in respect of inter se transfer of Shares between immediate relatives.
- Eform MGT 15 was not filed with Registrar of Companies in respect of filing of report of Annual General Meeting held for the financial year 2014-15;
- The Company had not appointed Internal Auditors for the financial year 2015-16;
- The Company had not appointed Key Managerial Personnel during the financial year 2015-16;
- The meeting of Independent Directors were not conducted during the financial year 2015-16;



**14. We may be unable to generate sufficient cash flow or secure sufficient credit to simultaneously fund our operations, finance capital expenditures, and satisfy other obligations.**

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

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

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

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

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

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

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

**17. We may be unable to generate sufficient cash flow or secure sufficient credit to simultaneously fund our operations, finance capital expenditures, and satisfy other obligations**



## ***Cosboard Industries Limited***

Our Operation required huge funds for which Company is required to borrow the funds for the smooth functioning of the business operations, in terms of the provisions of the Companies Act, 2013 and rules made thereunder, the Company is required to obtain the consent of Shareholders to borrow moneys apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of the aggregate of the paid-up capital and its free reserves. Our Company has taken the shareholders approval in the Annual General Meeting held on 26<sup>th</sup> September, 2014 for borrow the funds not exceeding Rs. 70 crore and thereafter no such approval was taken, any borrowing in excess of the prescribed limits may lead to non compliances of the provisions of the Companies Act and may affect the business results of the Company.

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

Our operations are subject to national and state environmental laws and regulations, which govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from our operations. Environmental regulation of industrial activities in India may become more stringent, and the scope and extent of new environmental regulations, including their effect on our operations, cannot be predicted with any certainty. Governments may take steps towards the adoption of more stringent environmental, health and safety regulations, and we cannot assure you that we will be at all times in full compliance with these regulatory requirements. For example, these regulations can often require us to purchase and install expensive pollution control equipment or make changes to our existing operations to limit any adverse impact or potential adverse impact on the environment or the health and safety of our employees, and any violation of these regulations, whether or not accidental, may result in substantial fines, criminal sanctions, revocations of operating permits or a shutdown of our facilities. Due to the possibility of unanticipated regulatory developments, the amount and timing of future expenditures to comply with regulatory requirements may vary substantially from those currently anticipated. If there is any unanticipated change in the environmental, health and safety regulations we are subject to, we may need to incur substantial capital expenditures to comply with such new regulations. Our costs of complying with current and future environmental, health and safety laws and our liabilities arising from failure to comply with applicable regulatory requirements may adversely affect our business, financial condition and results of operations.

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

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

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

We employ significant number of employees at our facilities. Substantial number of our permanent employees are represented by labour unions and staff associations. We cannot ensure that labor-related disputes will not arise. Further, we may not be able to satisfactorily renegotiate our wage settlement agreements when they expire and may face tougher negotiations or higher wage demands. In addition, existing labor agreements may



## ***Cosboard Industries Limited***

not prevent a strike or work stoppage in the future. Such incidents or strikes and work stoppage by our employees could have an adverse effect on our business, financial operation and results of operations.

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

Our operations carry inherent risks of personal injury and loss of life, damage to or destruction of property, plant and equipment and damage to the environment, and are subject to risks such as fire, theft, flood, earthquakes and terrorism. We believe that we have insured our facilities, plant and equipment in a way which we believe is typical in our industry and in amounts which we believe to be commercially appropriate. See —Our Business- Insurance on page 91. However, we may become subject to liabilities against which our property are not insured adequately or at all or cannot insure, including when the loss suffered is not easily quantifiable and in the event of severe damage to our reputation. Even if a claim is made under an existing insurance policy, due to exclusions and limitations on coverage, we may not be able to successfully assert our claim for any liability or loss under such insurance policy.

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

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

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

- 22. Our success will depend on our ability to attract and retain our key personnel. If we are unable to do so, it would adversely affect our business and results of operations.**

Our future success substantially depends on the continued service and performance of the members of our senior management team and other key personnel in our business for the management and running of our daily operations, and the planning and execution of our business strategy.

There is intense competition for experienced senior management and other key personnel with technical and industry expertise in the paper business and if we lose the services of any of these or other key individuals and are unable to find suitable replacements in a timely manner, our ability to realize our strategic objectives could be impaired. Loss of key members of our senior management or other key team members, particularly to competitors, could have an adverse effect on our business and results of operations.



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

We have been unable to locate certain of our corporate records with respect to issuance of certain Equity Shares to various persons and with respect to certain amendments which have been made to our MoA. Disclosures in this Draft Letter of Offer pertaining to equity share capital history of our Company are based on the Prospectus issued by the Company for its Initial Public Offer during the financial year 1994-1995. Additionally, for the years prior to 1995, relevant records and forms filed, at that time, evidencing the amendments to our MoA, are also not available. Whilst we believe material information required for Investors to make their investment decision in this Issue has been disclosed in this Draft Letter of Offer, we are unable to make certain disclosures required under the SEBI ICDR Regulations in this Draft Letter of Offer, such as disclosures pertaining to initial listing of Equity Shares by our Company and disclosures pertaining to issue of Equity Shares by the Company for consideration other than cash or out of revaluation reserves. For more information see Capital Structure and History and Certain Corporate Matters on pages 41 and 99 respectively.

**EXTERNAL RISK FACTORS**

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

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

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

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

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





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

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

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

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

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

Increased political instability and regional conflicts, evidenced by the threat or occurrence of terrorist attacks, enhanced national security measures, conflicts in several countries and regions in which our Company operates, strained relations arising from these conflicts and the related decline in consumer confidence may hinder its ability to do business. Any escalation in these events or similar future events may disrupt our Company's operations or those of its customers and suppliers and could affect the availability of raw materials needed to produce its products or the means to transport those materials to its facilities and finished products to customers. These events have had and may continue to have an adverse impact on the global economy and





## ***Cosboard Industries Limited***

customer confidence and spending in particular, which could in turn adversely affect our Company's revenue, operating results and cash flows. The impact of these events on the volatility of global financial markets could increase the volatility of the market price of securities and may limit the capital resources available to our Company and to its customers and suppliers.

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

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

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

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

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

However, there can be no assurance that such policies will continue in the future. Government corruption, scandals and protests against certain economic reforms, which have occurred in the past, could slow the pace of liberalization and deregulation. The rate of economic liberalization could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well.

### **29. We may raise additional equity capital which may dilute your existing shareholding.**

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

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



## **Cosboard Industries Limited**

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

Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. For further details, please see section titled “Statement of **Tax Benefit**” on page 76 of this Draft Letter of Offer.

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

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

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

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

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

The Competition Act seeks to prevent business practices that have or are likely to have an appreciable adverse effect on competition in India and has established the CCI. Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which has or is likely to have an appreciable adverse effect on competition is void and attracts substantial penalties. Any agreement which, directly or indirectly, determines purchase or sale prices, limits or controls the production, supply or distribution of goods and services, or shares a market by way of geographical area or number of customers is presumed to have an appreciable adverse effect on competition. Provisions of the Competition Act relating to



the regulation of certain acquisitions, mergers or amalgamations, which have a material adverse effect on competition and regulations with respect to notification requirements for such combinations, came into force on June 1, 2011. The effect of the Competition Act on the business environment in India is still evolving and unclear and it is difficult to predict its impact on our Company's growth and expansion strategies. The CCI has extra territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an appreciable adverse effect on competition in India. If our Company is affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act or any enforcement proceedings initiated by the CCI or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI, it may adversely affect its business, results of operations, financial condition or prospects.

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

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

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

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

**Prominent Notes**

1. The net worth of our Company is Rs .620.92 lacs, as at March 31, 2017 as per the restated financial statements of our Company. For further details please refer to the section titled "Financial Statements" beginning on page 120;
2. This is a Rights Issue of [●] Equity Shares of Re. 10/- each for cash at a price of Rs. [●] per Rights Equity Share including premium of Rs. [●] per Rights Equity Share, aggregating upto Rs. [●] lacs to the existing Equity Shareholders of our Company on rights basis in the ratio of 1(one) Equity Share for every 1(one) Equity Share held as on the Record Date. For further details please refer to the section titled "Terms of the Issue" beginning on page 178 of this Draft Letter of Offer.



## ***Cosboard Industries Limited***

3. Except as disclosed in the sections/chapter titled “Capital Structure”, “Our Promoters” “Our Promoter Group Entities” or “Our Management” “ Related Party Transactions” beginning on pages 41, 111, 102 and 118, respectively, none of our Promoter, our Directors and our key managerial employees have any interest in our Company except to the extent of remuneration and reimbursement of expenses and to the extent of the Equity Shares held, if any, by them or their relatives and associates or held by our companies, firms and trusts in which they are interested as directors, members, partners or trustees and to the extent of the benefits arising out of such shareholding;
4. The name of our Company has not been changed during the last three years from the date of this Draft Letter of Offer.
5. Pertaining to our related party transactions, see the chapter titled “Related Party transactions” beginning on page 118 of this Draft Letter of Offer;
6. For details of transactions in the securities of our Company by our Promoter and Promoter group in the last six months, refer to the chapter titled “Capital Structure” beginning on page 41 of this Draft Letter of Offer;
7. Trading in the Rights Equity Shares of our Company for all Investors shall be in dematerialized form only. For further details, see the section titled “Terms of the Issue” beginning on page 178 of this Draft Letter of Offer;
8. Any clarification or information relating to the Issue shall be made available by the Lead Manager and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever;
9. Investors may contact our Compliance Officer or the Lead Manager for any complaints pertaining to this Issue;
10. The Net Asset Value / Book Value per Equity Share is Rs. 14.46 as at March 31, 2017 as per the restated financial statements of our Company in the chapter titled “Financial Statement” beginning on page 120 of this Draft Letter of Offer;
11. Our Company and the Lead Manager will update the offer document in accordance with the Companies Act and the SEBI ICDR Regulations and our Company and the Lead Manager will keep the public informed of any material changes relating to our company till the listing of our shares on the Stock Exchange. No selective or additional information would be made available to a section of investors in any manner whatsoever.
12. Our Company has not received any Compliant during the financial year starting from 1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2017.



### **SECTION III: INTRODUCTION**

#### **SUMMARY OF INDUSTRY & BUSINESS OVERVIEW**

The information presented in this section has been obtained from publicly available documents from various sources, including officially prepared materials from the Government of India and its various ministries, industry websites and publicly available industry reports. Industry websites and publications generally state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe industry, market and government data used in this Draft Letter of Offer is reliable, it has not been independently verified.

Accordingly, our Company and the Lead Manager do not take any responsibility for the data, projections, forecasts, conclusions or any other information contained in this section. Certain information contained herein pertaining to prior years is presented in the form of estimates as they appear in the respective reports/ source documents. The actual data for those years may vary significantly and materially from the estimates so contained.

#### **SUMMARY OF INDUSTRY**

##### **Indian Economy**

The Indian economy is the fourth largest economy in the world by purchasing power parity with an estimated GDP of approximately USD 8.721 trillion in 2016. (Source: CIA World Factbook) India's GDP will continue to expand at the fastest pace among major economies, with growth forecast at 7.6 % in 2016-17. India's economy has benefited from the large terms of trade gain triggered by lower commodity prices, and inflation has declined more than expected. Positive policy actions, structural reforms, including the introduction of an important tax reform and formalization of the inflation targeting framework and improved confidence are expected to support consumer demand and investment. Important policy actions toward the implementation of the goods and services tax have been taken, which will be positive for investment and growth.

(Source: International Monetary Fund - World Economic Outlook - October 2016).

As per the latest estimates available on the Index of Industrial Production (IIP), the General Index for the month of February 2017 stands at 182.30, which is 1.2% lower as compared to the level in the month of February 2016. The cumulative growth during April-February 2016-17 over the corresponding period of the previous year stands at 0.40%. The Indices of Industrial Production for the Mining, Manufacturing and Electricity sectors for the month of February 2017 stand at 140.6, 190.1 and 182.5 respectively, with the corresponding growth rates of 3.3%, (-) 2.0 % and 0.3 % as compared to February 2016. The cumulative growth in these three sectors during April-February 2016-17 over the corresponding period of 2015-16 has been 1.6 %, (-) 0.3 % and 4.6 % respectively. In terms of industries, fifteen (15) out of the twenty two (22) industry groups (as per 2- digit NIC-2004) in the manufacturing sector have shown negative growth during the month of February 2017 as compared to the corresponding month of the previous year.

(Source: Website of Ministry of Statistics and Programme Implementation)

The Foreign Direct Investment (FDI) was USD 45.15 Billion in FY 2014-15 and USD 55.56 Billion in FY 2015-16 and USD 60.08 Billion during April, 2016 to March, 2017 in FY 2016-17 as per provisional figures by RBI. The cumulative amount of FDI Inflows from April, 2000 to March, 2017 stood at USD 484.35 Billion.

(Source: Website of Department of Industrial Policy and Promotion)

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF). The Government of India has forecasted that the Indian economy will grow by 7.1 per cent in FY 2016-17. As per the Economic Survey 2016-17, the Indian



## **Cosboard Industries Limited**

economy should grow between 6.75 and 7.5 per cent in FY 2017-18. The improvement in India's economic fundamentals has accelerated in the year 2015 with the combined impact of strong government reforms, Reserve Bank of India's (RBI) inflation focus supported by benign global commodity prices.

India's consumer confidence index stood at 136 in the fourth quarter of 2016, topping the global list of countries on the same parameter, as a result of strong consumer sentiment, according to market research agency, Nielsen.

Moody's has affirmed the Government of India's Baa3 rating with a positive outlook stating that the reforms by the government will enable the country perform better compared to its peers over the medium term.

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

### **MARKET SIZE**

India's gross domestic product (GDP) grew by 7 per cent year-on-year in October-December 2016 quarter, which is the strongest among G-20 countries, as per Organisation for Economic Co-operation and Development (OECD) Economic Survey of India, 2017. According to IMF World Economic Outlook Update (January 2017), Indian economy is expected to grow at 7.2 per cent during FY 2016-17 and further accelerate to 7.7 per cent during FY 2017-18.

The tax collection figures between April 2016 and January 2017 show an increase in Net Indirect taxes by 16.9 per cent and an increase in Net Direct Taxes by 10.79 per cent year-on-year, indicating a steady trend of healthy growth. The total number of e-filed Income Tax Returns rose 21 per cent year-on-year to 42.1 million in 2016-17 (till 28.02.17), whereas the number of e-returns processed during the same period stood at 43 million.

Corporate earnings in India are expected to grow by over 20 per cent in FY 2017-18 supported by normalisation of profits, especially in sectors like automobiles and banks, while GDP is expected to grow by 7.5 per cent during the same period, according to Bloomberg consensus.

India has retained its position as the third largest startup base in the world with over 4,750 technology startups, with about 1,400 new start-ups being founded in 2016, according to a report by NASSCOM.

India's labour force is expected to touch 160-170 million by 2020, based on rate of population growth, increased labour force participation, and higher education enrolment, among other factors, according to a study by ASSOCHAM and Thought Arbitrage Research Institute.

India's foreign exchange reserves stood at US\$ 366.781 billion as on March 17, 2017 as compared to US\$ 360 billion by end of March 2016, according to data from the RBI.

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

### **PAPER INDUSTRY IN INDIA**

The paper industry in India has become more promising as the domestic demand is on the rise. Increasing population and literacy rate, growth in GDP, improvement in manufacturing sector and lifestyle of individuals are expected to account for the growth in the paper industry of India. BILT and ITC are among the largest producers of paper and paperboard in India. Many of the existing players are increasing their capacity to meet the growing demand. The focus of paper industry is now shifting towards more eco-friendly products and technology. Government of India has established rules and regulations to control the population and degradation of forest. These measures taken by the government has brought the significant changes in the paper industry of India.





## **Cosboard Industries Limited**

According to “India Paper Industry Forecast & Opportunities, 2017” the paper industry in India is expected to grow at the CAGR of around 9.6% during 2012-2017, which will make the revenues of paper industry of India to reach up to USD 11.83 Billion by 2017. About 70% of the total installed capacity of paper production in India is accounted by Gujarat, West Bengal, Orissa, Andhra Pradesh, Karnataka and Maharashtra. Uttar Pradesh, Tamil Nadu, Haryana, Kerala, Bihar and Assam together account for about 25% of the total paper production in India.

Source : <https://www.techsciresearch.com/report/india-paper-industry-forecast-and-opportunities-2017/314.html>

### **SUMMARY OF OUR BUSINESS**

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

During the financial year 1994-1995, the Company came up with an Initial Public offer of 29,85,700 Equity Shares of Rs. 10 each at a price of Rs. 14 per share including a premium of Rs. 4 per shares and the Shares of the Company got listed at the Stock Exchange and the Company installed machine of 6600 tons per annum to manufacture media Kraft paper with the project appraisal from IFCI.

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

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



Our Work plant is situated at New Industrial Estate, Phase II Jagatpur, Cuttack, 754021, Orissa





## Cosboard Industries Limited

Our installed Paper manufacturing capacity and production details for Fiscals 2017, 2016 and 2015 have been set out below.

	Fiscal 2017		Fiscal 2016		Fiscal 2015	
	Installed	Utilized	Installed	Utilized	Installed	Utilized
Total Plant	45000 M.T.		23100 M.T		23100 M.T	
Grey /Duplex Board	6000 M.T.	Not in operation	3300 M.T.	Not in operation	3300 M.T.	Not in operation
Kraft /High Bf Kkraft Paper	24000	4625.430 M.T.	6600 M.T.	2746.45 M.T	6600 M.T.	653.705 M.T
Writing,Printing & News Print Paper	15000	13730.670 M.T.	13200M.T	13095.121 M.T	13200 M.T.	12718.986 M.T



Our Company's total revenue as restated in Fiscal 2017, Fiscal 2016 and Fiscal 2015 is Rs. 7735.41 lacs, 6287.66 lacs and 4160.63 lacs respectively. Our Company's profit after tax as restated in Fiscal 2017, Fiscal 2016 and Fiscal 2015 is Rs. 27.10 lacs, Rs. 175.63 lacs and Rs. 229.57 lacs, respectively.

### Competitive Strengths

We believe that the following are our core competitive strengths.

#### *Strategic location of our manufacturing facility*

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

#### *Availability and access to raw materials*

The materials are abundantly available and nearby to the four connecting sources as mentioned Andhra Pradesh, West Bengal, Chhattisgarh and Bihar. The second main raw material coal is also available nearby





## ***Cosboard Industries Limited***

about 150 kilometer from the site and the electricity is supplied by CESCO. Labours is locally available. The company has also received necessary clearance from the pollution control board to run the unit.

### ***Strong Sales and Marketing Network***

The company has a very good marketing network. The cities of Cuttack and Bhubaneswar are sufficient to consume the production of the plant. The company has also tie up with local packaging units for purchase of its products. There is no such competitor in the surrounding of 200 Kms.

### ***Proven and experience management team***

We believe that we have a strong management team led by persons with significant experience and expertise in the paper industry. Our Board comprises Directors who have extensive experience in the paper industry setting up and managing companies in the paper industries. In addition, we also have a management team of qualified professionals, who have expertise and experience in the paper industry. Our management team comprises skilled and capable professionals, who assist the Board in implementing our business strategies and identifying new opportunities for furthering the growth of our Company. For further details of our Board of Directors and our Key Managerial Personnel please see the chapter entitled 'Our Management' on page 102 of this Draft Letter of Offer.

### ***Strong and experienced Promoter***

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

### ***Business Strategies***

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

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

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

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

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

- **Optimizing cost of operations**

We expect to reduce our operating costs as a percentage of top-line via efficient implement and optimal utilization of our resources. This will be enabled by leveraging on our existing fixed costs



## ***Cosboard Industries Limited***

while simultaneously increasing our business and manpower productivity. We believe that this can be done through domestic presence and economies of scale. Increasing our penetration in existing regions with new range of products, will enable us to penetrate into new catchment areas within these regions and optimize our efficiency. As a result of these measures, our Company will be able to increase its market share and profitability.



## Cosboard Industries Limited

### SUMMARY OF FINANCIAL INFORMATION STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. In Lacs)

Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
<b>Equity &amp; Liabilities</b>					
<b>Shareholders' Funds</b>					
Share Capital	429.38	429.38	429.38	429.38	429.38
Reserve & Surplus	(251.13)	(225.91)	(0.86)	164.13	191.53
<b>Total (A)</b>	<b>178.25</b>	<b>203.47</b>	<b>428.52</b>	<b>593.51</b>	<b>620.91</b>
<b>Non Current Liabilities</b>					
Share Application Money	-	-	-	-	-
Long Term Borrowings	452.16	2179.57	3135.62	3915.34	4404.40
Deferred Tax Liabilities (Net)	-	-	-	-	-
Long Term Provision	68.19	74.61	85.15	104.60	111.46
<b>Total (B)</b>	<b>520.35</b>	<b>2254.18</b>	<b>3220.77</b>	<b>4019.95</b>	<b>4515.87</b>
<b>Current Liabilities</b>					
Short Term Borrowings	414.45	566.78	1342.64	2432.79	3035.25
Trade Payables	772.16	621.62	231.17	350.58	860.74
Other Current Liabilities	527.02	289.10	202.80	223.51	564.83
Short Term Provisions	5.95	4.33	4.87	4.47	23.83
<b>Total (C)</b>	<b>1719.60</b>	<b>1481.83</b>	<b>1781.49</b>	<b>3011.35</b>	<b>4484.6501</b>
<b>Total (D=A+B+C)</b>	<b>2418.19</b>	<b>3939.47</b>	<b>5430.78</b>	<b>7624.81</b>	<b>9621.43</b>
<b>Assets</b>					
<b>Fixed Assets:</b>					
Tangible Assets	372.36	341.61	306.48	279.21	2968.82
Intangible Assets	-	-	-	-	-
Long Term Loans & Advances	41.58	43.10	42.27	37.27	37.35
Non Current Investments	0.75	0.75	0.88	1.88	14.38
Deferred Tax Assets (Net)	211.19	212.83	210.34	206.81	155.15
<b>Capital Work in progress</b>	<b>105.84</b>	<b>1531.31</b>	<b>2658.23</b>	<b>2960.18</b>	<b>110.13</b>
<b>Total (E)</b>	<b>731.71</b>	<b>2129.60</b>	<b>3218.20</b>	<b>3485.35</b>	<b>3285.83</b>
<b>Current Assets:</b>					
Current Investments					
Inventories	353.30	290.57	789.16	961.02	980.88
Trade Receivables	1192.17	1227.50	1273.50	2938.86	4989.67
Cash & Bank Balances	7.58	95.42	86.81	91.13	192.22
Short Term Loans & Advances	58.64	121.55	61.87	143.93	165.71
Other Current Assets	74.79	74.83	1.23	4.52	7.12
<b>Total (F)</b>	<b>1686.48</b>	<b>1809.87</b>	<b>2212.57</b>	<b>4139.46</b>	<b>6335.60</b>
<b>Total (G=E+F)</b>	<b>2418.19</b>	<b>3939.47</b>	<b>5430.78</b>	<b>7624.81</b>	<b>9621.43</b>



## Cosboard Industries Limited

### STATEMENT OF PROFIT AND LOSS, AS RESTATED

(Rs. In Lacs)

Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
<b>Income</b>					
Revenue from Operations	2232.48	3422.54	4151.08	6278.04	7726.22
Increase in Stock of Finished Goods and Stock in Progress	-	-	-	-	
Other Income	6.92	6.00	9.55	9.62	9.19
<b>Total</b>	<b>2239.40</b>	<b>3428.54</b>	<b>4160.63</b>	<b>6287.66</b>	<b>7735.41</b>
<b>Expenditure</b>					
Cost of Goods Sold	1453.62	2037.39	2603.38	4340.26	5127.77
Purchase of stock-in-trade					
Changes in inventories of finished goods, traded goods and work-in-progress	(100.74)	104.62	(103.32)	(101.30)	(8.33)
Purchase of trade Goods					
Employee benefit expenses	155.70	162.18	163.76	180.19	181.37
Finance costs	0.66	27.22	128.79	475.65	725.33
Depreciation and amortization expense	34.10	31.22	33.04	34.07	275.30
Other Expenses	687.25	1040.61	1102.93	1171.62	1336.67
<b>Total Expenses (B)</b>	<b>2230.59</b>	<b>3403.23</b>	<b>3928.57</b>	<b>6100.50</b>	<b>7638.11</b>
<b>Profit before tax</b>	<b>8.81</b>	<b>25.31</b>	<b>232.06</b>	<b>187.16</b>	<b>97.30</b>
Prior period items (Net)					
<b>Profit before exceptional, extraordinary items and tax (A-B)</b>	<b>8.81</b>	<b>25.31</b>	<b>232.06</b>	<b>187.16</b>	<b>97.30</b>
Exceptional items					
<b>Profit before extraordinary items and tax</b>	<b>8.81</b>	<b>25.31</b>	<b>232.06</b>	<b>187.16</b>	<b>97.30</b>
Extraordinary items					
<b>Profit before tax</b>	<b>8.81</b>	<b>25.31</b>	<b>232.06</b>	<b>187.16</b>	<b>97.30</b>
Tax expense :					
(i) Current tax	(1.68)	0.00	0.00	(8.00)	(18.55)
(ii) Deferred tax (Asset)/Liability	(10.95)	1.64	(2.49)	(3.53)	(51.65)
<b>Total Tax Expense</b>	<b>(12.63)</b>	<b>1.64</b>	<b>(2.49)</b>	<b>(11.53)</b>	<b>(70.20)</b>
<b>Profit for the year</b>	<b>(3.82)</b>	<b>26.95</b>	<b>229.57</b>	<b>175.63</b>	<b>27.10</b>



## Cosboard Industries Limited

### STATEMENT OF CASH FLOW, AS RESTATED

(Rs. In Lacs)

Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Net profit before taxes	8.81	25.31	232.06	187.16	97.30
Adjustment for:					
Add: Depreciation	34.10	31.22	33.04	34.07	275.30
Add: Interest & Finance Charges	0.66	27.22	128.79	475.65	725.33
Interest Income	(1.00)	(1.54)	(6.49)	(6.31)	(6.02)
Sundry balance written back	(2.88)	-	-	-	-
DRI Time share W/off	0.27	-	-	-	-
Bad Debts	-	-	-	-	-
Sundry balance written off	-	1.57	-	-	-
<b>Operating Profit before Working capital changes</b>	<b>39.97</b>	<b>83.77</b>	<b>387.40</b>	<b>690.58</b>	<b>1,091.91</b>
Adjustments for:					
Decrease (Increase) in Trade & Other Receivables	(329.52)	(99.81)	87.28	(1,745.71)	(2,075.26)
Decrease (Increase) in Short Term Loans & Advances	-	-	-	-	-
Decrease (Increase) in Inventories	(23.26)	62.73	(498.59)	(171.86)	(19.86)
Decrease (Increase) in Other Current Assets	-	-	-	-	-
Increase (Decrease) in Trade Payables & Other	250.17	(541.14)	299.66	54.68	841.73
Increase (Decrease) in Other Current Liabilities	-	-	-	-	-
<b>Net Changes in Working Capital</b>	<b>(102.61)</b>	<b>(578.21)</b>	<b>(111.66)</b>	<b>(1,862.89)</b>	<b>(1,253.39)</b>
Cash Generated from Operations	(62.64)	(494.44)	275.74	(1,172.31)	(161.49)
Taxes	(1.59)	(20.95)	(128.79)	(475.65)	(732.35)
<b>Net Cash Flow from Operating Activities (A)</b>	<b>(64.24)</b>	<b>(515.39)</b>	<b>146.95</b>	<b>(1,647.96)</b>	<b>(893.83)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Sale /(Purchase) of Fixed Assets	(94.14)	(1,427.68)	(1,129.35)	(309.83)	(115.93)
Sale of Fixed assets	-	-	-	-	-
Decrease (Increase) in Investments	-	-	0.70	(1.00)	(12.50)
Interest Received	0.95	1.50	6.49	6.31	6.02
Decrease (Increase) in Other Non Current Assets	-	-	-	-	-
<b>Net Cash Flow from Investing Activities (B)</b>	<b>(93.19)</b>	<b>(1,426.18)</b>	<b>(1,122.16)</b>	<b>(304.53)</b>	<b>(122.41)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Issue of share capital and Proceeds / (Refund) from Share Application Money	-	-	-	-	-
Proceed from other Borrowing	173.99	2,288.62	1,438.39	2,236.30	1,426.55
Repayment of long term Borrowing	(17.91)	(259.21)	(471.79)	(279.50)	(309.22)
Repayment of long term Borrowing	-	-	-	-	-
Increase / (Repayment) of Short Term Borrowings	-	-	-	-	-
<b>Net Cash Flow from Financing Activities (C)</b>	<b>156.09</b>	<b>2,029.41</b>	<b>966.59</b>	<b>1,956.80</b>	<b>1,117.33</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	<b>(1.34)</b>	<b>87.84</b>	<b>(8.61)</b>	<b>4.32</b>	<b>101.09</b>
Cash and cash equivalents at the beginning of the year / Period	8.92	7.58	95.42	86.81	91.13
Cash and cash equivalents at the end of the year/ Period	7.58	95.42	86.81	91.13	192.22



## THE ISSUE

This Issue has been authorised by way of a resolution passed by our Board on 30<sup>th</sup> August, 2017 pursuant to Section 62 of the Companies Act, 2013. The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the chapter titled “**Terms of the Issue**” on page 178 of this Draft Letter of Offer.

Equity Shares proposed to be issued by our Company	42,93,800 Equity Shares
Rights Entitlement	1 (One) Equity Share for every 1 (one) Equity Shares held on the Record Date
Record Date	[●]
Issue Price per Equity Share	Rs. [●]. The Issue Price has been arrived at in consultation between the Issuer and the Lead Manager.
Issue Size	[●] Lacs
Equity Shares outstanding prior to the Issue (Paid up Equity Share Capital)	42,93,800 Equity Shares of Rs. 10/- each
Equity Shares outstanding after the Issue, assuming full subscription (Paid up Equity Share Capital)	85,87,600 Equity Shares of Rs. 10/- each
Objects of the Issue	Please refer to section “Objects of the Issue” on page 68 of the Draft Letter of Offer

For more information on the payment terms, refer to the Chapter titled “Terms of the Issue” on page 178 of the Draft Letter of Offer.





## Cosboard Industries Limited

### GENERAL INFORMATION

Our Company was originally incorporated as “Central Orissa Straw board Private Limited” in Cuttack Orissa as a Private Limited Company under the provisions of the Companies Act, 1956 vide certificate of incorporation dated 30<sup>th</sup> December, 1980 and the constitution of the company has been changed to a limited company vide fresh certificate of incorporation dated 20<sup>th</sup> May, 1993 and name of company was changed to “Cosboard Industries Limited”. Our Company operates in reportable business segment mainly manufacturing in wood and Wood products, Furniture, Paper & Paper products.

Pursuant to a resolution passed under Section 62(1)(a) of the Companies Act, 2013 by our Board in its meeting held on 30<sup>th</sup> August, 2017, it has been decided to make the following Offer to the Eligible Equity Shareholders, with a right to renounce:

**ISSUE OF 42,93,800 EQUITY SHARES OF FACE VALUE OF RS. 10 EACH (“EQUITY SHARES”) OF COSBOARD INDUSTRIES LIMITED (“COSBOARD” OR THE “COMPANY” OR THE “ISSUER”) FOR CASH AT A PRICE OF RS. [●] (INCLUDING SHARE PREMIUM OF RS. [●]) PER EQUITY SHARE (“ISSUE PRICE”) FOR AN AGGREGATE AMOUNT NOT EXCEEDING RS. [●] LACS TO THE ELIGIBLE EQUITY SHAREHOLDERS ON RIGHTS BASIS IN THE RATIO OF 1 (ONE) EQUITY SHARE FOR EVERY 1 (ONE) EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, I.E. [●] (THE “ISSUE”). THE ISSUE PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES.**

For further details please refer to the section titled “*Terms of the Issue*” on page 178 of this DLOO.

#### ***Name, Registered & Corporate office of our Company***

Registered Office	Corporate Office
Phase II, New Industrial Estate, Jagatpur, Cuttack, Orissa, 754021, India. Tel: +91-671-2491966 Fax: +91-671-2490944, 2491295	411/412 No.127/1 2 <sup>nd</sup> Floor Srikrupa Market Malakpet Hyderabad 500 036 Tel: 040 64515 015 Fax: 04024555528

Website: [www.cosboard.com](http://www.cosboard.com)

Company Identification No: L21015OR1980PLC000916

#### ***Address of the Registrar of Companies:***

**Registrar of Companies, Cuttack, Orissa**  
Corporate Bhawan, 3<sup>rd</sup> Floor, Plot No. 9 (P),  
Sector:1, CDA, Cuttack-753014.

**Designated Stock Exchange:** BSE Limited, The Equity Shares of our Company are listed on The BSE Limited (BSE), Mumbai.

#### ***Board of Directors of our Company***

Our Board of Directors as on the date of filing this Draft Letter of Offer with SEBI is as follows:

Sr.No	Name of the Director	Designation	DIN	Nature of Directorship
1.	Mr. Shiv Shankar Taparia	Managing Director	00566650	Executive director



## Cosboard Industries Limited

Sr.No	Name of the Director	Designation	DIN	Nature of Directorship
2.	Mr. Anil Kumar Gilra	Whole time Director	00883125	Executive director
3.	Mr. Suresh Babu Chava	Director	02161692	Non-Executive, Non-Independent Director
4.	Mr. Akram abu	Director	07823398	Independent Director
5.	Mr. Inder Pal Singh Pasricha	Director	00016273	Independent Director
6.	Mrs. Rekha Bhawsinka	Director	06625873	Independent Director

For more details regarding our Directors refer to the chapter titled “Our Management” beginning on page no 102 of this Draft Letter of Offer.

### Company Secretary and Compliance Officer

Ms. Alka Jain  
ACS No: 50528  
Phase II, New Industrial Estate,  
Jagatpur, Cuttack,  
Orissa, 754021, India  
Tel No : +91-671-2491966  
Fax: +91-671-2490944, 2491295  
E-mail id: [cs@cosboard.com](mailto:cs@cosboard.com)

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

### Chief Financial officer

Mr. Ashok Kumar Jena  
Phase II, New Industrial Estate,  
Jagatpur, Cuttack,  
Orissa, 754021, India  
Tel No : +91-671-2491966  
Fax: +91-671-2490944, 2491295  
E-mail id: [cs@cosboard.com](mailto:cs@cosboard.com)

### Legal Advisor to the Issue

#### RMA LEGAL

Ms. Meenakshi Acharya  
Partner  
39, Mittal Chambers  
Nariman Point, Mumbai  
Tel No : +91-22-43470063  
Website: [www.rmalegal.net](http://www.rmalegal.net)



## **Cosboard Industries Limited**

### **Bankers to our Company**

**Mr. Balaguruswamy**

**Assistant General Manager**

**Cosmos Co-operative Bank Limited**

**Andhra Pradesh Regional Office,**

**3-5-798, Prarthima Schalass**

**House No.248, Street No.8**

**Hyderabad-500029**

**Tel: +91 - 08886666020**

**E.mail : [balaguru.vaddmani@cosmosbank.in](mailto:balaguru.vaddmani@cosmosbank.in)**

**Website: <https://www.cosmosbank.com>**

### **Lead Manager to the Issue**

#### **NAVIGANT CORPORATE ADVISORS LIMITED**

**423, A Wing, Bonanza, Sahar Plaza Complex,**

**J B Nagar, AndheriKurla Road, Andheri East,**

**Mumbai-400 059**

**Tel No. +91-22-6560 5550**

**Email Id- [navigant@navigantcorp.com](mailto:navigant@navigantcorp.com)**

**Investor Grievance Email: [info@navigantcorp.com](mailto:info@navigantcorp.com)**

**Website: [www.navigantcorp.com](http://www.navigantcorp.com)**

**SEBI Registration Number: INM000012243**

**Contact Person: Mr. Sarthak Vijlani**

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

### **Experts**

Except for the "Financial Statements" and the "Statement of Tax Benefits" as certified by the Statutory Auditors, beginning on pages 120 and 76 respectively of this Draft Letter of Offer, the Company has not obtained any expert opinions under the Companies Act.

### **Bankers to the Issue**

[•]

### **Refund Banker to the Issue**

[•]

### **Auditors of our Company**

**M/s B R R & Associates, Chartered Accountants,**

**FRN 013012S**

**H No. 1-387/17, Flat No. 101,**



## **Cosboard Industries Limited**

Jaysree Sadan Apartment, Gandhi Nagar,  
Hyderabad-500080  
Tel: +91-: 9963108932  
Email: bairneniravi@gmail.com  
Contact Person: Mr. B. Ravinder Rao

### **PEER REVIEW AUDITORS**

#### **RAMANAND & ASSOCIATES**

Chartered Accountants  
6/C, Ostwal Park Building No.4 CHSL,  
Near Jesal Park Jain Temple,  
Bhayander (East), Thane-401105  
Tel : +91-22-28171199  
Fax : +91-22-28171199  
Firm Regn. No.: 117776W  
Contact Person: Mr. Ramanand G. Gupta  
Membership No. 103975  
Email Id: [rg@caramanandassociates.com](mailto:rg@caramanandassociates.com)

### **REGISTRAR TO THE ISSUE**

#### **BIGSHARE SERVICES PRIVATE LIMITED**

1<sup>st</sup> Floor, Bharat Tin Works Building,  
Opp. Vasanat Oasis, Makwana Road,  
Marol, Andheri (E), Mumbai - 400 059  
Tel: +91-22-6263 8200;  
Fax: +91-22-6263 8299  
Website: [www.bigshareonline.com](http://www.bigshareonline.com)  
E-Mail: [ashok@bigshareonline.com](mailto:ashok@bigshareonline.com)  
Contact person: Mr. Ashok Shetty  
SEBI Regn No: INR000001383

### ***Self Certified Syndicate Banks (SCSBs)***

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is provided on <http://www.sebi.gov.in>. Details relating to designated branches of SCSBs collecting the ASBA application forms are available at the above mentioned link.

### ***Inter-se Allocation of Responsibilities***

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

### ***Credit rating***

This being a rights issue of Equity Shares, no credit rating is required.

### ***IPO Grading***

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



## **Cosboard Industries Limited**

### ***Trustee***

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

### ***Monitoring Agency***

There is no requirement for a monitoring agency in terms of Regulation 16(1) of the SEBI (ICDR) Regulations, 2009. The audit committee of our Board would monitor the utilization of the proceeds of the Issue. For details please refer to chapter titled 'Objects of the Issue' on page 68 of this Draft Letter of Offer.

### ***Appraising Agency***

The issue has not been appraised.

### ***Underwriting / Standby Support***

Our Company has not entered into any underwriting / standby agreement.

### ***Issue Schedule***

<b>Issue Opens on</b>	<b>[●]</b>
<b>Last date for requests for Split Application Forms</b>	<b>[●]</b>
<b>Issue Closes on</b>	<b>[●]</b>

The Board of Directors or a duly authorized 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 be kept open in excess of 30 (thirty) days from the Issue Opening Date.

### ***Minimum Subscription***

If we do not receive the minimum subscription of 90% in this Issue or if our Board fails to dispose off the unsubscribed Equity Shares in the manner as permitted under Section 62(1)(a)(iii), subject to receipt of requisite regulatory approvals, if any, after the Issue Closing Date or the subscription level falls below 90% after the Issue Closing Date on the account of cheques being returned unpaid or withdrawal of applications, we shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If the subscription amount is not refunded within 15 days from the Issue Closing date, we shall be liable to pay interest for the period of delay, after such aforesaid 15 days, in accordance with the provisions of the Companies Act, 2013 and SEBI ICDR Regulations.



## CAPITAL STRUCTURE

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

(Rs. in Lacs, except share data)			
Sr. No	Particulars	Aggregate value at face value	Aggregate value at Issue Price
A.	<b>Authorized Share Capital</b>		
	1,20,00,000 Equity Shares of face value of Rs.10 each	1200.00	1200.00
B.	<b>Issued, subscribed and paid-up Equity Share Capital before the Issue</b>		
	42,93,800 Equity Shares of face value of Rs. 10 each	429.38	[•]
C.	<b>Present Issue in terms of the Letter of Offer</b>		
	Issue of Equity Shares of Rs. 10 each at a price of Rs. 10/- per Equity Share.	429.38	[•]
D.	<b>Equity capital after the Issue</b>		
	Equity Shares of Rs. 10 each	858.76	[•]
E.	<b>Securities Premium Account</b>		
	Before the Issue	119.43	
	After the Issue		[•]

**Note:** Post issue shareholding is based on the assumption that all shareholders (including Promoter and Promoter Group) will subscribe in full to their entire Rights Entitlement.

\*This Issue has been authorized by the Board of Directors pursuant to a Board Resolution 30<sup>th</sup> August, 2017 under section 62 (1)(a) of the Companies Act, 2013.

Our Company has no outstanding convertible instruments as on the date of the Draft Letter of Offer.

### NOTES TO THE CAPITAL STRUCTURE

#### 1. CHANGES IN THE AUTHORIZED SHARE CAPITAL OF OUR COMPANY:

Sr. No.	Particulars of Change*		Date of Shareholders' Meeting	Meeting AGM/EGM
	From	To		
1	-	50,00, 000 Equity Shares of Rs. 10 each	As on 29 <sup>th</sup> November, 1994*	-
2	50,00, 000 Equity Shares of Rs. 10 each	12,00,00,000 Equity Shares of Rs. 10 each	28-09-2016	AGM

\* Our Company has records relating to capital formation from Financial year 1995-1996 onwards, appropriate information has been taken from the Prospectus issued by the Company for the Initial Public Offer during financial year 1994-1995.





## 2. EQUITY SHARE CAPITAL HISTORY OF OUR COMPANY

Date of/ issue allotment of Shares	No. of Equity Shares Issued	Face value (Rs)	Issue price (Rs.)	Consideration (cash, bonus, consideration other than cash)	Nature of allotment (Bonus, swap etc.)	Cumulative no. of Equity Shares	Cumulative paid-up share capital (Rs.)	Cumulative share premium (Rs.)
30-12-1980	21	100	100	Cash	Subscription to MOA	21	2100	----
30-01-1982	2650	100	100	Cash	Further Allotment	2671	267100	----
11-08-1982	4005	100	100	Cash	Further Allotment	6,676	667600	----
27-09-1982	2310	100	100	Cash	Further Allotment	8986	898600	----
30-06-1983	5130	100	100	Cash	Further Allotment	14116	1411600	----
09-09-1983	1000	100	100	Cash	Further Allotment	15116	15,30,500	----
22-10-1983*	410	100	100	Cash	Further Allotment	15526	15,71,500	----
09-07-1985	4744	100	100	Cash	Further Allotment	20270	2,045,900	----
				The equity shares of our Company were split from face value of Rs. 100 per equity share to Re.10 per equity share.		202700	2,045,900	
22-03-1994*	405400	10	Nil	Consideration other than cash	Bonus Issue	608100	6099900	----
23-03-1995	2985700	10	14	Cash	Initial Public Offer	3593800	35938000	119,42,800
19-12-2001	700000	10	10	Cash	Further Allotment	4293800	42938000	119,42,800

\* Our Company has records relating to capital formation from financial year 1995-1996 onwards, appropriate information has been taken from the Prospectus issued by the Company for the Initial Public Offer during financial year 1994-1995.

## 3. Capital Build-up of Existing Shareholding of Promoters

Set forth below are the details of the build-up of shareholding of our Promoters



## Cosboard Industries Limited

MR. ANIL KUMAR GILRA							
Date of Allotment / Transfer	Consideration	No. of Equity Shares	Face value per Share (Rs.)	Issue /Acquisition/ Transfer price (Rs.)	Nature of Transactions	Pre-Issue Capital (%)	Post-Issue Capital (%)
11-08-1982	Cash	160	100	100	Further allotment		
27-09-1982	Cash	120	100	100	Further allotment		
30-06-1983	Cash	80	100	100	Further allotment		
09-07-1985	Cash	200	100	100	Further allotment		
	N.A.	5600	The equity shares of our Company were split from a face value of Rs. 100 per equity share to Re.10 per equity share		Split		
22-03-1994	Other than Cash	11200	10	Nil	Bonus Share		
23.02.1995*	Cash	2000	10	10	Further allotment*		
31.08.2000	Cash	10000	10	Market Price	Open Market Transfer		
15.02.2002	Cash	1800	10	Market Price	Open Market Transfer		
05.03.2002	Cash	11000	10	Market Price	Open Market Transfer		
05.06.2004	Cash	40000	10	Market Price	Open Market Transfer		
08.10.2010	Cash	3100	10	Market Price	Open Market Transfer		
04.02.2011	Cash	(2000)	10	Market Price	Open Market Transfer		
11.03.2011	Cash	(2273)	10	Market Price	Open Market Transfer		
10.04.2015	Cash	824000	10	Market Price	Open Market Transfer		
22.05.2015	Cash	37660	10	Market Price	Open Market Transfer		
Note <sup>1</sup>	Note <sup>1</sup>	4100	10	Note <sup>1</sup>	Note <sup>1</sup>		
<b>Total</b>		<b>9,46,187*</b>				<b>22.04</b>	<b>22.04</b>

Note<sup>1</sup>: \* There is difference of 4,100 equity shares as per the current shareholding and Company do not have complete records relating to Capital build up by Mr. Anil Kumar Gilra.



## Cosboard Industries Limited

Mr. Shivshankar Taparia							
Date of Allotment / Transfer	Consideration	No. of Equity Shares	Face value per Share (Rs.)	Issue /Acquisition/ Transfer price (Rs.)	Nature of Transactions	Pre-Issue Capital (%)	Post-Issue Capital (%)
16.11.2012	Cash	500	10	Market Price	Open Market Transfer		
17.07.2015	Cash	9	10	Market Price	Open Market Transfer		
24.07.2015	Cash	128	10	Market Price	Open Market Transfer		
31.07.2015	Cash	128	10	Market Price	Open Market Transfer		
07.08.2015	Cash	259	10	Market Price	Open Market Transfer		
13.11.2015	Cash	40000	10	Market Price	Open Market Transfer		
18.12.2015	Cash	18963	10	Market Price	Open Market Transfer		
08.01.2016	Cash	9037	10	Market Price	Open Market Transfer		
03.06.2016	Cash	(10000)	10	Market Price	Open Market Transfer		
28.10.2016	Cash	65300	10	Market price	Open Market Transfer		
23.12.2016	Cash	100	10	Market Price	Open Market Transfer		
03.02.2017	Cash	265	10	Market Price	Open Market Transfer		
12.05.2017	Cash	90	10	Market Price	Open Market Transfer		
Note <sup>1</sup>	Note <sup>1</sup>	21	10	Note <sup>1</sup>	Note <sup>1</sup>		
<b>Total</b>		<b>124779</b>				<b>2.91</b>	<b>2.91</b>

\* There is difference of 21 equity shares as per the current shareholding and Company do not have complete records relating to Capital build up by Mr. Shivshankar Taparia.



***Cosboard Industries Limited***

**THIS PAGE IS LEFT BLANK INTENTIONALLY**



## Cosboard Industries Limited

### 4. Shareholding Pattern as on date of Draft Letter of offer

Table I - Summary of Shareholding Pattern

Category of sharehold (I)	Category of shareholder (II)	Nos. of share holders (III)	No. of fully paid up shares held (IV)	No. of Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities* (IX)		No. of Shares Underlying Outstanding and convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No of Voting Rights	Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
								Class X	Total							
								2025050	2025050							
(A)	Promoter and Promoter Group	18	2025050	-	-	2025050	47.16	2025050	47.16	-	47.16	-	-	1279524	63.18	2024650
(B)	Public	4422	2268750	-	-	2268750	52.84	2268750	52.84	-	52.84	-	-	-	-	1560775
(C-)	Non Promoter Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



## Cosboard Industries Limited

Category (I)	Category of shareholder (II)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	No. of Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII)	As a % of (A+B+C2)	Number of Voting Rights held in each class of securities* (IX)			No. of Shares Underlying Outstanding and convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities as a percentage of diluted share capital (XI) = (VII)+(X) As a % of (A+B+C2)	Number of Locked shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
									No of Voting Rights	Class X	Class Y	Total		No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
(C-1)	Shares Underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C-2)	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	4440	42,93,800	-	-	42,93,800	100	100	4293800	4293800	-	100	100	-	-	1279524	29.80	3585425





## Cosboard Industries Limited

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

Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of share holder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C 2) (VIII)	Number of Voting Rights held in each class of securities (IX)		No. of Shares Underlying Outstanding convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
									No of Voting Rights	Total as a % of Total Voting Rights		No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
(1)	Indian								Class X	Class Y	Total					
(a)	Individual / Hindu Undivided Family	-	17	1829100	-	-	1829100	42.60	1829100	-	1829100	-	-	1083574	59.24	1828700



## Cosboard Industries Limited

Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of share holder (III)	No. of fully paid up equity shares held (IV)	Partly paid up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
									No of Voting Rights				Total as a % of Total Voting Rights	No. (a)	As a % of total Shares held (b)	No. (a)	
									Class X	Class Y	Total						
	MAHESH PERIWAL	-	1	50,720	-	-	50,720	1.18	50,720	-	50,720	1.18	-	-	-	-	50,720
	SUMAN AGI WAL	-	1	2,500	-	-	2,500	0.06	2,500	-	2,500	0.06	-	-	-	-	2,500
	RAM KISHORE TAPARIA	-	1	72,087	-	-	72,087	1.68	72,087	-	72,087	1.68	-	-	72,087	100.00	72,087
	SHIV SHANKAR TAPARIA	-	1	1,24,800	-	-	1,24,800	2.91	1,24,800	-	1,24,800	2.91	-	-	65,300	52.32	1,24,800



## Cosboard Industries Limited

Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of shareholder (III)	No. of fully paid up equity shares held (IV)	Partly paid up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C 2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)	Number of equity shares held in dematerialized form (XIV)
									No of Voting Rights	Class X	Class Y		Total	No. (a)		
	SANGEETA MANOJ BIYANI	-	1	42,000	-	-	42,000	0.98	42,000	-	42,000	0.98	-	-	-	42,000
	SARLA TAPARIA	-	1	2,39,146	-	-	2,39,146	5.57	2,39,146	-	2,39,146	5.57	-	-	-	2,39,146
	MANJU DEVI TAPARIA	-	1	69,190	-	-	69,190	1.61	69,190	-	69,190	1.61	-	-	-	69,190
	SITARAM MALPANI	-	1	2,500	-	-	2,500	0.06	2,500	-	2,500	0.06	-	-	-	2,500
	RATAN KUMAR GILRA	-	1	930	-	-	930	0.02	930	-	930	0.02	-	-	-	730



## Cosboard Industries Limited

Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of shareholder (III)	No. of fully paid up equity shares held (IV)	Partly paid up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
									No of Voting Rights		Total as a % of Total Voting Rights		No.	As a % of total Shares held (b)	No.	As a % of total Shares held (b)	
				Class X	Class Y	Total											
	SARITA AGARWAL	-	1	2,500	-	-	2,500	0.06	2,500	-	2,500	0.06	-	-	-	-	2,500
	ANIL KUMAR GILRA	-	1	9,46,187	-	-	9,46,187	22.04	9,46,187	-	9,46,187	22.04	-	-	9,46,187	100.00	9,46,187
	SURESH BABU CHAVA	-	1	200	-	-	200	0.00	200	-	200	0.00	-	-	-	-	
	ANJU PERIWAL	-	1	56,150	-	-	56,150	1.31	56,150	-	56,150	1.31	-	-	-	-	56,150



## Cosboard Industries Limited

Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of share holder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)	Number of equity shares held in dematerialized form (XIV)
									No of Voting Rights				Total as a % of Total Voting Rights	No. (a)		
									Class X	Class Y	Total					
	SUNDEEP PERIWAL	-	1	44,200	-	-	44,200	1.03	44,200	-	44,200	1.03	-	-	-	44,200
	KRISHNA PERIWAL	-	1	28,190	-	-	28,190	0.66	28,190	-	28,190	0.66	-	-	-	28,190
	SUMITRA DEVI GILRA	-	1	77,800	-	-	77,800	1.81	77,800	-	77,800	1.81	-	-	-	77,800
	MANISHA GILRA	-	1	70,000	-	-	70,000	1.63	70,000	-	70,000	1.63	-	-	-	70,000
(b)	Central Government/ State	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



## Cosboard Industries Limited

Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of shareholder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)	Number of equity shares held in dematerialized form (XIV)
									No of Voting Rights			Total as a % of Total Voting Rights		No.	As a % of total Shares held (b)		
									Class X	Class Y	Total						
	Government(s)																
(c.)	Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Any Other (Company / LLP)																
	HARISHANKAR PAPER PRODUCTS (P) LTD	---	1	195950	-	-	195950	4.56	195950	-	195950	4.56	-	-	-	100.00	195950
	Sub Total (A-1)		18	2025050	-	-	2025050	47.16	2025050	-	2025050	47.16	-	-	-	63.18	2024650





## Cosboard Industries Limited

Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of share holder (III)	No. of fully paid up shares held (IV)	Partly paid up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
									No of Voting Rights	Class X	Class Y	Total					
									Total as a % of Total Voting Rights								
(2)	Foreign														524		
(a)	Individuals (Non-Resident/ Foreign Individuals)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b)	Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c.)	Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



## Cosboard Industries Limited

Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of shareholder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares underlying Depository receipts held (V)	Nos. of shares (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
									No of Voting Rights			Total as a % of Total Voting Rights		No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
									Class X	Class Y	Total							
(d)	Foreign Portfolio Investor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub Total (A-2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	-	18	2025050	-	-	2025050	47.16	2025050	-	2025050	47.16	-	-	-	1279524	63.18	2024650



## Cosboard Industries Limited

Table III - Statement showing Shareholding Pattern of the Public shareholder

Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of shareholder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)	No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % assuming conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
												No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
									No of Voting Rights	Total as a % of Total Voting Rights						
									Class X	Class Y	Total					
(1)	Institutions															



## Cosboard Industries Limited

Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of share holder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
									No of Voting Rights	Class X	Class Y	Total		No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
				17000	-	-	17000	0.40	17000	-	-	17000	0.40	-	-	-	-	-
(b)	Venture Capital Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c.)	Alternate Investment Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	Foreign Portfolio Investors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(f)	Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



## Cosboard Industries Limited

Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of share holder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
									No of Voting Rights	Class X	Class Y	Total		No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
(g)	Insurance Companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(h)	Provident Funds/ Pension Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(i)	Any Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	---	---	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (B)(1)</b>	-	3	17000	-	-	17000	0.40	17000	17000	-	17000	0.40	-	-	-	-	-
(2)	Central Government/ State Government(s)/ President of India	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



## Cosboard Industries Limited

Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of share holder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
									No of Voting Rights					No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
									Class X	Class Y	Total							
(3)	Sub-Total (B)(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(a)	Non-institutions																	
	i. Individual shareholders holding nominal share capital up to Rs. 2 lacs.	N.A.	4144	1600689	-	-	1600689	37.28	1600689	-	1600689	-	37.28	-	-	-	-	1155914
	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lacs	N.A.	7	201978	-	-	201978	4.70	201978	-	201978	-	4.70	-	-	-	-	201978





## Cosboard Industries Limited

Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of share holder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+(VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
									No of Voting Rights	Class X	Class Y	Total		No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
	SHRIRAM TIBREWALA	-	1	51113	-	-	51113	1.19	51113	51113	-	1.19	-	-	-	-	-	51113
(b)	NBFCs registered with RBI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c.)	Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Overseas Depositories (holding DRs) (balancing figure)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	Any Other (Companies / LLPs)																	
	Bodies	-	77	117976	-	-	117976	2.75	11797	11797	-	2.75	-	-	-	-	-	1085



## Cosboard Industries Limited

Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of share holder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+(VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
									No of Voting Rights			Total as a % of Total Voting Rights			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
									Class X	Class Y	Total								
	Corporate								6		976								76
	Clearing Members	-	18	50162	-	-	50162	1.17	50162	-	50162	1.17	-	1.17	-	-	-	-	50162
	Employees	-	19	2000	-	-	2000	0.05	2000	-	2000	0.05	-	0.05	-	-	-	-	-
	NRI – Non-Repat NRI	-	10	12800	-	-	12800	0.30	12800	-	12800	0.30	-	0.30	-	-	-	-	12800
		-	144	266145	-	-	266145	6.20	266145	-	266145	6.20	-	6.20	-	-	-	-	31345
	RAJESH KUMAR SHANKAR KIRPALANI	-	1	49400	-	-	49400	1.15	49400	-	49400	1.15	-	1.15	-	-	-	-	-
	Sub-Total (B)(3)	-	4419	2251750	-	-	2251750	52.44	2251	-	22	52.4	-	52.4	-	-	-	-	1560



## Cosboard Industries Limited

Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of share holder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+(VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
									No of Voting Rights	Class X	Class Y	Total		No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
										750		51750						775
	Total Public Shareholding (B)= (B)(1)+(B)(2)+(B)(3)	-	4422	2268750	-	-	2268750	52.84		2268750	-	2268750			52.84	-	-	1560775



## Cosboard Industries Limited

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

Sr. No.	Category & Name of the Shareholders (I)	PA N (II)	No. of share holder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C 2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as assuming conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
									No of Voting Rights					No . (a)		No . (a)		
														As a % of total Shares held (b)		As a % of total Shares held (b)		
									Class X	Class Y	Total							
(1)	Custodian/DR Holder																	
(a)	Name of DR Holder (if available)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub total (C)(1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(2)	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

64



5. None of our Directors or Key Managerial Personnel holds Equity Shares in our Company, other than as follows:

Name	No. of Equity Shares	Pre-Issue percentage Shareholding
Anil Kumar Gilra	9,46,187	22.04
Shivshankar Taparia	1,24,689	2.90
Suresh Babu Chava	200	0.00

**6. EQUITY SHARES HELD BY TOP TEN SHAREHOLDERS**

As on date of Draft Letter of offer:

S.No	Name of Shareholders	No of shares	% age of Pre-Issue Capital
1	ANIL KUMAR GILRA	946187	22.04
2	SARLA TAPARIA	239146	5.57
3	HARISHANKAR PAPER PRODUCTS (P) LTD	195950	4.56
4	SUMITRA DEVI GILRA	77800	1.81
5	RAM KISHORE TAPARIA	72087	1.68
6	MANISHA GILRA	70000	1.63
7	MANJU DEVI TAPARIA	68895	1.60
8	SHIVSHANKAR TAPARIA	65300	1.52
9	SHIV SHANKAR TAPARIA	59500	1.39
10	ANJU PERIWAL	56150	1.31
<b>TOTAL</b>		<b>1851015</b>	<b>43.11</b>

As on 10 days prior to the date of the Draft Letter of Offer is as follows:

S.No	Name of Shareholders	No of shares	% age of Pre-Issue Capital
1	ANIL KUMAR GILRA	946187	22.04
2	SARLA TAPARIA	239146	5.57
3	HARISHANKAR PAPER PRODUCTS (P) LTD	195950	4.56
4	SUMITRA DEVI GILRA	77800	1.81
5	RAM KISHORE TAPARIA	72087	1.68
6	MANISHA GILRA	70000	1.63
7	MANJU DEVI TAPARIA	68895	1.60
8	SHIVSHANKAR TAPARIA	65300	1.52
9	SHIV SHANKAR TAPARIA	59500	1.39
10	ANJU PERIWAL	56150	1.31
<b>TOTAL</b>		<b>1851015</b>	<b>43.11</b>



Two years prior to date of the Draft Letter of Offer are as under:

S.No	Name of Shareholders	No of shares	% age of Pre-Issue Capital
1	ANIL KUMAR GILRA	946187	22.04
2	SARLA TAPARIA	239146	5.57
3	HARISHANKAR PAPER PRODUCTS (P) LTD	195950	4.56
4	HELIUM TRADERS PRIVATE LIMITED	81758	1.90
5	RUPESH KUMAR SONI	78593	1.83
6	SUMITRA DEVI GILRA	77800	1.81
7	RAM KISHORE TAPARIA	72087	1.68
8	MANISHA GILRA	70000	1.63
9	SHRIRAM TIBREWALA	68943	1.61
10	MANJU DEVI TAPARIA	67545	1.57
<b>TOTAL</b>		<b>1898009</b>	<b>44.20</b>

#### **7. Subscription to the Issue by the Promoters and Promoter Group**

Our Promoters i.e. Mr. Anil Kumar Gilra and Mr. Shivshankar Taparia, Promoters of our Company, have confirmed, on behalf of the Promoter Group, vide their letter dated September 01, 2017 have informed that they may not subscribe to their Rights Entitlement in full under the Rights Issue and may also consider renouncing their Rights Entitlement. In such an event of non-subscription by the Promoters and Promoters Group, their shareholding in our company may accordingly modified. Further, in case of any under subscription in the Issue, the Promoters and Promoters Group may not subscribe for additional Equity Shares.

8. Our Promoter Group and any one of the Directors and their immediate relatives have not sold or purchased any shares of our Company during the period of six months preceding the date of this Draft Letter of Offer except that 670 Equity Shares have been purchased by the Promoter/Promoter Group in the last Six Months.
9. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into Equity Shares as on the date of the Draft Letter of Offer. We have no partly paid up equity shares or call in arrears as on the date of the Draft Letter of Offer.
10. None of the shares were issued by our Company during the last 12 months at a price lower than the Issue Price.
11. None of the Equity Shares of our Company are locked-in as on the date of the Draft Letter of Offer.
12. Except 12,79,524 Equity shares, which have been pledged by the promoter/Promoter group constituting 63.18% of the shares held by them which is equivalent to 29.80% of total Share Capital of Company, none of the Equity Shares of our Company held by the Promoter is subject to pledge or encumbrance as on the date of the Draft Letter of Offer except
13. The present Issue being a rights issue, pursuant to Regulation 34 of the SEBI ICDR Regulations, the requirements of Promoters' contribution and lock-in are not applicable.
14. There will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Draft Letter of Offer with the Stock Exchanges until the Equity Shares to be issued pursuant to the Issue have been listed.





15. If we do not receive the minimum subscription of 90% in this Issue or if our Board fails to dispose off the unsubscribed Equity Shares in the manner as permitted under Section 62(1)(a)(iii), subject to receipt of requisite regulatory approvals, if any, after the Issue Closing Date or the subscription level falls below 90% after the Issue Closing Date on the account of cheques being returned unpaid or withdrawal of applications, we shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If the subscription amount is not refunded within 15 days from the Issue Closing date, we shall be liable to pay interest for the period of delay, after such aforesaid 15 days, in accordance with the provisions of the Companies Act, 2013 and SEBI ICDR Regulations.
16. The ex-rights price of the Equity Shares as per Regulation 10(4)(b) of the SEBI Takeover Regulations is Rs. [●].
17. The directors or the merchant banker have not entered into any buy back arrangements for purchase of the specified securities of the issuer, other than the arrangements, if any, entered for safety net facility as permitted in the Regulations.
18. Our Company has not raised any bridge loans that shall be payable from issue proceeds.
19. The Equity Shares of our Company are fully paid up and there are no partly paid up Equity Shares as on the date of this Draft Letter of Offer.
20. Our Company has not revalued its fixed assets from since incorporation except as detailed below:

Particulars	Event date	Remarks
4,05,400 number of equity shares issued as Bonus issue through revaluation of assets capitalizing Rs. 40,50,400/-	22-03-1994	Bonus issue in the ratio of 2:1

21. Our Company, Directors, Promoters or Promoter Group shall not make any payments direct or indirect, discounts, commissions, allowances or otherwise under this Issue.
22. There shall be only one denomination of Equity Shares, unless otherwise permitted by law. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
23. As of June 30, 2017, the total number of holders of Equity Shares is 4440.
24. We have not made any issue of equity shares during the preceding one year from the date of filing of this Draft Letter of Offer.
25. As on the date of the Draft Letter of Offer, the lead manager and its associates hold Nil Equity Shares of our Company.



## OBJECTS OF THE ISSUE

The proceeds of the Issue are proposed to be utilized by us for financing the following objects:

1. Site Development and Purchase of Equipment for up- gradation of Existing Plant and Machinery;
2. Repayment of Unsecured Loan;
3. General corporate purposes; and
4. Issue related Expenses.

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

***Our requirement of funds and means of finance are as under:***

### **Fund Requirement:**

The intended use of the proceeds of the Issue is as under: -

S. No.	Objects of the Issue	Total Estimated Cost (in lacs)
1	Site Development and Purchase of Equipment for up-gradation of Existing Plant and Machinery	289.86
2	Repayment of Unsecured Loan	1100.00
3	General corporate purposes	[●]
4	Issue related Expenses	[●]
	<b>Total</b>	<b>[●]</b>

### **Means of Finance:**

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

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

### **Details of the objects of the Issue:**

#### **1. Site Development and Purchase of New Plant and Machinery :**

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

Currently, We have four paper plants with combined capacity of 45000 MT, Out of which, three plants are in operation and in order to utilize the maximum capacity of plants and to start production in grey board plant (fourth plant). We intend to utilise Rs.209.86 Lacs towards Purchase of Equipment for up- gradation of Existing Plant and Machinery.



The Company intends to deploy the funds from the issue to development the concrete foundation so as to maintain the goods properly and save the life of people (dengue) and to develop the boundary walls for protection of theft & other losses.

We intend to utilise Rs. 289.86 Lacs from the Net Proceeds towards Site Development including Construction of concrete platform, Boundary Wall raising and Fencing and Purchase of Equipments for upgradation of Quality.

Sr. No.	Description	Amount (In Lacs)
a.	Concrete Platform <sup>1</sup>	60.00
b.	Boundary wall raising and Fencing <sup>1</sup>	20.00
c.	Purchase of Equipment for up- gradation of Existing Plant and Machinery <sup>2</sup>	209.86
	<b>Total</b>	<b>289.86</b>

**- DETAILS OF EQUIPMENTS FOR UP GRADATION OF QUALITY**

**Cost for Equipments to be used in All plants**

**Equipments For Up Gradation Of Plant I to IV**

**PLANT -I - PAPER BOARD**

Details of Equipment	Numbers	Amount (in Lacs)
DRYER ( SIZE-1830 MM X 1220 MM )	4 NOS	24.00
ROLL AND STAND	4 NOS	4.00
PAPTEQ - TURBO 600	1 NOS	1.00
EXPENDER ROLL	2 NOS	3.50
SONI ROLLER		4.00
<b>Total</b>		<b>36.50</b>

**Cost for Equipments to be used in Plant II to IV**

Equipment for Plant and Machinery	Amount (in Lacs)
Rewinder	22.00
Sheet cutter	3.00
Rope system	7.00
Control pannel drive	24.00
Press rolls	17.00
Deinking plant modification	5.50
<b>Total</b>	<b>78.50</b>

Pollution Equipments	Amount (in Lacs)
Back filter	16.00
Diffusers system and others	5.00
<b>Total</b>	<b>21.00</b>

Building Construction and Repairing:	Amount (in Lacs)
HUSK SHED (SIZE-6250 Sq.ft X Rs. 600 Per Sq.ft)	37.50
TIME OFFICE (SIZE-1000 Sq.ft X Rs. 600 Per Sq.ft)	6.00
RAWMATERIAL SHED (SIZE- 5060 Sq.ft X Rs. 600 Per Sq.ft)	30.36
<b>Total</b>	<b>73.86</b>



## Cosboard Industries Limited

The company intends to deploy part of the net proceeds in rewinder and sheet cutter for the upgrading of the quality of the finish product and control panel driver for saving electricity cost, Press roll and other rolls are required for dynamic balancing and the modification of denking plant by adding plc system for control of pulp loss.

These equipments enhance the quality of air and disposal water which is required as per the policy defined by the Central and State pollution Control Board for the clean air and disposal of waste water.

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

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

Particular of Plant	Equipment	Name of Supplier	Date of Letter of Intent	Amount In Lacs
Plant and Machinery Detail	Rewinder & Sheet cutter	Guru Nanak Industries,	07.04.2017 & 09.04.2017	25
		The Globe Radio Company,	07.05.2017	28
		Hardayal engineering works (pvt) ltd	20.04.2017	31
	Rope system	H&T Engineering	15.04.2017	7
		pulp & Paper Care Machine	07.05.2017	8
	Control panel drive	Narayan Technology	07.04.2017	26
		Samhita Technology	24.04.2017	28
		Ishhani Electronics	09.07.2017	24
	Press rolls	Hardayal engineering works (pvt) ltd	09.04.2017	18.42
		Modinagar rolls (p ) ltd	04.05.2017	17
	Deinking plant modification	Key stone	11.04.2017	5.50
		Narayan Technology	07.04.2017	6
Samhita Technology		24.04.2017	7	
Pollution equipments	Back filter	Paper care machine	07.05.2017	17
		Shells Engineering (p) ltd	07.05.2017	18
		Energy Tech Boiler	07.05.2017	16
	Diffusers system and others	Paper care Machine	07.05.2017	5
		Shells engineering (p) ltd	07.05.2017	7
PLANT -I (PAPER BOARD) MODIFICATION	Dryer and Roll and stand	Hardayal engineering works (Pvt.) ltd	08.04.2017	28
		Paper Care Machine	07.05.2017	27
		Jmc Paper tech(p) Ltd	15.03.2017	28
	turbo 600	Shells engr (p) ltd	07.05.2017	1.20
		Jmc Paper tech(p) Ltd	15.03.2017	1.2
		Papteq	02.06.2017	1
	Expendor roll	Arvind rub-web	03.02.2017	3.50
		Paper Care Machine	07.05.2017	4
	Soni roller	Soni rollers (p) ltd	09.05.2017	4
Building Construction	Husk Shed, Time Office & Raw material Shed	Ashok Kumar Pardia	25.05.2017	73.86
		Sidharth Guru	23.05.2017	98.48
		Mahalaxmi Steel Industries	20.05.2017	92.32



Particular of Plant	Equipment	Name of Supplier	Date of Letter of Intent	Amount In Lacs
	Boundary wall raising & fencing and concrete platform	Ashok Kumar Parida	25.05.2017	80
		Sidharth Guru	23.05.2017	85

**Note: We have obtained multiple quotations in respect of Equipment of Plant & Machinery and Construction work.**

## **2. Repayment of Unsecured Loan:**

Our Company has entered into certain unsecured financing arrangements with our Directors and other lenders. As of March 31, 2017, the total outstanding borrowings of our Company, including short term and long term borrowings were Rs 7295.92 lacs. Our Company proposes to utilize an estimated amount of Rs. 1100.00 lacs from the Net Proceeds towards repayment, in full or in part, of certain unsecured borrowing(s) availed by our Company, without any obligation to any particular bank or financial institution. The selection and extent of loans proposed to be prepaid and / or repaid from our Company's loan facilities in Fiscal 2018, is also, and will be, based on various commercial considerations including, amongst others, the amount of the loan outstanding and the remaining tenor of the loan and applicable law governing such borrowing(s).

Our Company believes that such prepayment and / or repayment will help reduce its outstanding indebtedness, debt servicing costs and our Company's debt-equity ratio, thereby resulting in an enhanced equity base, assisting our Company in maintaining a favorable debt-equity ratio in the near future and enabling utilization of our Company's accruals for further investment in our business growth and expansion. In addition, our Company believes that this would improve our ability to raise further resources in the future to fund our potential business development opportunities. The amounts outstanding against the loans disclosed below may vary from time to time, in accordance with the amounts drawn down and the prevailing interest rates. Accordingly, the amounts proposed to be prepaid and / or repaid against each facility is indicative and our Company may utilise the Net Proceeds to prepay and / or repay the facilities disclosed below in accordance with commercial considerations, including amounts outstanding at the time of prepayment and / or repayment. The details of the outstanding loans proposed to be prepaid and / or repaid from the Net Proceeds are set out below:

Name of the Lender	Nature of the Loan	Amount Sanctioned ( in lakhs)	Date of Agreement / Sanction letter	Rate Of Interest	Terms of Repayment
Anil Kumar Gilra	Unsecured	63.87	01-04-2016	Nil	50 Lakh on or before 31-12-2017 and 13.86 lakhs on 31-12-2020
Rashi paper house (p) Ltd	Unsecured	200.00	01-04-2016	Nil	31-03-2020
Abhishek Enterprises	Unsecured	45.00	01-04-2016	Nil	31-12-2020
Shiv Shankar Taparia	Unsecured	80.00	01-04-2016	Nil	60 lakh on or before 31-12-2017 and 20 lakh on 31-12-2020
Yash Commercial	Unsecured	50.00	01-04-2016	Nil	31-12-2017
Harishankar Paper Products Private Limited	Unsecured	477.00	21.06.2010, 20.06.2010, 31.03.2014, 31.03.2016	Nil	Rs. 400.00 on or before 31.12.2017 and Rs. .77 on 31.12.2020
Tirupati Kagads Pvt Ltd	Unsecured	540.00	31.03.2014, 31.10.2014, 31.03.2016	Nil	Rs. 540 lacks on or before 31.12.2017
		<b>1455.87</b>			



### 3. General Corporate Purposes :

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

\* Will be incorporated at the time of filing of the Letter of Offer.

### 4. Expenses for the Issue :

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

Particulars	Estimated Expenses (Rs. in Lacs)*	% of Estimated Issue size*	% of Estimated Issue expenses*
Fees payable to intermediaries including Lead Manager and Registrar to the Issue	[●]	[●]	[●]
Advertising, travelling and marketing expenses	[●]	[●]	[●]
Printing and stationery expenses			
Other expenses (including but not limited to legal counsel fees, SEBI fees, listing charges, depository fees, auditor fees, commission, brokerage, out of pocket reimbursements, etc.	[●]	[●]	[●]
<b>Total</b>	<b>[●]</b>	<b>[●]</b>	<b>[●]</b>

\* Will be incorporated at the time of filing of the Letter of Offer.

### Estimated Schedule of Deployment of Funds:

As estimated by our management, the entire proceeds received from the issue would be utilized a under:  
(Rs in Lacs)

Particulars	Funds already deployed (upto June 30, 2017)	2017-18	Total
Site Development and Purchase of Equipment for upgrading of Existing Plant and Machinery	-	289.86	289.86
Repayment of Unsecured Loan	-	1100.00	1100.00
General corporate purposes	-	[●]	[●]



Particulars	Funds already deployed (upto June 30, 2017)	2017-18	Total
Issue related Expenses	5.175	[•]	[•]

**Deployment of Funds towards the Objects of the Issue**

We have incurred Rs. 5.175 lacs upto June 30th, 2017 towards the Objects of the Issue which has been certified by Mr. B. Ravinder Rao, B R R & Associates, Chartered Accountants, vide his certificate dated September 01, 2017. The same has been incurred towards issue related expenses and have been financed through internal accruals/ working capital.

**Interim Use of Proceeds**

Our Company, in accordance with the policies formulated by our Board from time to time, will have flexibility to deploy the Issue Proceeds. Pending utilization of the Issue Proceeds for the purposes described above, our Company may use the proceeds in lowering the availment in cash credit facilities with the Bank and / or temporarily invest the Proceeds in deposits in one or more Scheduled Commercial Banks included in the Second Schedule of Reserve Bank of India Act, 1934 as may be approved by our Board.

**Bridge Financing Facilities**

Our Company has not raised any bridge loans from any bank or financial institution as on the date of this Draft Letter of Offer, which are proposed to be repaid from the Issue Proceeds.

**Monitoring of Utilization of Funds**

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

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

No proceeds from the Issue are proposed to be paid to the Promoters of our Company except the repayment of unsecured loan to promoter group for an amount not exceeding Rs. 477.00 and Rs. 540.00 to M/s Harishankar Paper Products Private Limited and M/s Tirupati Kagads Pvt Ltd respectively forming part of Objects of the Issue.



### **BASIS FOR ISSUE PRICE**

The Issue Price has been determined in consultation with the Lead Manager to the Issue considering following qualitative and quantitative factors. Investors should also refer to the section/chapter titled “*Risk Factors*” and “*Financial Statements*” beginning on page 12 and 120 respectively to get more informed review before making the investment decision.

#### **QUALITATIVE FACTORS**

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

- Diversified Variety of readily available Paper Products and diversified Customer Base
- In-house Logistics
- Experienced Senior Management Team

For further details regarding the above mentioned factors, which form the basis for computing the Issue Price, please see “*Our Business - Competitive Strengths*” on page 84 of this Draft Letter of Offer respectively.

#### **QUANTITATIVE FACTORS**

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

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

Year ended	EPS (Rs.)	Weight
March 31, 2015	5.35	1
March 31, 2016	4.09	2
March 31, 2017	0.63	3
<b>Weighted average</b>	<b>2.57</b>	

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

##### **2. Price to Earnings (P/E) ratio in relation to Issue Price per Equity Share of Rs. [●] each fully paid up.**

Particulars	P/E Ratio at Issue Price
P/E based on EPS - Basic & Diluted for the year ended March 31, 2017	[●]
P/E based on Weighted average EPS - Basic & Diluted	[●]
<b>*Industry P/E</b>	
Lowest	5.63
Highest	22.37
Average	14.00

\*Source: <http://www.indiainfoline.com>





### 3. Return on Net worth (RoNW)

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

Year Ended	RoNW (%)	Weight
March 31, 2015	0.54	1
March 31, 2016	0.30	2
March 31, 2017	0.04	3
<b>Weighted Average</b>	<b>0.21</b>	

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

### 4. Minimum Return on Total Net Worth post issue needed to maintain Pre Issue EPS for the year ended March 31, 2017 : [•]

### 5. Net Asset Value per Equity Shares (NAV)

Particulars	Amount (In Rs.)
Net Asset Value per Equity Share as of 31st March, 2017	14.46
Net Asset Value per Equity Share after the Issue	[•]
Issue Price per equity share	[•]

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

### 6. Comparison with other listed peer group companies

Companies	Financial year Ending	EPS	PE Ratio	RoNW %	NAV (Per Share)	Face Value (Rs. Per share)	Income from Operations (Rs. In Crores)	PAT (Profit for the year) (Rs. In Crores)
Cosboard Industries Limited	March, 2017	0.63	19.31	0.04	14.46	10.00	77.26	00.27
<b>Peer Group*</b>								
JK Paper Limited	March, 2017	3.61	11.74	12.32	84.76	10.00	2790.48	162.83
Ballarpur Industries Ltd	March, 2017	-7.18	-1.90	-28.08	127.81	2.00	223.07	470.54

On the basis of the above quantitative and qualitative parameters, the Company and the Lead Manager are of the opinion that the Issue Price of Rs. [•] per Equity Share is justified. Investors should also see –Risk Factors and–Financial Statements, on pages 12 and 120, respectively, including important profitability and return ratios, to have a more informed view. The trading price of the Equity Shares of our Company could decline due to the factors mentioned in –Risk Factors on page 12, and you may lose all or part of your investments.



**STATEMENT OF TAX BENEFITS**

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

**The Board of Directors,**  
Cosboard Industries Limited  
Phase II, New Industrial Estate, Jagatpur, Cuttack, Orissa, 754021, India

Dear Sirs,

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

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

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

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

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

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

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

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

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

**B. Ravinder Rao**  
**M. No. 221298**  
**Partner**  
**Date: 31<sup>st</sup> August, 2017, Place: Cuttack**



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

**SPECIAL TAX BENEFITS**

**I. Benefits available to the Company**

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

**II. Benefits available to the Shareholders**

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

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

**B. Ravinder Rao  
M. No. 221298  
Partner  
Date: 31<sup>st</sup> August, 2017  
Place: Cuttack**



## **SECTION IV: ABOUT OUR COMPANY**

### **Industry Overview**

#### **Global Outlook of Economy**

Global economic activity remained subdued. Growth in emerging market and developing economies—while still accounting for over 70 percent of global growth—declined for the fifth consecutive year, while a modest recovery continued in advanced economies. Three key transitions continue to influence the global outlook: (1) the gradual slowdown and rebalancing of economic activity in China away from investment and manufacturing toward consumption and services, (2) lower prices for energy and other commodities, and (3) a gradual tightening in monetary policy in the United States in the context of a resilient U.S. recovery as several other major advanced economy central banks continue to ease monetary policy. Overall growth in China is evolving broadly as envisaged, but with a faster-than-expected slowdown in imports and exports, in part reflecting weaker investment and manufacturing activity. These developments, together with market concerns about the future performance of the Chinese economy, are having spillovers to other economies through trade channels and weaker commodity prices, as well as through diminishing confidence and increasing volatility in financial markets. Manufacturing activity and trade remain weak globally, reflecting not only developments in China, but also subdued global demand and investment more broadly—notably a decline in investment in extractive industries. In addition, the dramatic decline in imports in a number of emerging market and developing economies in economic distress is also weighing heavily on global trade. Global growth is projected at 3.6 percent in 2017.

Growth in emerging market and developing economies is projected to increase from 4 percent in 2015—the lowest since the 2008-09 financial crisis—to 4.3 and 4.7 percent in 2016 and 2017, respectively.

- Growth in China is expected to slow to 6.3 percent in 2016 and 6.0 percent in 2017, primarily reflecting weaker investment growth as the economy continues to rebalance. India and the rest of emerging Asia are generally projected to continue growing at a robust pace, although with some countries facing strong headwinds from China's economic rebalancing and global manufacturing weakness.
- Aggregate GDP in Latin America and the Caribbean is now projected to contract in 2016 as well, albeit at a smaller rate than in 2015, despite positive growth in most countries in the region. This reflects the recession in Brazil and other countries in economic distress.
- Higher growth is projected for the Middle East, but lower oil prices, and in some cases geopolitical tensions and domestic strife, continue to weigh on the outlook.
- Emerging Europe is projected to continue growing at a broadly steady pace, albeit with some slowing in 2016. Russia, which continues to adjust to low oil prices and Western sanctions, is expected to remain in recession in 2016. Other economies of the Commonwealth of Independent States are caught in the slipstream of Russia's recession and geopolitical tensions, and in some cases affected by domestic structural weaknesses and low oil prices; they are projected to expand only modestly in 2016 but gather speed in 2017.
- Most countries in sub-Saharan Africa will see a gradual pickup in growth, but with lower commodity prices, to rates that are lower than those seen over the past decade. This mainly reflects the continued adjustment to lower commodity prices and higher borrowing costs, which are weighing heavily on some of the region's largest economies (Angola, Nigeria, and South Africa) as well as a number of smaller commodity exporters.

<http://www.imf.org/external/pubs/ft/weo/2016/update/01/>

#### **Indian Economy**

The Indian economy is the fourth largest economy in the world by purchasing power parity with an estimated GDP of approximately USD 8.721 trillion in 2016. (Source: CIA World Factbook) India's GDP will continue to expand at the fastest pace among major economies, with growth forecast at 7.6 % in 2016-17. India's economy has benefited from the large terms of trade gain triggered by lower commodity prices, and inflation has declined more than expected. Positive policy actions, structural reforms, including the introduction of an important tax reform and formalization of the inflation targeting framework and improved confidence are expected to support consumer



demand and investment. Important policy actions toward the implementation of the goods and services tax have been taken, which will be positive for investment and growth.

(Source: International Monetary Fund - World Economic Outlook - October 2016).

As per the latest estimates available on the Index of Industrial Production (IIP), the General Index for the month of February 2017 stands at 182.30, which is 1.2% lower as compared to the level in the month of February 2016. The cumulative growth during April-February 2016-17 over the corresponding period of the previous year stands at 0.40%. The Indices of Industrial Production for the Mining, Manufacturing and Electricity sectors for the month of February 2017 stand at 140.6, 190.1 and 182.5 respectively, with the corresponding growth rates of 3.3%, (-) 2.0 % and 0.3 % as compared to February 2016. The cumulative growth in these three sectors during April-February 2016-17 over the corresponding period of 2015-16 has been 1.6 %, (-) 0.3 % and 4.6 % respectively. In terms of industries, fifteen (15) out of the twenty two (22) industry groups (as per 2- digit NIC-2004) in the manufacturing sector have shown negative growth during the month of February 2017 as compared to the corresponding month of the previous year.

(Source: Website of Ministry of Statistics and Programme Implementation)

The Foreign Direct Investment (FDI) was USD 45.15 Billion in FY 2014-15 and USD 55.56 Billion in FY 2015-16 and USD 60.08 Billion during April, 2016 to March, 2017 in FY 2016-17 as per provisional figures by RBI. The cumulative amount of FDI Inflows from April, 2000 to March, 2017 stood at USD 484.35 Billion.

(Source: Website of Department of Industrial Policy and Promotion)

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF). The Government of India has forecasted that the Indian economy will grow by 7.1 per cent in FY 2016-17. As per the Economic Survey 2016-17, the Indian economy should grow between 6.75 and 7.5 per cent in FY 2017-18. The improvement in India's economic fundamentals has accelerated in the year 2015 with the combined impact of strong government reforms, Reserve Bank of India's (RBI) inflation focus supported by benign global commodity prices.

India's consumer confidence index stood at 136 in the fourth quarter of 2016, topping the global list of countries on the same parameter, as a result of strong consumer sentiment, according to market research agency, Nielsen.

Moody's has affirmed the Government of India's Baa3 rating with a positive outlook stating that the reforms by the government will enable the country perform better compared to its peers over the medium term.

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

## **MARKET SIZE**

India's gross domestic product (GDP) grew by 7 per cent year-on-year in October-December 2016 quarter, which is the strongest among G-20 countries, as per Organisation for Economic Co-operation and Development (OECD) Economic Survey of India, 2017. According to IMF World Economic Outlook Update (January 2017), Indian economy is expected to grow at 7.2 per cent during FY 2016-17 and further accelerate to 7.7 per cent during FY 2017-18.

The tax collection figures between April 2016 and January 2017 show an increase in Net Indirect taxes by 16.9 per cent and an increase in Net Direct Taxes by 10.79 per cent year-on-year, indicating a steady trend of healthy growth. The total number of e-filed Income Tax Returns rose 21 per cent year-on-year to 42.1 million in 2016-17 (till 28.02.17), whereas the number of e-returns processed during the same period stood at 43 million.

Corporate earnings in India are expected to grow by over 20 per cent in FY 2017-18 supported by normalisation of profits, especially in sectors like automobiles and banks, while GDP is expected to grow by 7.5 per cent during the same period, according to Bloomberg consensus.

India has retained its position as the third largest startup base in the world with over 4,750 technology startups, with about 1,400 new start-ups being founded in 2016, according to a report by NASSCOM.



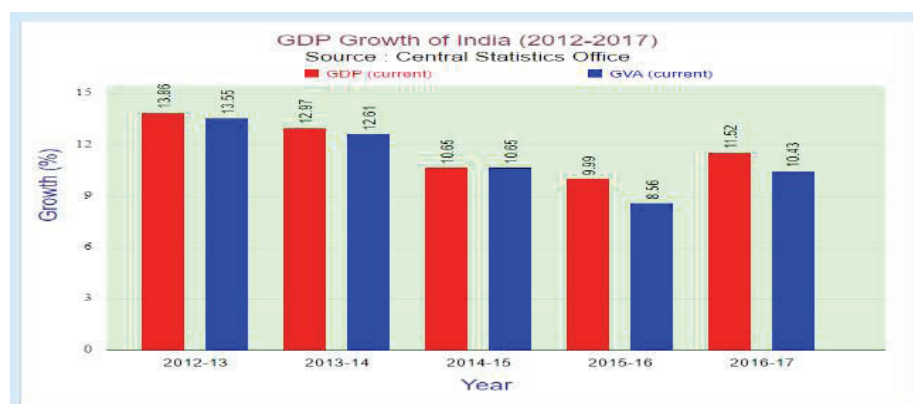
India's labour force is expected to touch 160-170 million by 2020, based on rate of population growth, increased labour force participation, and higher education enrolment, among other factors, according to a study by ASSOCHAM and Thought Arbitrage Research Institute.

India's foreign exchange reserves stood at US\$ 366.781 billion as on March 17, 2017 as compared to US\$ 360 billion by end of March 2016, according to data from the RBI.

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

India's real GDP growth will remain between 6.75% and 7.5% in the 2017-2018 financial year, As per governments's Economic Survey. "Even under this forecast, India would remain the fastest growing major economy in the world," the survey said, although the International Monetary Fund earlier this year estimated that China was growing faster than India. In the current financial year, real GDP is projected to grow at about 7%, the survey added, significantly lower than the 7.6% growth the economy registered in 2015-2016. In a rather professorial presentation after the survey was tabled in parliament, India's chief economic advisor, Arvind Subramanian, emphasised that the projections of lower growth weren't only because of the impact of demonetisation. Strengthening oil prices, for example, are also a factor, according to the survey.

The coming financial year won't be particularly easy either. The economy will continue to deal with the effects of demonetisation while also contending with a range of global uncertainties. The biggest international risks to the Indian economy that Subramanian listed out include rising oil prices, trade-related tensions between major economies, and growing protectionism. (<https://qz.com>)



### **Paper Industry Outlook and Overview :**

Global coated paper market size is forecast to be worth more than USD 57 billion by the end of 2024. Fine products, with over 50% of the overall revenue will continue to have strong consumption. These find exclusive applications in offset printing which is accountable for over one-third of all the printed materials.

#### **Brief History**

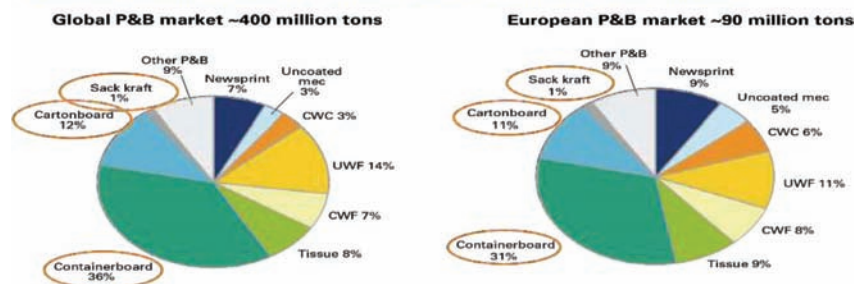
First invented in China around 105 AD, the technology of papermaking did not reach Western Europe for another 900 years and a further 450 years before it reached England. However, paper's unique 'hi-tech' properties - easy to use, lightweight, strong, durable, highly portable, flexible and easy to manufacture in volume - soon led to it becoming the medium of choice for virtually all recording and communication. Even so, it was not until the invention of a mechanized paper manufacturing process that paper's true power was unlocked.

Only with the availability of a mass-produced, inexpensive communication medium available in quantity, was the true potential of mechanised printing realised and with it was born the era of 'mass circulation' newspapers, education for all and the worldwide exchange of knowledge that fuelled the great expansions of the nineteenth and twentieth centuries. Paper has played a key role in shaping almost every aspect of the world we know today.



## Current paper markets in the world

Packaging accounts already for nearly half of the global paper markets.



## PAPER INDUSTRY IN INDIA

The paper industry in India has become more promising as the domestic demand is on the rise. Increasing population and literacy rate, growth in GDP, improvement in manufacturing sector and lifestyle of individuals are expected to account for the growth in the paper industry of India. BILT and ITC are among the largest producers of paper and paperboard in India. Many of the existing players are increasing their capacity to meet the growing demand. The focus of paper industry is now shifting towards more eco-friendly products and technology. Government of India has established rules and regulations to control the population and degradation of forest. These measures taken by the government has brought the significant changes in the paper industry of India.

According to “India Paper Industry Forecast & Opportunities, 2017” the paper industry in India is expected to grow at the CAGR of around 9.6% during 2012-2017, which will make the revenues of paper industry of India to reach up to USD 11.83 Billion by 2017. About 70% of the total installed capacity of paper production in India is accounted by Gujarat, West Bengal, Orissa, Andhra Pradesh, Karnataka and Maharashtra. Uttar Pradesh, Tamil Nadu, Haryana, Kerala, Bihar and Assam together account for about 25% of the total paper production in India.

Source: <https://www.techsciresearch.com/report/india-paper-industry-forecast-and-opportunities-2017/314.html>

### Structure

The following key market segments cover the Indian paper market:

- Printing and writing
- Newsprint
- Paperboard and industrial packaging
- Specialty

India first machine made paper was manufactured in 1812. During this time there were 15 mills with a total production of lakh tones. In India the Soft wood is the principal raw material used for making paper especially newsprint and high class printing papers. With rise in population and broadening of education the demand for paper has been constantly escalated. Owing to very narrow forest resources wood pulp is in a shortage. As soft woods grow in temperate climate India is in short supply of such woods. Thus, in such circumstances the Bamboo became the major raw materials for the manufacture of paper in the country as it grows very quickly even after cutting.

Paper industry in India is mainly plantation based and is essential that more land must be brought under plantations of eucalyptus and other trees apposite for the making of papers.

The paper industry also requires huge amount of soft water and paper utilized for newspapers is called newsprint. Its requirement is bound to grow noticeably. The Neapanagar Newsprint plant in Madhya Pradesh was set up to meet these aforementioned demands. The capacity of Indian Paper Industry has been raised to 75,000 tones a year. West Bengal and Maharashtra are the leading states for the industry. The total newsprint production has now reached





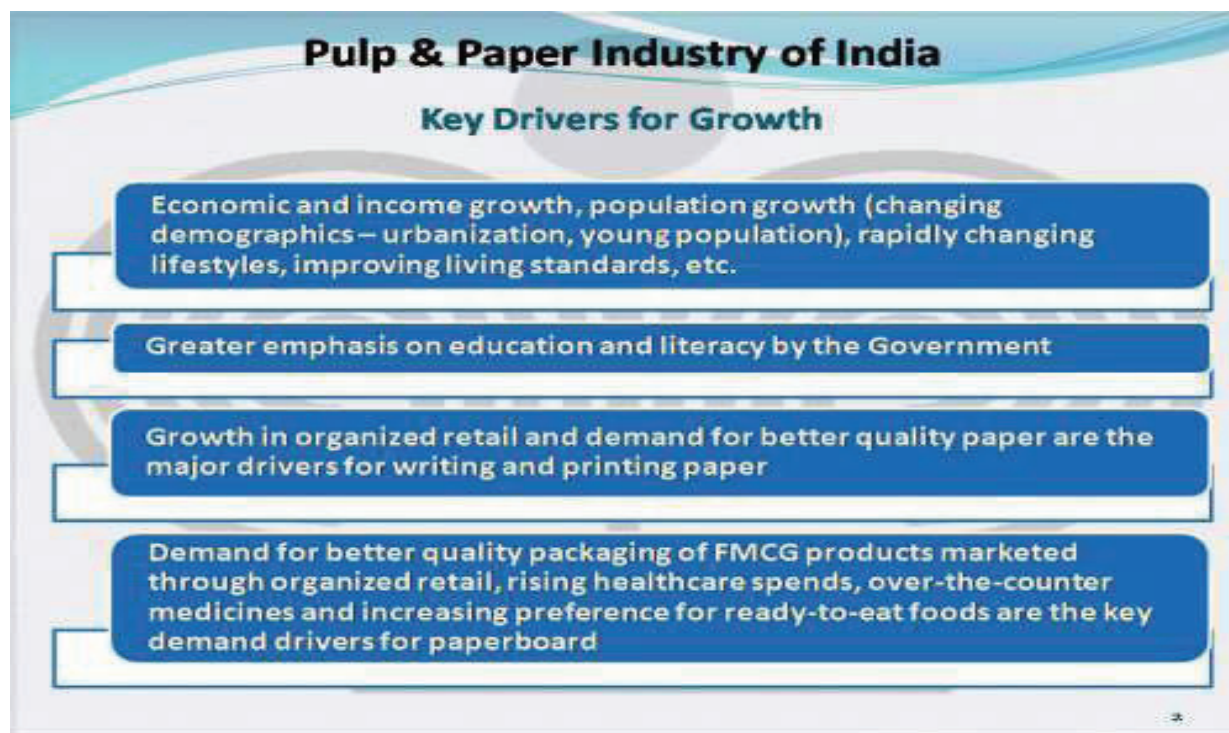
well over 400,000 tones. A large number of expansion programmes & expansion of capacities with an outlay of Rs. 10,000 crores have been announced covering the various sectors like paper, paperboard, newsprint, etc.

Indian paper industry is a vast industry comprising more than 157 paper producing divisions all over India. These 157 functional units manufacture handmade paper worth around Rs.21 cores and provide employment to approximately 10,000 people. Sanganer village is the biggest center in western India humming on the rhythm of the sound of paper making activities.

The Indian paper industry accounts for about 3% of the world's production of paper. The estimated turnover of the industry is INR 50,000 crore (USD 8 billion) approximately and its contribution to the exchequer is around INR 4,500 crore. The industry provides employment to more than 0.5 million people directly and 1.5 million people indirectly.

Most of the paper mills are in existence for a long time and hence present technologies fall in a wide spectrum ranging from oldest to the most modern. The mills use a variety of raw material viz. wood, bamboo, recycled fiber, bagasse, wheat straw, rice husk, etc. In terms of share in total production, approximately 24% are based on wood, 65% on recycled fiber and 11% on agro-residues. The geographical spread of the industry as well as market is mainly responsible for regional balance of production and consumption. The per capita paper consumption in India at a little over 13 kg, is way behind the global average of 57 kg.

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



The total installed capacity of paper production in India is accounted by Gujarat, West Bengal, Orissa, Andhra Pradesh, Karnataka and Maharashtra. Uttar Pradesh, Tamil Nadu, Haryana, Kerala, Bihar and Assam together account for about 25% of the total paper production in India.





## **OUR BUSINESS**

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

During the financial year 1994-1995, the Company came up with an Initial Public offer of 29,85,700 Equity Shares of Rs. 10 each at a price of Rs. 14 per share including a premium of Rs. 4 per shares and the Shares of the Company got listed at the Stock Exchange and the Company installed machine of 6600 tons per annum to manufacture media Kraft paper with the project appraisal from IFCL.

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

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



Our Work plant is situated at New Industrial Estate, Phase II Jagatpur, Cuttack, 754021, Orissa

Our installed Paper manufacturing capacity and production details for Fiscals 2017, 2016 and 2015 have been set out below.

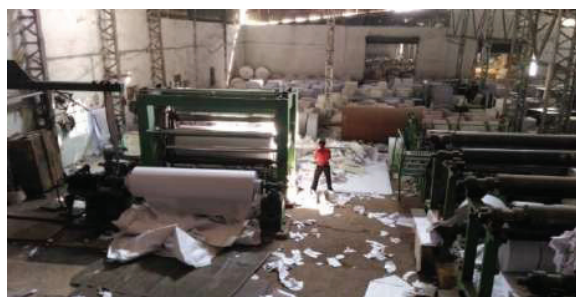
	Fiscal 2017		Fiscal 2016		Fiscal 2015	
	Installed	Utilized	Installed	Utilized	Installed	Utilized
Total Plant	45000 M.T.		23100 M.T		23100 M.T	
Grey /Duplex Board	6000 M.T.	Not in operation	3300 M.T.	Not in operation	3300 M.T.	Not in operation
Kraft /High Bf Kkraft Paper	24000	4625.430 M.T.	6600 M.T.	2746.45 M.T	6600 M.T.	653.705 M.T
Writing,Printing & News Print Paper	15000	13730.670 M.T.	13200M.T	13095.121 M.T	13200 M.T.	12718.986 M.T



Our Company's total revenue as restated in Fiscal 2017, Fiscal 2016 and Fiscal 2015 is Rs. 7735.41 lacs, 6287.66 lacs and 4160.63 lacs respectively. Our Company's profit after tax as restated in Fiscal 2017, Fiscal 2016 and Fiscal 2015 is Rs. 27.10 lacs, Rs. 175.63 lacs and Rs. 229.57 lacs, respectively.

### **Competitive Strengths**

We believe that the following are our core competitive strengths.



### ***Strategic location of our manufacturing facility***

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

### ***Availability and access to raw materials***

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

### ***Strong Sales and Marketing Network***

The company has a very good marketing network. The cities of Cuttack and Bhubaneswar are sufficient to consume the production of the plant. The company has also tie up with local packaging units for purchase of its products. There is no such competitor in the surrounding of 200 Kms.

### ***Proven and experience management team***

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



opportunities for furthering the growth of our Company. For further details of our Board of Directors and our Key Managerial Personnel please see the chapter entitled 'Our Management' on page 102 of this Draft Letter of Offer.

***Strong and experienced Promoter***

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

***Business Strategies***

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

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

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

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

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

- **Optimizing cost of operations**

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

***DETAILS OF OUR BUSINESS OPERATIONS***

**Location Registered Office:**

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

**Location Corporate Office:**

411/412 No.127/1, 2<sup>nd</sup> Floor Srikrupa Market Malakpet Hyderabad 500 036

**Location of the Plant:**

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



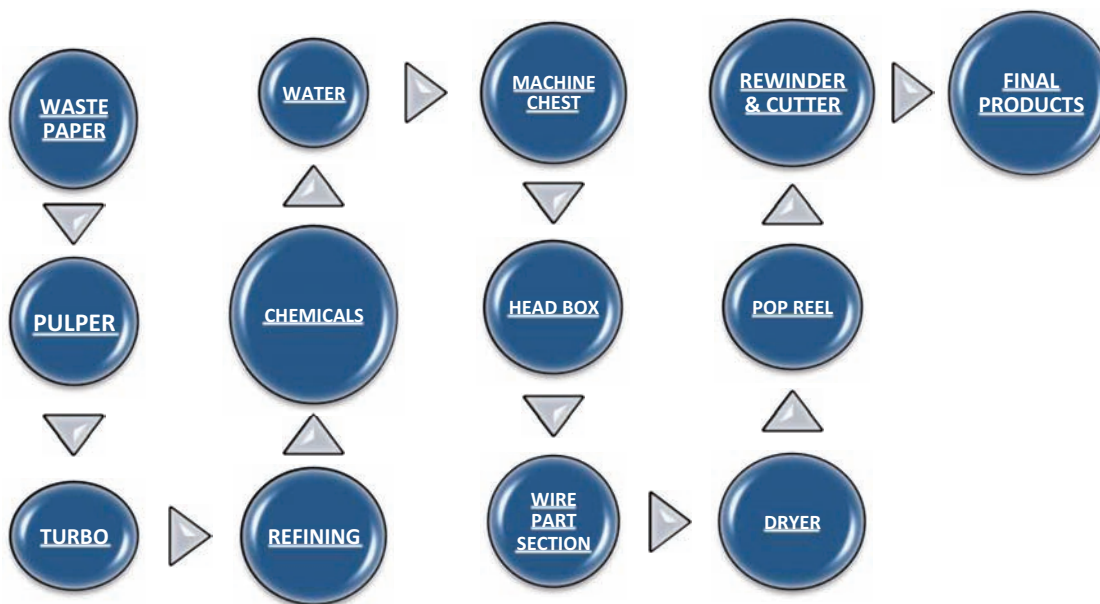
## Product Portfolio and Manufacturing Process

### PLANT - Kraft Paper /Media Manufacturing Process:

For manufacturing of Kraft (unbleached) Paper, sorted waste paper/and imported cartoons would be fed to a pulper to be slushed into brown pulp; the pulp is cleaned in high density cleaners for removal of heavy contraries like metal pins, stones, etc. and thereafter through a turbo-operator for separating plastics and other extraneous matter, The clean pulp is beaten to the desired freeness in the disc refiner and it is passed through centricleaners and a pressure screen for find cleaning. The pulp is then fed to the headbox of the Four drinier paper machine at a low consistency with water as the carrying medium. The water from the paper sheet so formed on the wire mesh is drained off by gravity initially, followed by suction through vacuum. The wet sheet is then pressed between the press rolls before drying further on the dryers and large diameter MG Cylinder which also imparts glaze on one side of the Kraft paper. The sheet is then rolled into Jumbo rolls at the pop reel. The rolls are cut into smaller width reels per orders. The sheets are counted and packed. The reels are packed and weighed.



### Flow Chart Presentation:



### PLANT -Newsprint paper Manufacturing Process

In Newsprint paper Manufacturing process, the Waste Paper are fed into a high consistency pulper through a slat conveyor. These waste papers are treated in this pulper with Chemicals like Sodium Silicate, Sodium Hydroxide, Hydrogen Peroxide,







De-inking Chemicals, etc. Pulping is done here for about 30 minutes at a temperature of 50 degree Celsius for which steam is used.

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

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

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

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



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

This pulp is further bleached and washed in potchets and pumped to blending chest. In this chest Chemicals like Rosin, Alum, Optical Brightening Agent, Loading material, etc. are mixed with the pulp. The pulp is pumped to machine chest from where it is pumped to paper machine for papermaking.

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

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

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

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

#### **PLANT - HIGH BF KRAFT PAPER MANUFACTURING PROCESS**

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

- 1) Pulp section(Fiber Processing)
- 2) Paper Machine Section
- 3) Slitter Rewinding Section
- 4) Packaging and dispatch



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



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

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

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

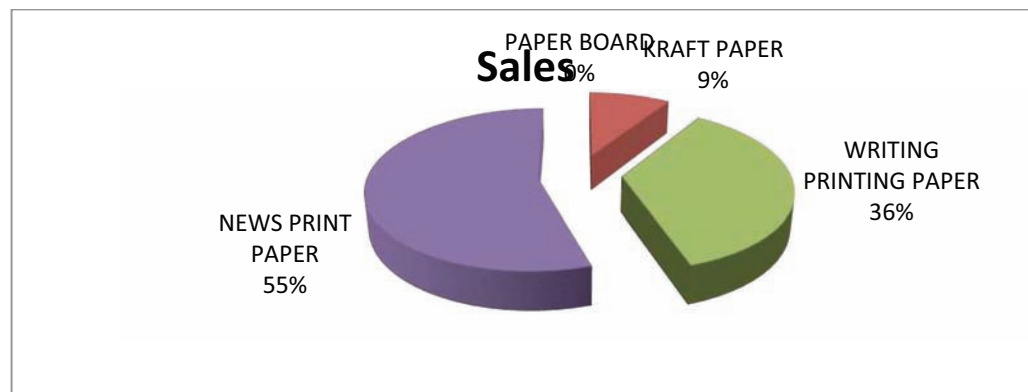
The paper Machine section is further classified into six sections namely:

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

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



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



**Client Base :**

Our Company has a well-diversified customer base catering to various segments. We have consistent retention of key customer segments all over eastern and southern region of India. Our ten largest customers represented around 65.00 % of our net sales in fiscal 2017. Some of our major clients in FY 2017 include Dharitri, Prajantra, Tribhuvan Enterprises, Orissa Paper Products, Orissa Express, Raaz Enterprises, Andhra Prabha Publications, Maruti Trading, Shri Ganapathi Paper Mart, Statesmen, Janpath Samachar.

Sr No	Customer name	Product Detail	% Revenue sharing	Location
1	Ashirbad Prakasan (P) Ltd.	Newsprint Paper	10.15	Cuttack
2	Andhra Prabha Publications Limited (Hyd)	Newsprint Paper	6.07	Hyderabad
3	Dinalipi	Newsprint Paper	1.96	Cuttack
4	Tribhuvan Enterprises	Writing, Printing Paper	3.25	Cuttack
5	The Statesman Limited(Kolkata)	Newsprint Paper	2.12	Bhubaneswar
6	Janapath Samachar	Newsprint Paper	1.84	Bhubaneswar
7	The Statesman Limited(Bhubaneswar)	Newsprint Paper	0.11	Bhubaneswar
8	Raaz Enterprises	Kraft Paper	0.01	Jagatpur, Cuttack
9	Orissa Paper Product	Writing, Printing Paper	0.73	Cuttack
10	M/s Dharitri	Newsprint Paper	38.18	Bhubaneswar

**Exports and Export Obligations**

Company does not have any export and export obligation.

**Marketing Set Up**

We market our products through a dedicated Marketing and Sales Team in coordination with the Inventory and Logistics Department. It is responsible for the entire sales and marketing activities including planning, strategy, product development, product promotion, brand management and advertising. The Team comprises sales and product managers who operate as brand managers to meet the local market and customer requirements.

**Capacity**

The installed capacity of our Plant is 45000 M.T. out of which 39000 M.T Capacity are active and Capacity Utilization of total capacity is 41% .



## Infrastructure Facilities and Utilities

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

### • Paper Materials

We generally procure our paper materials from local paper mills and traders such as Hira Wastage Supply Co., Vikash Enterprises, M.M. Industries, B.Sahoo & Sons . Our Company has long standing association with its suppliers for supply of raw materials i.e. paper materials and hence we do not anticipate any problem in procuring such raw materials. Our Key Supplier are:

Sr No	Supplier Name	Designation	Product Detail	% of purchase	Location
1	Hira Wastage Supply Co	Proprietor	Waste Paper	9.46	Cuttack
2	Vikash Enterprises	Proprietor	Waste Paper	12.96	Cuttack
3	M.M. Industries	Proprietor	Waste Paper	36.45	Bhubaneswar
4	B.Sahoo & Sons	Proprietor	Waste Paper	4.30	Cuttack

### • Power

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

### • Water

Water requirement for the processing facilities is procured from Bore well.

### • Steam Fuel

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

### • Effluent Treatment and Disposal :

- The company has already obtained the consent vide letter dated 16.02.2016 for the existing plant. The effluent treatment plant meeting the requirements of existing plant of CIL. CIL had taken all necessary approval from the state pollution control Board.

### • Human Resources

Our business model requires a mix of skilled, semi-skilled and un-skilled labour. Our Company currently has a size of 177 employees for the operation of its existing facilities.

Particulars	Plant	Registered office	Corporate Office
Senior Management (AGM and above)	—	—	1
Middle Management (Officers to Sr. Manager)	5	14	1
Semi-skilled Staff	66	—	—
Unskilled Labour	87	2	1
<b>Total</b>	<b>158</b>	<b>16</b>	<b>3</b>

## Trade Unions

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






## Insurance

Our production plant is insured against fire, riot, strike and malicious damage risks with underwriters. *Our operations are subject to varied business risks. For details, please refer chapter II, Risk Factors,* beginning on page 12 of this Draft Letter of Offer. We believe that our insurance arrangements are consistent with industry standards for paper manufacturers in India. Our insurance cover is reviewed on a yearly basis.

We have taken insurance policies covering the following:

<b>Coverage</b>	Building Including Boundary Walls, Plant & Machinery, Stocks Of All Types Of Raw Materials, Materials In Process, Finished Goods Of Paper And Paper Products.
<b>Policy no.</b>	61020011170100000002
<b>Agency</b>	The New India Assurance Co. Ltd. , Hyderabad
<b>Sum insured</b>	555400000
<b>Total premium (Rs.)</b>	557424
<b>From</b>	1 <sup>st</sup> April 2017
<b>Valid up to</b>	31 <sup>st</sup> March 2018

## Intellectual Property Rights

Our Company registered logo  under the trade mark registration act has filed an application date 22-03-2017 before the Trade Marks Registry for registration of its logo under Class 18(1).

## Property Details :

Place and Description of Property	Lessor/ Licensor	Date and Instrument/Document executed	Period of the Lease and Area
<b>Registered Office and Plant of our Company</b>			
New Industrial Estate, Phase II Jagatpur, Cuttack: 754021, Orissa	Industrial Development Corporation Odisha(Idco), Cuttack Division Jagatpur, Cuttack-754021(Odisha)	21.01.1993 04.03.1999 22.03.1999	99 YEARS/5.00 AC 99 YEARS/1.62 AC 99 YEARS/1.998 AC
<b>Corporate office of our Company</b>			
411/412 No.127/1 2nd Floor Srikrupa Market Malakpet, Hyderabad 500 036	Smt Sarla Taparia,w/o ramshankar taparia H.No. 5-9-46/1st floorNear Kirloskar hospital lane Basheer bagh Telegan	01-07-2017	3 years



## **KEY INDUSTRY REGULATIONS AND POLICIES**

We are subject to a number of central and state legislations which regulate substantive and procedural aspects of the business. Additionally, the operations require sanctions from the concerned authorities, under the relevant Central and State legislations and local bye-laws. The following is an overview of some of the important laws, policies and regulations which are pertinent to the business. The regulations set out below are not exhaustive and are only intended to provide general information to Applicants.

The following description is a summary of various sector-specific laws and regulations in India prescribed by the Gol and various state Governments, which are applicable to our Company. The information contained in this chapter has been obtained from publications in the public domain. The regulations set out below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice.

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

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

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

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

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

### **Laws relating to Employment and Labour**

**Child Labour (Prohibition and Regulation) Act, 1986**

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

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

The “Gratuity Act” establishes a scheme for the payment of gratuity to employees engaged in every factory, mine, oil field, plantation, port and railway company, every shop or establishment in which ten or more persons are employed or were employed on any day of the preceding twelve months and in such other establishments in



which ten or more employees are employed or were employed on any day of the preceding twelve months, as notified by the Central Government from time to time. Penalties are prescribed for non-compliance with statutory provisions.

#### **The Workmen Compensation Act, 1923 (“WCA”)**

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

#### **The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (“SHWW Act”)**

The “SHWW Act” provides for the protection of women and prevention of sexual harassment at work place.

#### **Contract Labour (Regulation and Abolition) Act, 1970:**

This is an Act to regulate the employment of contract labour in certain establishments and to provide for its abolition in certain circumstances and for matters connected therewith. The said Act, inter alia, mandates registration of establishments employing contract labour, revocation of such registration in prescribed cases, effects of non registration, prohibition of employment of contract labour, licensing of contractors etc.

#### **The Industrial Employment Standing Orders Act, 1946**

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

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

The “ESI Act”, provides for certain benefits to employees in case of sickness, maternity and employment injury. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. In addition, the employer is also required to register itself under the ESI Act and maintain prescribed records and registers.

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

The “EPF Act” applies to factories employing over 20 employees and such other establishments and industrial undertakings as notified by the Government of India from time to time. It requires all such establishments to be registered with the State provident fund commissioner and requires such employers and their employees to contribute in equal proportion to the employees’ provident fund the prescribed percentage of basic wages and dearness and other allowances payable to employees. The EPF Act also requires the employer to maintain registers and submit a monthly return to the State provident fund commissioner.

#### **The Payment of Bonus Act, 1965**

An Act to provide for the payment of bonus to persons employed in certain establishments on the basis of profits or on the basis of production or productivity and for matters connected therewith

#### **Payment of Wages Act, 1936**

This is an Act to regulate the payment of wages to certain classes of employed persons.



### **The Maternity Benefit Act, 1961 ("Maternity Act")**

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

### **The Equal Remuneration Act, 1976 ("ER Act")**

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

### **Tax related legislation**

#### **Income-Tax Act, 1961 ("IT Act")**

The "IT Act" is applicable to every company, whether domestic or foreign whose income is taxable under the provisions of this Act or Rules made there under depending upon its "Residential Status" and "Type of Income" involved. The IT Act provides for the taxation of persons resident in India on global income and persons not resident in India on income received, accruing or arising in India or deemed to have been received, accrued or arising in India. Every company assessable to income tax under the IT Act is required to comply with the provisions thereof, including those relating to Tax Deduction at Source, Advance Tax, Minimum Alternative Tax and the like. Every such company is also required to file its returns by September 30 of each assessment year depending on company to company.

#### **The Central Goods and Services Tax Act, 2017**

GST is a single tax on the supply of goods and services, right from the manufacturer to the consumer. Credits of input taxes paid at each stage will be available in the subsequent stage of value addition, which makes GST essentially a tax only on value addition at each stage. The final consumer will thus bear only the GST charged by the last dealer in the supply chain, with set-off benefits at all the previous stages.

### **Laws relating to Intellectual Property**

#### **The Trademarks Act, 1999 ("TM Act"), Trade Marks Act 1999 (as amended till date), Trademarks (Amendment) Act, 2010**

The "TM Act" provides for the application and registration of trademarks in India. The purpose of the Trade Marks Act is to grant exclusive rights to marks such as a brand, label and heading and to obtain relief in case of infringement for commercial purposes as a trade description the registration of a trademark is valid for a period of 10 years, and can be renewed in accordance with the specified procedure.

### **Property related laws**

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

#### **The Indian Registration Act, 1908 ("Registration Act")**

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



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

The law relating to easements and licenses in property is governed by the “IE Act”. The right of easement has been defined under the Easements Act to mean a right which the owner or occupier of any land possesses over the land of another for beneficial enjoyment of his land. Such right may allow the owner of the land to do and continue to do something or to prevent and continue to prevent something being done, in or upon any parcel of land which is not his own. Easementary rights may be acquired or created by (a) an express grant; or (b) a grant or reservation implied from a certain transfer of property; or (c) by prescription, on account of long use, for a period of twenty years without interruption; or (d) local customs.

### **Environmental Laws**

#### **Indian Forest Act, 1927**

This is an act to consolidate the law relating to forests, the transit of forest produce and the duty leviable on timber and other forest produce.

#### **The Forest (Conservation) Act, 1980**

This is an Act to provide for the conservation of forests and for matters connected therewith or incidental thereto. This Act has been enacted with a view to check further development which ultimately results in ecological imbalance. With this object in mind, this Act, inter alia, makes it mandatory that no state Government or any authority shall without the prior approval of the Central Government give any order directing (i) any reserved forest shall cease to be reserved (ii) any forest land may be used for non forest purpose (iii) any forest land be assigned by way of lease or otherwise to any private person or to any authority, corporation, agency or any other organization not owned, managed or controlled by Government and (iv) that any forest land may be cleared of trees which have grown naturally in that land, for the purpose of using it for re-afforestation.

#### **The Forest (Conservation) Rules, 2003**

This Rule has been framed for effectuating the provision of the Forest (Conservation) Act, 1980.

#### **National Forest Policy, 1988**

This set of policies were enunciated, inter alia, for the maintenance of environment stability through preservation and restoration of ecological balance, conserving the natural heritage of the country, checking soil erosion and increasing the productivity of forest to meet national needs.

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

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

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

Pursuant to the provisions of the Air Act, any person, establishing or operating any industrial plant within an air pollution control area, must obtain the consent of the relevant State Pollution Control Board prior to establishing or operating such industrial plant. The State Pollution Control Board is required to grant consent within a period of four months of receipt of an application, but may impose conditions relating to pollution control equipment to



be installed at the facilities. No person operating any industrial plant in any air pollution control area is permitted to discharge the emission of any air pollutant in excess of the standards laid down by the State Pollution Control Board. The penalties for the failure to comply with the provisions of the Air Act include imprisonment of up to six years and the payment of a fine as may be deemed appropriate.

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

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

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

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

**Foreign Instrument Regime**

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

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

**The Foreign Trade (Development & Regulation) Act, 1992**

The Foreign Trade (Development & Regulation) Act, 1992, provides for the development and regulation of foreign trade by facilitating imports into and augmenting exports from India and for matters connected therewith or incidental thereto.





### **Laws with respect to Factories**

**The Factories Act, 1948 (the “Factories Act”), Orissa Factories Rules, 1950, Orissa Factories (Control of Major Accident Hazard) Rules 2001.**

State governments prescribe rules with respect to the prior submission of plans, their approval for the establishment of factories and the registration and licensing of factories. The Factories Act provides that the occupier of a factory (defined as the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors) shall ensure the health, safety and welfare of all workers while they are at work in the factory, especially in respect of safety and proper maintenance of the factory such that it does not pose health risks, the safe use, handling, storage and transport of factory articles and substances, provision of adequate instruction, training and supervision to ensure workers' health and safety, cleanliness and safe working conditions.

### **Boilers Act, 1923**

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

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

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

### **Important General Laws**

#### **The Companies Act, 1956**

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

#### **The Companies Act, 2013**

The Companies Act, 2013, has been introduced to replace the existing Companies Act, 1956 in a phased manner. The Ministry of Corporate Affairs vide its notification dated September 12, 2013 has notified 98 sections of the Companies Act, 2013 and the same are applicable from the date of the aforesaid notification. Further 183 sections have been notified on March 26, 2014 and have become applicable from April 1, 2014. The Ministry of Corporate Affairs, has also issued rules complementary to the Companies Act, 2013 establishing the procedure to be followed by companies in order to comply with the substantive provisions of the Companies Act, 2013.

#### **The Securities and Exchange Board of India Act, 1992**

An Act to provide for the establishment of a Board to protect the interests of investors in securities and to promote the development of, and to regulate, the securities market and for matters connected therewith or incidental thereto.



### **The Indian Contract Act, 1872 (“Contract Act”)**

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

### **The Negotiable Instruments Act, 1881 (“NI Act”)**

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

### **The Competition Act, 2002**

The Competition Act, 2002 prohibits anti competitive agreements, abuse of dominant positions by enterprises and regulates “combinations” in India. The Competition Act also established the Competition Commission of India (the “CCI”) as the authority mandated to implement the Competition Act. The provisions of the Competition Act relating to combinations were notified recently on March 4, 2011 and came into effect on June 1, 2011. Combinations which are Likely to cause an appreciable adverse effect on competition in a relevant market in India are void under the Competition Act.

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

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





## HISTORY AND CERTAIN CORPORATE MATTERS

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

During the financial year 1994-1995, the Company came up with an Initial Public offer of 29,85,700 Equity Shares of Rs. 10 each at a price of Rs. 14 per share including a premium of Rs. 4 per shares and the Shares of the Company got listed at the Stock Exchange and the Company installed machine of 6600 tons per annum to manufacture media Kraft paper with the project appraisal from IFCL.

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

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

Our Work plant is situated at New Industrial Estate, Phase II Jagatpur, Cuttack, 754021, Orissa

### Major events in the history of our Company:

YEAR	MAJOR EVENTS
1980	Incorporation of our Company and commencement of Business Activities
1984	Board Paper Plant Installed
1993	Change of name from Central Orissa Straw Board (P) Ltd to Cosboard Industries Ltd
1994	Initial Public Offering of company and installed kraft paper plant with installed capacity of 6000 Tons Per Annum
1995	Kraft Paper Plant Installed
1999	Availed term loan from state bank of india for upgradation cum expansion of Plant-I
2000	News print paper plant installed with capacity of 15000 Tons Per Annum
2004	the Company filed a reference with BIFR U/S 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 vide Form - A .
2010	Revocation of shares from the Designated Exchange “BSE”
2011	The DRS has been sanctioned by BIFR for necessary revival of the company
2013	Company came out from BIFR
2016	High B.F Kraft Paper Plant installed with capacity of 18000 Tones Per Annum

### Main Objects of our Company

The main object of our Company is as follows:

1. To Manufacture, and produce paper and paper products of all varieties including Newsprint, Straw Boards, Card Boards, Hard Boards, Straw Papers, Paper Boards, Mill Boards, Grey Boards and other varieties of Boards, packing materials, Paper pulp, wood pulp, bamboo pulp and all other products, goods and substances connected therewith.
2. To establish, undertake acquire, manage, and carry on business as agents or importers, exporters, dealers in paper and paper products manufactured by the Company or by other in the capacity of



## Cosboard Industries Limited

wholeseller, retailer, or otherwise and for the purpose, to enter into, if necessary, agreement written or oral otherwise with the others.

### Changes in Registered Office of our Company

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

### Amendments to the Memorandum of Association

Following are details of amendment as under:

DATE OF SHAREHOLDERS' RESOLUTION	NATURE OF AMMENDMENT
19-05-1993	Change of name our company from Central Orissa Straw Board Private Limited to Cosboard Industries Limited
*Date Not Available	Clause V of the Memorandum of Association was amended to reflect the increase in authorized share capital of our Company to Rs 500,00,000 divided into 50,00,000 Equity Shares of Rs 10 each
28-09-2016	Clause V of the Memorandum of Association was amended to reflect the increase in authorized share capital of our Company from Rs 5,00,00,000 divided into 50,00,000 Equity Shares of Rs 10 each to Rs 120,00,000 divided into 120,00,000 Equity Shares of Rs 10 each

*\* Our Company has records relating to capital formation from Financial year 1995-1996 onwards, appropriate information has been taken from the Prospectus issued by the Company for the Initial Public Offer during financial year 1994-1995.*

### Time and Cost Overrun

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

### Subsidiaries

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

### Joint Ventures

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

### Shareholders' Agreement

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

### Other Agreements

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



**Financial Partners**

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

**Strategic Partners**

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

Except as above and “Material Contracts and Documents for Inspection” mentioned on page 235 of the Draft Letter of Offer, there are no other material agreements or contracts, which have been entered into by us within a period of 2 years prior to the date of the Draft Letter of Offer, and which are subsisting as on date.



## OUR MANAGEMENT

As per our Articles of Association we cannot have less than three and more than twelve directors. Currently, we have six directors on our Board. Our Managing Director Mr. Shiv Shankar Taparia and Whole Time Director, Mr. Anil Gilra manage our day to day operations under the supervision, direction and control of our Board of Directors. The constitution of our Board of Directors meets the requirements of corporate governance, as it comprises of 3 independent directors, which accounts for half of the strength of the Board.

### Board of Directors

The details of the Directors of our Company are given below:

Name, Designation, Father's Name, Occupation, Term, Nationality, Age and DIN No.	Date of Appointment as Director	Residential Address	Other Directorships/Partnership firms
<b>Shiv Shankar Taparia</b> <i>Designation: Managing Director</i> <i>Occupation: Business</i> <i>Term: 5 Years</i> <i>DIN No: 00566650</i> <i>Nationality : Indian</i> <i>Age: 47 yrs</i>	07.01.2013	AT: 5-9-46 2 <sup>ND</sup> Floor, Sri Sai Queenston Palace, Basheerbagh Hyderabad	Sri. Sant Krupa Overseas (P) Ltd.  Harishankar Paper Products (P) Ltd.
<b>Inder Pal Singh Pasricha</b> <i>Designation: Additional Independent Non Executive Director</i> <i>Occupation: Professional</i> <i>Term: Next Annual General meeting.</i> <i>DIN No: 00016273</i> <i>Nationality : Indian</i> <i>Age: 62 yrs</i>	29.05.2017	H-378, Vikas Puri 110027	PMC consultants Private Limited;  I. P. Pasricha & Co Consultants Private Limited;  Adigranth Housing Scheme private limited;  Ahi-View Constructions private Limited



## Cosboard Industries Limited

Name, Designation, Father's Name, Occupation, Term, Nationality, Age and DIN No.	Date of Appointment as Director	Residential Address	Other Directorships/Partnership firms
<b>Anil Kumar Girda</b> <i>Designation:</i> Whole Time Director <i>Occupation:</i> Business <i>Term:</i> 5 years <i>DIN No:</i> 0883125 <i>Nationality :</i> Indian <i>Age :</i> 48	01.07.16	Bajrakabati Road, Cuttack: 753001	Atcom Metaliks Ltd.
<b>Chava Suresh Babu</b> <i>Designation:</i> Non Independent and Executive Director <i>Occupation:</i> Business <i>Term:</i> Retire By Rotation <i>DIN No:</i> 02161692 <i>Nationality:</i> Indian <i>Age :</i> 51	13.11.2013	H.NO.40-27-94/4 PATAMATA, Nirmala Convent, Vijayawada, Andhra Pradesh Pin: 520001	Uma Real Consultants(India) Pvt. Ltd. , Pruthvi Avenues (P) Ltd., Uma Gardens (P) Ltd.
<b>Rekha Bhawsinka</b> <i>Designation:</i> Independent Non Executive Director <i>Occupation:</i> Business <i>Term:</i> 5 years <i>DIN No:</i> 06625873 <i>Nationality :</i> Indian <i>Age :</i> 47 Years	13.02.2015	W/O. OM P. Bhawsinka, Cantonment Road, Cuttack, Odisha	NIL
<b>Akram Abu</b> <i>Designation:</i> Additional Independent Non Executive Director <i>Occupation:</i> Professional <i>Term:</i> Next Annual General meeting <i>DIN No:</i> 07823398 <i>Nationality :</i> Indian <i>Age :</i> 63 Yrs	29.05.2017	12-2-785/1-307, Sidhartha Aswani Apartment Midway Colony, Retibowli, Mehdipatnam Hyderabad 500028	NIL



Note: None of the above mentioned Directors are on the RBI list of willful defaulters as on date.

#### **BRIEF PROFILE OF OUR DIRECTORS:**

**Mr. Shiv Shankar Taparua**, aged 47 years is the Managing Director & Promoter of the Company. He has more than 25 years of experience in the field of paper and related activities. He holds bachelor degree. He looks after day-to-day routine operational activities of our Company. With his multifunctional experience, He guides company in its growth strategies. He has been on the board of Company since December, 2009.

**Mr. Anil Kumar Girma** aged 48 years is the Whole Time Director & Promoter of our Company. He is bachelor and Master in Commerce and he is also a law graduate from Utkal University Bhubaneswar. He is having more than 26 years in Production, marketing and finance in the Paper and Board Industry. He has been on the board of Company since July, 2006.

**Mr. Inder Pal Singh Pasricha**, aged 62 years is Non Executive and Independent Director of our Company. He is Chartered Accountant. He has rich experience in Audit and Assurance, Indirect taxes and corporate financing related matters. He has been on the board of Company since May, 2017..

**Mr. Chava Suresh Babu**, aged 51 years is the Non Executive Director of our Company, He is having experience of business operation and marketing in Finance field. He has been on the board of Company since November, 2013. .

**Mrs. Rekha Bhawsinka**, aged 47 years is the Non Executive Director. She is having 5 year experience in paper industry. She has been on the board of Company since February, 2015.

**Mr. Akram abu** aged 63 years is the Non executive Independent Director of our Company. He is Practicing Senior Advocate in financial sector .He is B.com, LL.B, MBA, MA. M.phil. He has been on the board of Company since May, 2017..

#### **BORROWING POWERS OF BOARD OF DIRECTORS**

Pursuant to a special resolution passed at the Annual General Meeting of our Company held on September 26, 2014, our Board is authorized to borrow money(s) on behalf of our Company in excess of the paid up share capital and the free reserves of our Company from time to time, pursuant to the provisions of Section 293 (1) (d) of the Companies Act, subject to a maximum amount not exceeding Rs. 7000 lacs. For further details of the provisions of our Articles of Association regarding borrowing powers, please refer to the section titled 'Articles of Association of our Company' beginning on page 216 of this Draft Letter of Offer.

#### **TERMS OF APPOINTMENT & COMPENSATION OF MANAGING DIRECTOR**

##### **Remuneration and Compensation of Executive Director**

<b>Name</b>	Mr. Anil Kumar Gilra
<b>Designation</b>	Whole Time Director
<b>Period</b>	With effect from July 01, 2016 to June 30, 2021 for the period of 5 years
<b>Date of Board Meeting for appointment.</b>	28.05.2016
<b>Remuneration paid in FY 2017</b>	Nil
<b>Exiting Remuneration</b>	Salary: Rs. 2.40 Lacs per annum and other benefits as per the rules of our Company.



## **Non - Executive Directors**

Non-Executive Directors are paid sitting fees of Rs. 250 per meeting of the Board and of Committees of the Board.

## **SHAREHOLDING OF OUR DIRECTORS**

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

<b>Sr. No</b>	<b>Name of the Directors</b>	<b>No. of Equity Shares</b>
1	Shiv Shankar Taparia	1,24,689
2	Mr. Anil kumar Gilra	9,46,187
3	Mr. Chava Suresh Babu	200

None of our Directors or key managerial personnel is related to each other.

## **INTERESTS OF DIRECTORS**

Except as stated in "Related Party Transactions" on page 118 of this Draft Letter of Offer, and to the extent of shareholding, remuneration / fees, if any, payable to them, for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration paid in their professional capacity and / or reimbursement of expenses, if any, payable to them and the shares held by them in our Company.

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

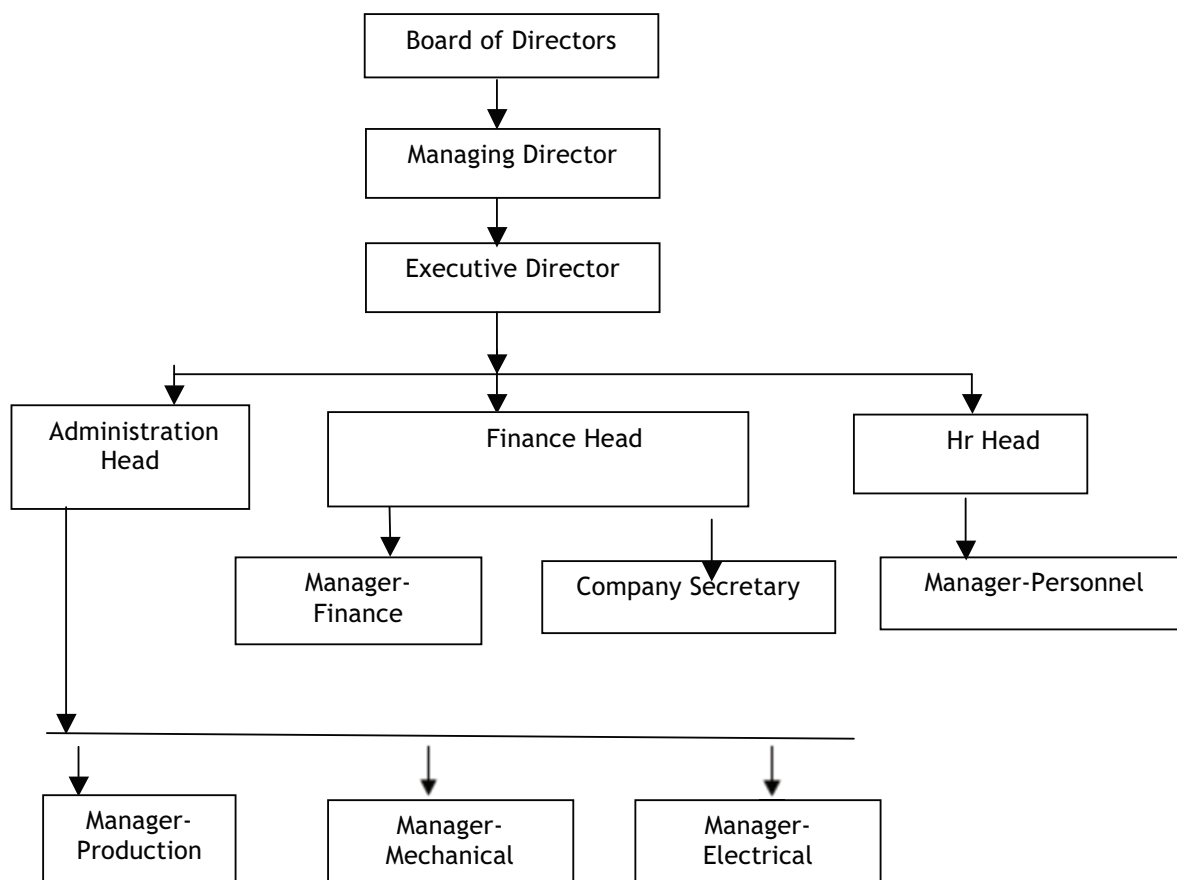
Except as stated otherwise, in this Draft Letter of Offer, our Company has not entered into any contract, agreement or arrangement during the preceding two years from the date of the Draft Letter of Offer in which the directors are interested directly or indirectly and no payments have been made to them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

## **CHANGES IN THE DIRECTORS IN THE LAST THREE YEARS**

<b>Name</b>	<b>Date Of Appointment</b>	<b>Date of Change/ Cessation</b>	<b>Reason</b>
Mr Akram abu	29-05-2017	-	Appointment
Mr. Inder Pal Singh Pasricha	29-05-2017	-	Appointment
Mr. Mahadev Rathi	-	29-05-2017	Resignation as Director
Mr. Lalit Narayan Sarda	-	29-05-2017	Resignation as Director



## MANAGEMENT ORGANIZATION CHART



## CORPORATE GOVERNANCE

Corporate Governance involves the building of a set of relationships between the Company, its Board, the management, the shareholders and other stakeholders by putting in place a structure and a system through which the established goals of the Company may be achieved. It denotes the process through which the Board of Directors oversees what the management does. Good governance is integral to the existence of a Company. It inspires and strengthens investor confidence by ensuring Company's commitment to higher growth and profits. Your Company's management and Board of Directors are committed to ensure good corporate governance in its operations. The Company has complied with the Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## SEBI (PROHIBITION OF INSIDER TRADING) CODE

Our Company has adopted the code of conduct for prevention of insider trading pursuant to the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015. Ms. Alka Jain our Company Secretary, is the Compliance Officer under this code.

## COMMITTEES

We have constituted the following committees of the Board, that is, Audit Committee, Nomination and Remuneration committee and Stakeholders Relationship Committee, in accordance with the said provisions.





## AUDIT COMMITTEE

Our Audit Committee comprises of three directors. The constitution of Audit Committee is as follows:

Name of the Directors	Designation	Nature of Directorship
Mr. Akram Abu	Chairman	Independent Non Executive Director
Mr. Inder Pal Singh Pasricha	Member	Independent Non Executive Director
Mr. Shiv Shankar Taparia	Member	Managing Director

The terms of reference of the Audit Committee are given below:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.
5. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
6. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
7. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
8. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub section (3) of section 134 of the Companies Act, 2013.
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft audit report.
9. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
10. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
11. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
12. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
13. Discussion with internal auditors any significant findings and follow up there on.
14. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
15. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
16. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.



17. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
18. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
19. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
20. Mandatorily reviews the following information:
  - a. Management discussion and analysis of financial condition and results of operations;
  - b. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
  - c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
  - d. Internal audit reports relating to internal control weaknesses; and
  - e. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee
21. Review the Financial Statements of its subsidiary company, if any.
22. Review the composition of the Board of Directors of its Subsidiary Company, if any.
23. Review the Vigil mechanism (whistle blowing) policy.
24. Review the use/application of funds raised through an issue (public issues, right issues, preferential issues etc.) on a quarterly basis as a part of the quarterly declaration of financial results. Further, review on annual basis statements prepared by the Company for funds utilized for purposes other than those stated in the offer document.

In addition, to carry out such other functions/powers as may be delegated by the Board to the Committee from time to time.

#### **STAKEHOLDERS RELATIONSHIP COMMITTEE**

The Stakeholders Relationship Committee comprises of three directors. The constitution of Investor Grievance Committee is as follows:

<b>Name of the Directors</b>	<b>Designation in the Committee</b>	<b>Nature of Directorship</b>
Mr. Akram Abu	Chairman	Independent Non Executive Director
Mr. Inder Pal Singh Pasricha	Member	Independent Non Executive Director
Mr. Anil kumar Gilra	Member	Whole Time Director

#### **Functions of the Stakeholders Relationship Committee:**

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

#### **NOMINATIN AND REMUNERATION COMMITTEE**

Our Company has constituted a Nomination and Remuneration Committee. The Committee currently comprises of three (3) Directors. Mr. Akram Abu is the Chairman of the Nomination and Remuneration Committee.

<b>Name of the Directors</b>	<b>Designation</b>	<b>Nature of Directorship</b>
Mr. Akram Abu	Chairman	Independent Non Executive Director
Mr. Inder Pal Singh Pasricha	Member	Independent Non Executive Director
Mr. Suresh Babu Chava	Member	Non Executive Director



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

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

#### **KEY MANAGERIAL PERSONNEL**

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

Sr. No	Name	Age (Years)	Date of joining	Designation	Qualification	Experience	Remuneration received in last fiscal (Rs)	Previous Employment	Functional responsibility
1	D.N Biswal	58	01.05.2017	General Manager	M.A, LLB	35	N.A.	NA	Administration Incharge
2	Mr. Ashok kumar Jena	50	28.05.2016	Chief Financial Officer	B.COM	25	360000 Rs.	NA	Finance Incharge
3.	Ms. Alka Jain	26	01.06.2017	Company Secretary	B.Com, C.S.	02	N.A.	NA	Company law and SEBI Matter Incharge
4.	Mr. Pradip Kumar Nath	54	01.12.1986	Manager Personal	M.A	30	121160 Rs.	NA	Human Resource Incharge
5	Mr. S.K Mahawar	53	01.09.1999	Manager	B.com,LLB, CA-Inter	28	181254 Rs.	Coastal Synthetics (P) Ltd, Balesore	Finance and Compliance matter
6	Mr. Meghanad Biswal	54	20.09.1995	Manager	Matric,ITI (electrical)	29	165358 Rs.	Khurana Papers Ltd	In charge for Electrical works
7	Mr. Rakesh Bahukhandi	46	05.04.2017	Manager (mechanical)	Senior Secondary, ITI (mechanical)	20	N.A.	NA	Incharge for Mechanical works
8	Mr. D.K Singh	52	01.05.2017	Manager (production)	Bsc, Diploma (paper tech)	32	N.A.	Ram paper Mill Ltd, UP	Production Incharge

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

**Shareholding of Key Managerial Personnel in our Company**

Except as mentioned below, None of the key managerial personnel holds any shares of our company.

Sr. No	Name of the Directors	No. of Equity Shares
1	Mr. Shiv Shankar Talaria	1,24,689
2	Mr. Anil kumar Gilra	9,46,187
3	Mr. D.N Biswal	200

**Interest of key managerial personnel**

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

**Employees**

We believe that a motivated and empowered employee base is integral to our competitive advantage. Our Company has 177 employees as on date of this Draft Letter of Offer.

**Loans to key managerial personnel**

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

**Bonus or Profit sharing Plan for the Key Managerial Personnel**

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

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

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

**Changes in the Key managerial personnel during the last three years**

Name	Designation	Date of Appointment
Mr. Akram Abu	Independent Director	29.05.2017
Mr. Inder Pal Singh Pasricha	Independent Director	29.05.2017
Mr. Ashok Kumar Jena	Chief Financial Officer	28.05.2016
Ms. Alka Jain	Company Secretary	01.06.2017
Mr. D.N Biswal	General Manager	01.05.2017
Mr. D.K Singh	Manager (production)	01.05.2017
Mr. Rakesh Bahukhandi	Manager (Mechanical)	05.04.2017

**Payment or Benefits to Officers of our Company**

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


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


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



## OUR PROMOTERS

Our Company is promoted by Mr. Shiv Shankar Taparia and Mr. Anil kumar Gilra.

	<b>Mr. Shiv Shankar Taparia</b> , aged 47 years is the Managing Director & Promoter of the Company. He has more than 25 years of experience in the field of paper and related activities. He holds bachelor degree. He looks after day-to-day routine operational activities of our Company. With his multifunctional experience, He guides company in its growth strategies. He has been on the board of Company since December, 2009.
<b>Name</b>	Mr. Shiv Shankar Taparia
<b>Voter ID</b>	XQK0005108
<b>Driving License</b>	9117/RRD/1991
<b>IT PAN</b>	ABJPT1454F
<b>Bank Account Details</b>	03005010152 ,The Cosmos Co-op Bank Ltd, King Koti Branch, Hyderabad
<b>Passport Number</b>	P5893394

	<b>Mr. Anil Kumar Gilra</b> aged 48 years is the Whole Time Director & Promoter of our Company. He is bachelor and Master in Commerce and he is also a law graduate from Utkal University Bhubneshwar. He is having more than 26 years in Production, marketing and finance in the Paper and Board Industry. He has been on the board of Company since July, 2006.
<b>Name</b>	Mr. Anil Kumar Gilra
<b>Voter ID</b>	YNY0493189
<b>Driving License</b>	OR-05 19840297895
<b>IT PAN</b>	ADQPG1809A
<b>Bank Account Details</b>	State Bank of India, Bajrakabati Road, Cuttack: SB A/C NO.51037613325
<b>Passport Number</b>	K0997981

### Declaration:

The Permanent Account Number, Bank Account Number, Driving License and Passport Number of the individual Promoter have been submitted to the stock exchange on which securities are proposed to be listed at the time of filing of this Draft Letter of Offer with them.

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

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



### **Common Pursuits**

Except our Promoter Group Companies/Entities namely Harishankar Paper Products (P) Ltd., Tirupati Kagadas Pvt Ltd, Abhishek Enterprises and Yash Commercial Corporation which are in the same/similar line of business, none of Our Promoters and our Promoter Group have equity interests /investments in the said entities. For further details on these companies, please refer to the chapter titled “Our Promoter Group Entities” beginning on page 113 of this Draft Letter of Offer.

There may be conflicts of interest in addressing business opportunities and strategies where other companies in which our Promoter or our Promoter Group have equity interests are also involved. We shall adopt the necessary procedures and practices as permitted by law to address any conflict situations, as and when they may arise. For further details on the related party transactions, to the extent of which our Company is involved, please refer to the chapter titled “Financial Statements” beginning on page 120.

### **Interest of our Promoter**

Our Promoters shall be deemed as interested to the extent of Equity Shares held by them or by the companies / firms / ventures promoted by him/them, if any and dividend or other distributions payable to him in respect of the said Equity Shares. Except as stated above and in the section titled “Financial Statements” on page 120 of the Draft Letter of Offer, and to the extent of shareholding in our Company, our Promoters does not have any other interest in our business.

### **Interest in the property of Our Company**

Our Promoter do not have any interest in any property acquired by our Company within the two years preceding the date of this Draft Letter of Offer or proposed to be acquired by our Company. For further details please refer to chapter title “Our Business” on page no 83 of this Draft Letter of Offer.

### **Payment of benefits to our Promoter during the last two years**

Except as stated in the chapter titled “Financial Statements” beginning on page 120, there has been no payment of benefits to our Promoters during the last two years from the date of filing of this Draft Letter of Offer.

### **Related Party Transactions**

For details on the related party transactions, please refer to the chapter titled “Related Party Transactions” beginning on page 118.

### **Litigation details pertaining to our Promoter**

For details on litigations and disputes pending against the Promoter and defaults made by the Promoter, please refer to the chapter titled “Outstanding Litigations and Material Developments” on page 146 of this Draft Letter of Offer.



## OUR PROMOTER GROUP/ GROUP COMPANIES/ ENTITIES

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

### PROMOTER GROUP INDIVIDUALS

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

#### Relatives of Promoters:

Relationship	Shiv Shankar Taparia	Anil Kumar Gilra
Spouse	Manju Taparia	Manisha Gilra
Father	Hariprasad Taparia	Ratan Kumar Gilra
Mother	Rameshwari Devi Taparia	Sumitra Devi Gilra
Brother	Ramkishore Taparia	Ajay Kumar Gilra
Sister	Vijay Laxmi Sarda, Vinita Malani	Anita Sarda
Sister	Raju Devi Rathi, Sangeeta Biyani	-
Son	Vipul Taparia	Yash Vardhan Gilra & Harsh Vardhan Gilra
Daughter	Malaika, Bhavna	-
Spouse' Father	Kanhaiyalal Karwa	Om Prakash Bajaj
Spouse' Mother	Shanti Devi Karwa	Late Satya Bhama Bajaj
Spouse' Brother	Dilip Karwa, Lalit Karwa	Ritesh Bajaj & Krishna Bajaj
Spouse' Sister	Chandrakala Rathi, Suman Lakhani	-
Spouse' Sister	Santosh Lakhotia	-

### PROMOTER GROUP COMPANIES AND ENTITIES

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

Nature of Relationship	Entity
Any Body corporate in which ten percent or more of the equity share capital is held by the promoters or an immediate relative of the promoters or a firm or HUF in which the promoter or any one or more of his immediate relative is a member	Harishankar paper products (p) ltd. Tirupati kagads pvt ltd
Any Body Corporate in which a body corporate as provided above holds ten percent or more of the equity share capital	Nil
Any Subsidiary or Holding Company of our Promoter Company	Nil
Anybody corporate in which a group of individuals or companies or combinations thereof which hold twenty percent. or more of the equity share capital in that body corporate also holds twenty percent. or more of the equity share capital of the issuer .	Nil
Any HUF or firm in which the aggregate shareholding of the promoter and his immediate relatives is equal to or more than ten percent of the total	Abhishek enterprises Yash commercial corporation





**A. DETAILS OF LISTED ENTITIES WITHIN THE PROMOTER GROUP.**

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

**B. DETAILS OF UNLISTED ENTITIES WITHIN THE PROMOTER GROUP.**

**1. HARISHANKAR PAPER PRODUCTS (P) LTD.**

**Brief History:**

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

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

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

**PAN: AAACH4932K**

**CIN: U21012TG1996PTC024764**

**Nature of Business**

The Company is engaged in Trading and Distribution of paper and paper products.

**Board of Directors**

Name	Designation
Mr. Ram Kishore Taparia	Managing Director
Mr. Shiv Shankar Taparia	Director
Ms. Manju Taparia	Director

**Shareholding Pattern**

The shareholding pattern of this company as on March 31, 2017 is as under:

Sr. No	Name of Shareholder	No. of Equity Shares Held	In %
1.	Promoter	154589	22.74%
2.	Public	525411	77.26%
	<b>Total</b>	<b>680000</b>	<b>100.00%</b>

**Financial Performance**

Particulars	For the Financial Year ended (Rs. In Lacs)		
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015	31 <sup>st</sup> March, 2014
	(Audited )	(Audited)	(Audited)
Total Income	16768.97	15312.00	12484.32
Profit/(loss) after Tax	37.28	37.72	29.67
Share Capital (Equity)	680.00	680.00	600.00
Reserves and Surplus (excluding revaluation reserve)	233.27	195.03	137.46
Earnings Per share(in Rs.)	0.54	0.55	0.49
Book Value per equity share (inRs.)	134.16	128.68	122.91
Face Value per Share (in Rs.)	100	100	100

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

**2. TIRUPATI KAGADS PVT LTD****Brief History:**

Tirupati Kagads Pvt Ltd (TKPL) was established in the year 2000 involved in trading of paper and Jute goods, they are having well managed customer network and extremely harmonious relations held with both the suppliers and the buyers. Mr. Shiv Shankar Taparia & Mrs. Sarla Devi Taparia are the director of the Company.

**PAN: AABCT3521B**

**CIN: U21012TG2000PTC034983**

**Nature of Business**

The Company is engaged in Trading and Distribution of paper and paper products.

**Board of Directors**

Name	Designation
Mr. Shiv Shankar Taparia	Director
Mrs. Sarla Devi Taparia	Director

**Shareholding Pattern**

The shareholding Pattern of Tirupati Kagads Pvt Ltd (TKPL) as on date of this Draft letter of offer:

Sr. No	Name of Shareholder	No. of Equity Shares Held	In %
1.	Promoter	2366300	56.90
2.	Public	1792200	43.10
	<b>Total</b>	<b>4158500</b>	<b>100.00</b>

**Financial Performance**

Particulars	For the Financial Year ended (in lacs)
-------------	--



	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015	31 <sup>st</sup> March, 2014
	(Audited )	(Audited)	(Audited)
Total Income	808	428	321
Profit/(loss) after Tax	7.00	11.00	15.00
Share Capital (Equity)	415.85	105.00	105.00
Reserves and Surplus (excluding revaluation reserve)	61.32	45.40	33.90
Earnings Per Share (in Rs.)	0.38	1.10	0.69
Book Value per equity share (in Rs.)	11.47	14.32	13.23
Face Value per Share (in Rs.)	10	10	10

### 3. Partnership Firms:

#### A. ABHISHEK ENTERPRISES

##### Brief History:

The Partnership firm in the name of Abhishek Enterprises was established by Mr. Mahadev rathi and Mrs. Manju Taparia by executing a Partnership Deed on 6<sup>th</sup> April, 2009. The firm is engaged in the business of trading and manufacturing of note books, long books and trading paper and paper related products and binding works.

**PAN: AAQFA7582F**

##### Interest of the Promoter

Sr.No.	Name of the Partner	Profit or loss sharing ratio
1.	Mr. Mahadev Rathi	50%
2.	Smt. Manju Taparia	50%
	<b>Total</b>	<b>100%</b>

##### Financial Performance

Particulars	For the Financial Year ended (in Lacs)		
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015	31 <sup>st</sup> March, 2014
	(Audited )	(Audited)	(Audited)
Capital Account	397.53	175.73	101.17
Gross Income	232.64	179.63	181.21
Net Surplus	15.94	10.62	10.19

#### B. YASH COMMERCIAL CORPORATION

##### Brief History:

The Partnership in the name of Yash Commercial Corporation was established by Mr. Manisha Gilra Vandana Gilra by executing a Partnership Deed on 01.04.2003. The firm is engaged in the business of trading of paper and paper products.

**PAN: AAIFY4271H**



**Interest of the Promoter**

Sr.No.	Name of the Partner	Profit or loss sharing ratio
1	Mrs Manisha Gilra	50%
2	Vandana Gilra	50%
	<b>Total</b>	<b>100%</b>

**Financial Performance**

Particulars	For the Financial Year ended (in lacs)		
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015	31 <sup>st</sup> March, 2014
	(Audited )	(Audited)	(Audited)
Capital Account	59.43	59.15	54.39
Gross Income	138.38	217.99	101.12
Net Surplus	1.18	1.97	0.09



**RELATED PARTY TRANSACTIONS**

We have related party transactions with our associates, Group Companies, Promoter, Key Management Personnel and entities under significant influence. For details, see “Financial Statements” on page 120.



## **DIVIDEND POLICY**

The declaration and payment of dividends on our Equity Shares are recommended by our board of directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, cash flows, capital expenditure, capital requirements and overall financial condition. We have no stated dividend policy.

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



**SECTION V: FINANCIAL STATEMENTS**

**Report of the Independent Auditor on the Summary of Restated Standalone Financial Statements**

**Independent Auditors' Report**

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

Dear Sirs,

We have examined the Financial Information of Cosboard industries Limited (the Company') described below and annexed to this report for the purpose of inclusion in the offer document. The Financial Information has been prepared in accordance with the requirements of paragraph B (1) of Part II of Schedule II to the Companies Act, ('the Act'), The Securities and Exchange Board of India (SEBI) - Issue of Capital and Disclosure Requirements Regulations, 2009 ('ICDR Regulations') notified on 26th August, 2009, the Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India (ICAI) and in terms of the engagement agreed upon by us with the Company.

The Financial Information has been approved by its Board of Directors.

Audit for the financial year ended 31st March, 2013 was conducted by M/s. L.N. More & Co., Chartered Accountants, Audit for the year ended 31st March, 2014 , 2015 , 2016 & 2017 was conducted by M/s. B.R.R & Associates, Chartered Accountants, and accordingly reliance has been placed on the financial information examined by them for the said years. The financial report included for these years are based solely on the report submitted by them.

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

**A. Financial Information as per Audited Financial Statements:**

We have examined:

- a. the attached Statement of Assets and Liabilities, as Restated as at year ended March 31,2013, 2014, 2015,2016 and 2017 (Annexure 1);
- b. the attached Statement of Profits and Losses, as Restated for the year ended March 31,2013, 2014, 2015,2016 and 2017(Annexure 2);
- c. the attached Statement of Cash Flows, as Restated for the year ended March 31,2013, 2014, 2015,2016 and 2017(Annexure 3);
- d. the significant accounting policies adopted by the Company and notes to the Restated Financial Statements along with adjustments on account of audit qualifications / adjustments / regroupings. (Annexure 4);

(Collectively hereinafter referred as "Restated Financial Statements")





- The Restated Financial Statements have been extracted from audited Financial Statements of the Company for the year ended March 31 2013, 2014, 2015, 2016 and 2017 which have been approved by the Board of Directors.
- Based on our examination and in accordance with the requirements of the Act, ICDR Regulations, we state that:
- Restated Statement of Assets and Liabilities of the Company as at March 31, 2013, 2014, 2015, 2016 and 2017 are as set out in Annexure 1, which are after making such material adjustments and regroupings as, in our opinion are appropriate, and are to be read with the significant accounting policies and notes thereon in Annexure 4;
- Restated Statement of Profits and Losses of the Company for the year ended March 31, 2013, 2014, 2015, 2016 and 2017 are as set out in Annexure 2, which have been arrived at after making such material adjustments and regroupings to the audited financial statements as, in our opinion are appropriate, and are to be read with the significant accounting policies and notes thereon in Annexure 4;
- Restated Statement of Cash Flows of the Company for the year ended March 31, 2013, 2014, 2015, 2016 and 2017 are as set out in Annexure 3 after making such material adjustments and regroupings;
- Adjustments for any material amounts in the respective financial years have been made to which they relate; and
- There are no Extra-ordinary items that need to be disclosed separately in the Restated Summary Statements or Auditor's qualification requiring adjustments.
- Adjustments in Financial Statements have been made in accordance with the correct accounting policies.
- There was no change in accounting policies, which needs to be adjusted in the "Restated Financial Statements".
- There are no revaluation reserves, which need to be disclosed separately in the "Restated Financial Statements".
- There are no audit qualifications in the "Restated Financial Statements" except the fact that Statutory Auditor of the Company has reported non compliance of Accounting Standard-15 issued by the Institute of Chartered Accountants of India.

**B. Other Financial Information:**

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

1. Statement of Details of Reserves & Surplus as at March 31, 2013, 2014, 2015, 2016 and 2017 as set out in Annexure 5 to this report.
2. Statement of Accounting Ratios for the year ended on March 31, 2013, 2014, 2015, 2016 and 2017 as set out in Annexure 6 to this report.
3. Capitalization Statement as at 31st March, 2017 as set out in Annexure 7 to this report.
4. Statement of Tax Shelters for the year ended on March 31, 2013, 2014, 2015, 2016 and 2017 as set out in Annexure 8 to this report.
5. Statement of Long Term Borrowings for the year ended on March 31, 2013, 2014, 2015, 2016 and 2017 as set out in Annexure 9 to this report.
6. Statement of Short Term Borrowings for the year ended on March 31, 2013, 2014, 2015, 2016 and 2017 as set out in Annexure 10 to this report.



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

In our opinion, the "Restated Financial Statements" and "Other Financial Information" mentioned above contained in Annexure 1 to 20 of this report have been prepared in accordance with Part II of Schedule II to the Act, the SEBI Guidelines and the Guidance Note on the reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India (ICAI).

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

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

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

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

**For Ramanand & Associates.**

**Chartered Accountants**

**Firm Registration No.-117776W**

**Sd/-**

**Ramanand Gupta**

**Partner**

**Membership No. 103975**

**Place: Mumbai**

**Date: 5<sup>th</sup> September, 2017**



**ANNEXURE-01**

**STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED**

(Rs. In Lacs)

Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
Equity & Liabilities					
Shareholders' Funds					
Share Capital	429.38	429.38	429.38	429.38	429.38
Reserve & Surplus	(251.13)	(225.91)	(0.86)	164.13	191.53
Total (A)	178.25	203.47	428.52	593.51	620.91
Non Current Liabilities					
Share Application Money	-	-	-	-	-
Long Term Borrowings	452.16	2179.57	3135.62	3915.34	4404.40
Deferred Tax Liabilities (Net)	-	-	-	-	-
Long Term Provision	68.19	74.61	85.15	104.60	111.46
Total (B)	520.35	2254.18	3220.77	4019.95	4515.87
Current Liabilities					
Short Term Borrowings	414.45	566.78	1342.64	2432.79	3035.25
Trade Payables	772.16	621.62	231.17	350.58	860.74
Other Current Liabilities	527.02	289.10	202.80	223.51	564.83
Short Term Provisions	5.95	4.33	4.87	4.47	23.83
Total (C)	1719.60	1481.83	1781.49	3011.35	4484.6501
Total (D=A+B+C)	2418.19	3939.47	5430.78	7624.81	9621.43
Assets					
Fixed Assets:					
Tangible Assets	372.36	341.61	306.48	279.21	2968.82
Intangible Assets	-	-	-	-	-
Long Term Loans & Advances	41.58	43.10	42.27	37.27	37.35
Non Current Investments	0.75	0.75	0.88	1.88	14.38
Deferred Tax Assets (Net)	211.19	212.83	210.34	206.81	155.15
Capital Work in progress	105.84	1531.31	2658.23	2960.18	110.13
Total (E)	731.71	2129.60	3218.20	3485.35	3285.83
Current Assets:					
Current Investments					
Inventories	353.30	290.57	789.16	961.02	980.88
Trade Receivables	1192.17	1227.50	1273.50	2938.86	4989.67
Cash & Bank Balances	7.58	95.42	86.81	91.13	192.22
Short Term Loans & Advances	58.64	121.55	61.87	143.93	165.71
Other Current Assets	74.79	74.83	1.23	4.52	7.12
Total (F)	1686.48	1809.87	2212.57	4139.46	6335.60
Total (G=E+F)	2418.19	3939.47	5430.78	7624.81	9621.43



**ANNEXURE-02**

**STATEMENT OF PROFIT AND LOSS, AS RESTATED**

(Rs. In Lacs)

Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
Income					
Revenue from Operations	2232.48	3422.54	4151.08	6278.04	7726.22
Increase in Stock of Finished Goods and Stock in Progress	-	-	-	-	
Other Income	6.92	6.00	9.55	9.62	9.19
Total	2239.40	3428.54	4160.63	6287.66	7735.41
Expenditure					
Cost of Goods Sold	1453.62	2037.39	2603.38	4340.26	5127.77
Purchase of stock-in-trade					
Changes in inventories of finished goods, traded goods and work-in-progress	(100.74)	104.62	(103.32)	(101.30)	(8.33)
Purchase of trade Goods					
Employee benefit expenses	155.70	162.18	163.76	180.19	181.37
Finance costs	0.66	27.22	128.79	475.65	725.33
Depreciation and amortization expense	34.10	31.22	33.04	34.07	275.30
Other Expenses	687.25	1040.61	1102.93	1171.62	1336.67
Total Expenses (B)	2230.59	3403.23	3928.57	6100.50	7638.11
Profit before tax	8.81	25.31	232.06	187.16	97.30
Prior period items (Net)					
Profit before exceptional, extraordinary items and tax (A-B)	8.81	25.31	232.06	187.16	97.30
Exceptional items					
Profit before extraordinary items and tax	8.81	25.31	232.06	187.16	97.30
Extraordinary items					
Profit before tax	8.81	25.31	232.06	187.16	97.30
Tax expense :					
(i) Current tax	(1.68)	0.00	0.00	(8.00)	(18.55)
(ii) Deferred tax (Asset)/Liability	(10.95)	1.64	(2.49)	(3.53)	(51.65)
Total Tax Expense	(12.63)	1.64	(2.49)	(11.53)	(70.20)
Profit for the year	(3.82)	26.95	229.57	175.63	27.10



**ANNEXURE-03**

**STATEMENT OF CASH FLOW, AS RESTATED**

(Rs. In Lacs)

Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Net profit before taxes	8.81	25.31	232.06	187.16	97.30
Adjustment for:					
Add: Depreciation	34.10	31.22	33.04	34.07	275.30
Add: Interest & Finance Charges	0.66	27.22	128.79	475.65	725.33
Interest Income	(1.00)	(1.54)	(6.49)	(6.31)	(6.02)
Sundry balance written back	(2.88)	-	-	-	-
DRI Time share W/off	0.27	-	-	-	-
Bad Debts	-	-	-	-	-
Sundry balance written off	-	1.57	-	-	-
Operating Profit before Working capital changes	39.97	83.77	387.40	690.58	1,091.91
Adjustments for:					
Decrease (Increase) in Trade & Other Receivables	(329.52)	(99.81)	87.28	(1,745.71)	(2,075.26)
Decrease (Increase) in Short Term Loans & Advances	-	-	-	-	-
Decrease (Increase) in Inventories	(23.26)	62.73	(498.59)	(171.86)	(19.86)
Decrease (Increase) in Other Current Assets	-	-	-	-	-
Increase (Decrease) in Trade Payables & Other	250.17	(541.14)	299.66	54.68	841.73
Increase (Decrease) in Other Current Liabilities	-	-	-	-	-
Net Changes in Working Capital	(102.61)	(578.21)	(111.66)	(1,862.89)	(1,253.39)
Cash Generated from Operations	(62.64)	(494.44)	275.74	(1,172.31)	(161.49)
Taxes	(1.59)	(20.95)	(128.79)	(475.65)	(732.35)
Net Cash Flow from Operating Activities (A)	(64.24)	(515.39)	146.95	(1,647.96)	(893.83)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Sale / (Purchase) of Fixed Assets	(94.14)	(1,427.68)	(1,129.35)	(309.83)	(115.93)
Sale of Fixed assets	-	-	-	-	-
Decrease (Increase) in Investments	-	-	0.70	(1.00)	(12.50)
Interest Received	0.95	1.50	6.49	6.31	6.02
Decrease (Increase) in Other Non Current Assets	-	-	-	-	-
Net Cash Flow from Investing Activities (B)	(93.19)	(1,426.18)	(1,122.16)	(304.53)	(122.41)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Issue of share capital and Proceeds / (Refund) from Share Application Money	-	-	-	-	-
Proceed from other Borrowing	173.99	2,288.62	1,438.39	2,236.30	1,426.55
Repayment of long term Borrowing	(17.91)	(259.21)	(471.79)	(279.50)	(309.22)
Repayment of long term Borrowing	-	-	-	-	-
Increase / (Repayment) of Short Term Borrowings	-	-	-	-	-
Net Cash Flow from Financing Activities (C)	156.09	2,029.41	966.59	1,956.80	1,117.33
Net Increase / (Decrease) in Cash & Cash Equivalents	(1.34)	87.84	(8.61)	4.32	101.09
Cash and cash equivalents at the beginning of the year / Period	8.92	7.58	95.42	86.81	91.13
Cash and cash equivalents at the end of the year / Period	7.58	95.42	86.81	91.13	192.22



**Annexure-04**

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

**A. SIGNIFICANT ACCOUNTING POLICIES:**

**1. Basis of Preparation of Financial Statements**

- a. The Restated Financial Information for the year ended March 31, 2013, 2014, 2015, 2016 and 2017 has been extracted by the management of the Company from the audited financial statements of the company for the year ended March 31 2013, 2014, 2015, 2016 and 2017.
- b. The Restated Financial Information are after making adjustments/ restatements and regrouping as necessary in accordance with paragraph B(1) of Part II of Schedule II of The Companies Act and SEBI Regulations.
- c. The Financial Statements have been prepared under Historical Cost conventions and in accordance with the Generally Accepted Accounting Principles ('GAAP') applicable in India, Companies (Accounting Standard) Rules, 2006 notified by Ministry of Company Affairs and Accounting Standards issued by the Institute of Chartered Accountants of India as applicable and relevant provisions of the Companies Act, 1956 & 2013.
- d. The company generally follows the mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

**2. Use of Estimates**

The preparation of Financial Statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful lives of fixed assets and intangible assets, provision for doubtful debts / advances, future obligations in respect of retirement benefit plans, etc. Actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized. Management believes that the estimates used in preparation of financial statements are prudent and reasonable.

**3. Fixed Assets and Depreciation**

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

**4. Revenue Recognition**

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

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

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



## **5. Investments**

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

## **6. Impairment of Assets**

As on Balance Sheet date, the Company reviews the carrying amount of Fixed Assets to determine whether there are any indications that those assets have suffered "Impairment Loss". Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life.

## **7. Borrowing Costs**

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

## **8. Taxation**

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

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

## **9. Leases**

### **Finance Lease**

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

### **Operating Lease**

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

## **10. Preliminary Expenses**

Preliminary expenses are amortized as per AS-26 issued by ICAI.



## **11. Earnings per Share**

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

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

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

## **12. Contingent Liabilities & Provisions**

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

Contingent Liability is disclosed for:

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

## **13. Foreign Exchange Transactions**

- i. Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.
- ii. Monetary items denominated in foreign currencies at the yearend are restated at year-end rates. In case of items, which are covered by forward exchange contracts, the difference between the yearend rate and rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract.
- iii. Non Monetary foreign currency it ensures carried at cost.
- iv. In respect of branches, which are integral foreign operations, all transactions are translated at rates prevailing on the date of transaction or that approximates the actual rate at the date of transaction. Branch monetary assets and liabilities are restated at the year-end rates.
- v. Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Profit and loss account except in case of long-term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

## **B. CHANGES IN ACCOUNTING POLICIES IN THE YEARS COVERED IN THE RESTATED FINANCIALS.**

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





**C. NOTES ON RESTATED FINANCIAL STATEMENTS**

**NOTES ON RESTATEMENTS MADE IN THE RESTATED FINANCIALS**

(Rs. in Lacs)

Financial Year ended	March, 31st 2013	March, 31st 2014	March, 31st 2015	March, 31st 2016	March, 31st 2017
Profit after tax as per Audited Statement of Account(A)	(3.82)	26.95	229.57	175.63	27.10
Adjustments :	-	-	-	-	-
Profit after tax as per Restated Profit & Loss(A)	(3.82)	26.95	229.57	175.63	27.10

**(III) OTHER NOTES**

**General**

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

**2. Contingent liabilities**

There are no contingent liabilities

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

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

**4. Segment Reporting**

The company operates only in one reportable business segment mainly manufacturing in wood and Wood products, Furniture, Paper & Paper products. Hence, there are no reportable segments under Accounting Standard -17. The conditions prevailing in India being uniform no separate geographical disclosures are considered necessary.

5. In the opinion of the Board, subject to the debts considered doubtful, Current Assets and Loans and Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.

**6. Earnings per Share**

The details of Earnings Per Share as per AS-20 are provided in Annexure 06.

**7. Related Party Transactions:**

The details of Related Party Transactions as per AS-18 are provided in Annexure 21.

8. The figures in the Restated Financials are stated in Lacs and rounded off to two decimals and minor rounding off difference is ignored.



**Annexure- 05**  
**STATEMENT OF DETAILS OF RESERVES & SURPLUS, AS RESTATED**

(Rs. In Lacs)

Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
Profit / (Loss) Brought Forward	(414.44)	(417.41)	(390.46)	(164.32)	1.75
Add: Profit / (Loss) for the Year	(3.82)	26.95	229.57	175.63	27.10
(Less)/Add:Tax Adjustments	0.84	0.00274	(3.43)	(9.55)	1.38
Profit / (Loss) Carried Forward (A)	(417.41)	(390.46)	(164.32)	1.75	30.24
Revaluation Reserve					
Opening balance	13.19	11.45	9.72	8.63	7.55
Less: Withdrawn	1.74	1.74	1.08	1.08	1.08
Closing Balance (B)	11.45	9.72	8.63	7.55	6.47
State Investment Subsidy	35.40	35.40	35.40	35.40	35.40
Share Premium	119.43	119.43	119.43	119.43	119.43
Total (C)	154.82	154.82	154.82	154.82	154.82
Reserves & Surplus (A+B+C)	(251.13)	(225.92)	(0.87)	164.13	191.54

**Annexure- 06**

**STATEMENT OF ACCOUNTING RATIOS**

(Rs. In Lacs, except per share data)

Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
Net Worth ( A )	178.25	203.46	428.51	593.51	620.92
Net Profit after Tax ( B )	(3.82)	26.95	229.57	175.63	27.10
No. of Shares outstanding at the end [F.V Rs.10] ( C )	4293800	4293800	4293800	4293800	4293800
Weighted average number of shares [F.V Rs.10] ( D )	4293800	4293800	4293800	4293800	4293800
Earnings per Share (EPS) (B / D) (Rs.)	(0.09)	0.63	5.35	4.09	0.63
Return on Net Worth (B / A)	(0.02)	0.13	0.54	0.30	0.04
Net Assets Value per Share (A / D)	4.15	4.74	9.98	13.82	14.46

**Definitions of key ratios:**

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

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

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

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



**Annexure -07  
CAPITALIZATION STATEMENT**

(Rs. In Lacs)

Particulars	Pre-issue as at 31.03.2017	Post Issue *
Borrowing		
Short - Term Debt	3035.25	
Long - Term Debt	4404.41	
Total Debt	7439.66	
Shareholders' Funds		
Share Capital		
- Equity	429.38	
Less: Calls - in - arrears	0	
- Preference	0	
Reserves & Surplus	191.54	
Less: Preliminary Expenses / Pre Operative Expenses	0	
Total Shareholders' Funds	620.92	
Long - Term Debt / Shareholders Fund	7.09	
Short - Term Debt / Shareholders Fund	4.89	

\* The Post Issue Capitalization will be determined only after the completion of the allotment of equity shares.

**Annexure- 08**

**STATEMENT OF TAX SHELTERS**

(Rs. In Lacs)

Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
Profit before tax as per Restated P/L	8.81	25.31	232.06	187.16	97.30
Applicable Corporate Tax Rate	30.90%	30.90%	30.90%	30.90%	30.90%
Tax at Notional Rate	2.72	7.82	71.71	57.83	30.07
Adjustments	-	-	-	-	-
Difference between Tax Depreciation and Book Depreciation	(1.82)	(3.32)	(8.07)	(11.43)	167.16
Brought forward Loss/ Depreciation adjusted	38.44	17.69	239.56	217.22	757.73
Exempted Income	-	-	-	-	-
Disallowance	(27.81)	10.94	0.57	(18.63)	-8.92
Items Chargeable at special rates	-	-	-	-	-
Other Items	-	-	-	-	-
Net Adjustments	8.81	25.31	232.06	187.16	915.97
Tax Saving thereon	2.72	7.82	71.71	57.83	283.03
Tax Saving to the extent of Tax at Notional Rate	2.72	7.82	71.71	57.83	283.03
Tax Payable [A]	-	-	-	-	(252.97)
Tax Payable on items chargeable at	-	-	-	-	-



Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
special rates [B]					
Total Tax Payable [C=A+B]	-	-	-	-	(252.97)
Tax Rebates / Credits [D]	-	-	-	-	-
Tax Payable [E=C-D]	-	-	-	-	(252.97)
Tax Payable u/s 115 JB of Income Tax Act [F]	-	-	-	8.49	17.99
Final Tax Payable (Higher of [E] & [F])	-	-	-	8.49	17.99

**Annexure - 09**

**STATEMENT OF DETAILS OF LONG TERM BORROWINGS**

(Rs. In Lacs)

Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
Secured:-					
Secured From the cosmos co op bank Ltd.	-	665.46	1843.31	2310.46	2804.79
Unsecured:-					
Loan from Shareholders / Directors	317.82	803.02	1,053.02	1,455.88	1,455.88
Other Loans	122.17	711.10	239.30	149.01	143.73
Deffered Sales Tax	12.17				
Total	452.16	2179.57	3135.63	3915.35	4404.41

\* Secured by Term loan Land Industrial structures at Jagatpur, Khaira Village, of IDCO, Phase II, Cuttack, Dist., Orissa.

**Annexure - 10**

**STATEMENT OF DETAILS OF SHORT TERM BORROWINGS**

(Rs. In Lacs)

Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
Secured:-					
Advance from parties	414.45	5.00			
Secured from cosmos co op bank ltd*	-	561.78	1342.64	2432.79	3035.25
Unsecured:-					
Loan from Shareholders / Directors	-	-	-	-	-
Other Loans : Inter Corporate Loans	-	-	-	-	-
Total	414.45	566.78	1342.64	2432.79	3035.25

\* Secured by hypothecation of of Raw material, Finished Goods, Stores & Spares and consumables



**Annexure - 11**

**STATEMENT OF DETAILS OF CURRENT LIABILITIES AND PROVISIONS**

(Rs. In Lacs)

Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
Current Liabilities					
Trade Payables and Other Current Liabilities					
Trade Payable	772.16	621.62	231.17	350.58	860.74
Liabilities for Expense	197.68	204.39	202.80	211.13	223.44
Current Maturities of long term Debts	253.50	12.16	-	-	-
Sundry Debtors	6.84	47.56	-	12.38	341.38
Security Deposits from Dealers	69.00	25.00	-	-	-
Sub Total (A)	1299.19	910.73	433.97	574.09	1425.57
Provisions					
Gratuity	68.19	74.61	85.15	104.60	111.46
Provision for Income Tax	1.68	-	-	-	18.55
Proposed Dividend	4.27	4.33	4.87	4.47	5.29
Sub Total (B)	74.14	78.94	90.02	109.07	135.29
Total (A+B)	1373.33	989.67	523.99	683.16	1560.86

**Annexure - 12**

**STATEMENT OF DETAILS OF TANGIBLE ASSETS**

(Rs. In Lacs)

Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
land & Site Dev.	68.43	68.43	68.43	68.43	68.43
Building	204.93	191.74	180.00	168.25	575.00
Plant & Machinery	91.22	72.61	50.71	35.39	2,318.68
Vehicle	1.17	0.84	0.73	0.62	0.51
Furniture & Fixture	-	-	0.04	0.03	0.46
Office Equipment	6.40	7.80	6.54	6.45	5.69
Fixed Assets	0.22	0.19	0.04	0.04	0.04
DRI Time share	-	-	-	-	-
Total	372.36	341.61	306.48	279.21	2,968.82



**Annexure - 13**

**STATEMENT OF DETAILS OF TRADE RECEIVABLES**

(Rs. In Lacs)

Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
(A)Unsecured, Considered good outstanding for a period Less than six months					
Others	666.43	1087.62	1223.55	2315.38	3398.43
Amount due from Promoter/Group Companies and Directors	-	-	-		
(B)Unsecured, Considered good outstanding for a period more than six months					
Others	525.73	139.88	49.96	623.48	1591.24
Amount due from Promoter/Group Companies and Directors	-	-	-	-	
Total	1192.17	1227.50	1273.50	2938.86	4989.67

**Annexure - 14**

**STATEMENT OF DETAILS OF SHORT TERM LOANS AND ADVANCES**

(Rs. In Lacs)

Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
Unsecured & Secured Goods					
Capital Advances	34.03	96.14	13.50	39.67	47.57
Balance with income tax	0.08	1.00	1.00	1.00	-
Sundry creditors Debit balance	5.65	11.03	25.46	29.39	9.87
Others					
Advance Against Expense	14.42	3.77	3.53	61.13	83.42
Balance with Excise & Service tax	1.65	5.54	12.72	10.87	23.92
Prepaid expenses	2.38	3.64	5.23	1.44	0.50
Advance to employee	0.43	0.43	0.43	0.43	0.43
Total	58.64	121.55	61.87	143.93	165.71

**Annexure - 15**

**STATEMENT OF DETAILS OF CURRENT INVESTMENTS**

(Rs. In Lacs)

Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
National Saving Certificate	0.75	0.75	0.88	1.88	14.38
Total	0.75	0.75	0.88	1.88	14.38

**Annexure - 16**

**STATEMENT OF DETAILS OF INVENTORIES**

(Rs. In Lacs)

Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
Raw materials	90.13	108.53	384.12	556.07	566.01
Work-in-progress	-	-		-	-
Finished goods	225.31	120.69	224.01	325.31	333.64
Stores & Spares	19.78	33.47	44.15	36.80	31.10
Chemical & Dye	14.22	12.80	13.16	20.48	16.37

**Cosboard Industries Limited**

Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
Packing	1.47	2.83	9.73	6.25	11.11
Coal	2.40	12.25	114.00	16.12	18.72
Husk	0.00	0.00	0.00	0.00	3.92
Total	353.30	290.57	789.16	961.02	980.88

**Annexure - 17****STATEMENT OF DETAILS OF OTHER CURRENT ASSETS****(Rs. In Lacs)**

Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
Preliminary and Pre Operative Expenses:	-	-	-	-	-
Opening Balance	-	-	-	-	-
Add: Incurred during the year	-	-	-	-	-
(Less): Written off during the year	-	-	-	-	-
Others	74.79	74.83	1.23	4.52	7.12
Total	74.79	74.83	1.23	4.52	7.12

**Annexure - 18****STATEMENT OF DETAILS OF REVENUE OF OPERATIONS****(Rs. In Lacs)**

Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
Sale of Products	2232.48	3422.54	4151.08	6278.04	7726.22
Total	2232.48	3422.54	4151.08	6278.04	7726.22

**Annexure - 19****STATEMENT OF DETAILS OF OTHER INCOME****(Rs. In Lacs)**

Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
Interest Income	1.00	1.54	6.49	6.31	6.02
Commission Income	-	-	-	-	-
Income from Rent	3.00	3.00	3.00	3.00	3.00
Liabilities Written back	2.88	0.66	0.00	0.21	-
Miscellaneous	0.04	0.09	0.06	0.17	-
Insurance	-	0.71	-	-	-
Total	6.92	6.00	9.55	9.31	9.02

**Annexure-20****STATEMENT OF DETAILS OF RELATED PARTY TRANSACTIONS****(Rs. In Lacs)**

Name	Relationship	Nature of Transaction	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
Yash Transport Corpn. Cuttack	Group Entity	Freight Payment	1.96	-	-	-	-



**Cosboard Industries Limited**

Name	Relationship	Nature of Transaction	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
Yash Commercial Corpn. Cuttack	Group Entity	Security Deposits	48.65	-	-	-	-
		Purchase of Waste Paper	66.33	4.75	69.44	94.96	-
		Unsecured Loan	-	50.00	50.00	50.00	-
Harishankar Paper Products	Group Entity	Unsecured Loan	227.02	277.02	277.02	477.02	-
		Sale /Purchase of Goods & Amount Received	282.31	3.71	192.36	-	-
Abhishek Enterprises	Group Entity	Sale of Goods & Amount Received	0.34	8.05	8.66	68.26	-
		Unsecured Loan	-	-	45.00	45.00	-
Rashi Paper House	Group Entity	Sale of Goods & Amount Received	11.35	-	-	-	-
Tirupati Kagads Pvt. Ltd.	Group Entity	Sale of Goods & Amount Received	95.79	0.36	101.10	0.32	-
		Unsecured Loan	-	290.00	340.00	540.00	-
Shri Ratan Kumar Girda	Group Entity	Travelling Expense Payment	1.18	-	-	-	-
		Unsecured Loan	22.13	22.13	22.13	-	-
Shri Anil Kumar Girda	Director	Unsecured Loan	62.25	63.87	63.87	63.87	-
		Salary Perquisites & Payment	1.02	1.21	0.05	0.04	-
		Tractor Advances hire Charges payment	1.13	0.36	-	-	-
Shri Shiv Shankar Taparia	Director	Unsecured Loan	-	-	-	80.00	-
		Amount Received	-	-	-	42.40	-





## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*The following discussion of our financial condition and results of operations should be read in conjunction with our Restated Financial Statements beginning on page 120, prepared in accordance with the Companies Act, Indian GAAP and the SEBI Regulations, including the schedules, annexure and notes thereto and the reports thereon, included in the section “Financial Statements” beginning on page 120. Unless otherwise stated, the financial information used in this section is derived from the Restated Financial Statements.*

*The degree to which the Indian GAAP financial statements included in this Draft Letter of offer will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices.*

*This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section “Risk Factors” on page 12.*

*In this section, unless the context otherwise requires, a reference to “we”, “us”, “our” or “the Company” is a reference to our Company.*

*Our Fiscal ends on March 31 of each year. Accordingly, all references to a particular Fiscal are to the 12 months ended March 31 of that year.*

### **Overview**

#### **Business overview**

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

During the financial year 1994-1995, the Company came up with an Initial Public offer of 29,85,700 Equity Shares of Rs. 10 each at a price of Rs. 14 per share including a premium of Rs. 4 per shares and the Shares of the Company got listed at the Stock Exchange and the Company installed machine of 6600 tons per annum to manufacture media Kraft paper with the project appraisal from IFCI.

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

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

Our Work plant is situated at New Industrial Estate, Phase II Jagatpur, Cuttack, 754021, Orissa



## **SIGNIFICANT DEVELOPMENTS AFTER MARCH 31, 2017 THAT MAY AFFECT OUR FUTURE RESULTS OF OPERATIONS**

To the knowledge of our Company and except as disclosed herein, since the date of the last financial statements contained in this Draft Letter of Offer, no other circumstances have arisen which would materially and adversely affect or which would be likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 (twelve) months.

## **FACTORS AFFECTING OUR RESULTS OF OPERATIONS**

We are a company engaged in the paper and packaging board manufacturing business produced at our four manufacturing plants. Our results of operations have been, and will continue to be, affected by a number of events and actions, some of which are beyond our control including the performance of the Indian economy and the paper and packaging board industries and the price of raw materials.

However, there are some specific items that we believe have impacted our results of operations, and in some cases, may continue to impact our results of operations on a consolidated level and at our individual projects in future. In this section, we discuss some of the significant factors that we believe have or could have an impact on our revenue and expenditure. Please also see the section titled Risk Factors on page 12.

### ***Cost and availability of raw materials***

The availability, cost and quality of certain raw materials such as hardwood, bamboo and imported pulp are key to our results of operations. Our cost of raw material consumed comprised 67.45% of our total income in the fiscal, 2017, 69.03% of our total income in Fiscal 2016, 62.57% of our total income in Fiscal 2015 and 59.42% in the fiscal 2014. We have no formal commitments for the supply of the bamboo/pulp requirements and procure such requirement from local farmers and the open market.

The raw material required is being procured from farmers / suppliers primarily from the state of Cuttack, Bhubaneswar and in the surrounding areas of our manufacturing unit in order to minimize the transportation cost. Pulp of different varieties are imported from countries such as Indonesia, Sweden, Finland and USA, for manufacturing high strength packaging board. The cost and supply of these raw materials depend on factors which are not under our control including, availability of such raw materials, competition, productivity, transportation costs, foreign exchange fluctuations, and import duties.

### ***Competition***

We compete in different markets and competitors within the paper and packaging board industry on the basis of the quality of our products, customer service, product development activities, price, and distribution. In particular, in the coated paper segment, our primary competitor is Ballarpur Industries Limited. In writing and printing paper segment, our primary competitors are Ballarpur Industries Limited, TNPL, AP Paper Mills, and West Coast Paper Mills, among others. In packaging board segment, ITC Limited is our major competitor.

Further, we face competition from countries such as China, Korea, Indonesia from where lower price coated paper is imported into India. Additionally, the competition in paper industry ranges from large, well-established players to small units in the unorganized segment. Small, unorganized players mainly compete in the low value added segments like cream wove and kraft paper whereas the high value added segments like copier paper, coated paper and high bright maplitho and packaging board are mainly controlled by the larger players.

The sustained demand for our products, our ability to remain competitive in the markets we operate in, and our ability to expand and meet the market demand may have a material impact on our business, operations and financial condition.



### ***Other manufacturing expenses***

Other manufacturing expenses comprise consumption of industrial chemicals, packing material, machine clothing, stores and spares (net of scrap sales). Industrial chemicals comprise lime, caustic soda, chlorine dioxide, hydrogen peroxide, sodium sulphite powder, starch and other chemicals used in the manufacture of coated paper and packaging board, required as raw materials for our manufacturing process. Stores and spares comprise spare parts, replacements which are required for the continued operation and maintenance of the machinery at our manufacturing units.

### ***Compliance with environmental laws and regulations***

We are subject to central and state environmental laws and regulations, which govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from its operations. In case of any change in environmental or pollution laws and regulations, we may be required to incur significant amounts on, among other things, environmental monitoring, pollution control equipments and emissions management. In addition, failure to comply with environmental laws may result in the assessment of penalties and fines against us by regulatory authorities.

### ***Macroeconomic conditions***

Our results of operations may be materially affected by conditions in the global capital markets and the economy generally in India and elsewhere around the world. As widely reported, financial markets in the United States, Europe and Asia, including India, experienced extreme disruption recently, including, among other things, extreme volatility in security prices, severely diminished liquidity and credit availability, rating downgrades of certain investments and declining valuation of others. Performance of global paper and packaging board industry is dependent, among other things, on economic growth and in particular on industrial growth.

## **DISCUSSION ON RESULT OF OPERATION**

The following discussion on results of operations should be read in conjunction with the Audited Financial Results of our Company for the period March, 2017 and financial years ended March 2016 and 2015.

## **OVERVIEW OF REVENUE & EXPENDITURE**

### **Revenues**

#### ***Income from operations:***

Our principal component of income is from Manufacturing and trading of paper.

#### ***Other Income:***

Our other income includes interest income, discount and other Miscellaneous Income.

Particulars	Amount (in Lacs)		
	Till March 31		
	2015	2016	2017
<b>Income</b>			
Revenue from Operations	4151.08	6278.04	7726.22
As a % of Total Revenue	99.77	99.85	99.88
Other Income	9.55	9.62	9.19
As a % of Total Revenue	0.23	0.15	0.12
<b>Total Revenue</b>	<b>4160.63</b>	<b>6287.66</b>	<b>7735.41</b>



## **Expenditure**

Our total expenditure primarily consists of direct expenditure i.e. cost of materials consumed and Freight Expenses, Operational Expenses, Power and Fuel, Repair & Maintenance, finance cost, employee benefit expenses, depreciation and other expenses.

### **Direct Expenditure**

Our Direct expenditure includes Power and Fuel, Insurance Expenses and Packing Expenses.

### **Employee benefits expense**

Our employee benefits expense primarily comprise of Director's remuneration, salaries and wages expenses, labour charges, ex-gratia cost, other employee benefits expense such as staff and labour welfare expenses, bonus charges amongst others.

### **Finance Costs**

Our finance costs include interest on term loan/Working Capital, Bank Processing charges and Commission etc.

### **Depreciation**

Depreciation includes depreciation on tangible assets like building, plant and machinery, vehicles etc.

### **Other Expenses**

Other expenses include manufacturing, administrative and selling expenses such as electricity charges, freight, legal and professional charges, repairs and maintenance costs, security charges etc.

## **Statement of profits and loss**

The following table sets forth, for the fiscal years indicated, certain items derived from our Company's audited restated financial statements, in each case stated in absolute terms and as a percentage of total sales and/or total revenue:

	<i>Amount (in Lacs)</i>		
<b>Particulars</b>	<b>31.03.15</b>	<b>31.03.16</b>	<b>31.03.17</b>
<b>Income</b>			
Revenue from Operations	4151.08	6278.04	7726.22
Increase in Stock of Finished Goods and Stock in Progress	-	-	
Other Income	9.55	9.62	9.19
<b>Total</b>	<b>4160.63</b>	<b>6287.66</b>	<b>7735.41</b>
<b>Expenditure</b>			
Cost of Goods Sold	2603.38	4340.26	5127.77
Purchase of stock-in-trade			
Changes in inventories of finished goods, traded goods and work-in-progress	(103.32)	(101.30)	(8.33)
Purchase of trade Goods			
Employee benefit expenses	163.76	180.19	181.37
Finance costs	128.79	475.65	725.33
Depreciation and amortization expense	33.04	34.07	275.30



Other Expenses	1102.93	1171.62	1336.67
<b>Total Expenses (B)</b>	<b>3928.57</b>	<b>6100.50</b>	<b>7638.11</b>
<b>Profit before tax</b>	<b>232.06</b>	<b>187.16</b>	<b>97.30</b>
Prior period items (Net)			
<b>Profit before exceptional, extraordinary items and tax (A-B)</b>	<b>232.06</b>	<b>187.16</b>	<b>97.30</b>
Exceptional items			
<b>Profit before extraordinary items and tax</b>	<b>232.06</b>	<b>187.16</b>	<b>97.30</b>
Extraordinary items			
<b>Profit before tax</b>	<b>232.06</b>	<b>187.16</b>	<b>97.30</b>
Tax expense :			
(i) Current tax	0.00	(8.00)	(18.55)
(ii) Deferred tax (Asset)/Liability	(2.49)	(3.53)	(51.65)
<b>Total Tax Expense</b>	<b>(2.49)</b>	<b>(11.53)</b>	<b>(70.20)</b>
<b>Profit for the year</b>	<b>229.57</b>	<b>175.63</b>	<b>27.10</b>

**COMPARISON OF FINANCIAL YEAR ENDED MARCH 31, 2017 WITH FINANCIAL YEAR ENDED MARCH 31, 2016**

**INCOME**

**Income from Operations**

(Rs. In lacs)

Particulars	2015-16	2016-17	%
Operating Income	6278.04	7726.22	23.07

The operating income of the Company for the year ending March 31, 2017 is Rs. 7726.22 lacs as compared to Rs. 6278.04 lacs for the year ending March 31, 2016, showing a increase 23.07%. This increase was in line with increase in our business operations.

**Other Income**

Our other income decreased by 4.47% from Rs. 9.62 lacs to Rs. 9.19 lacs. This was due to decrease in interest income, Discounts.

**EXPENDITURE**

**Administrative and Employee Costs**

(Rs. In lacs)

Particulars	2015-16	2016-17	Variance in %
Employee Benefit Expenses	180.19	181.37	0.65
Other Expenses	1171.62	1336.67	14.09

Employee benefit expenses increased from Rs. 180.19 lacs in financial year 2015-16 to Rs. 181.37 lacs in financial year 2016-17 due to increase in salary levels and well as increase in number of employees.

Our other expenses increased by 14.09% from Rs. 1171.62 lacs in financial year 2015-16 to Rs. 1336.67 lacs in financial year 2016-17. The increase was due to increase in freight, rent, advertisement and business promotion expenses.



## Finance Charges

Our finance charges have increased from Rs. 475.65 lacs in financial year 2015-16 to Rs. 725.33 lacs in financial year 2016-17. This shows an increase of 52.49% compared to last financial year. The increased finance cost is contributed by increased borrowings.

## Depreciation

Depreciation expenses for the Financial Year 2016-2017 have increased to Rs. 275.30 lacs as compared to Rs. 34.07 lacs for the Financial Year 2015-2016 showing a increase of 708.04%. The Increase in depreciation was majorly due to purchase of Fixed Assets.

## Profit Before Tax

(Rs. In lakhs)			
Particulars	2015-16	2016-17	Variance in %
Profit Before Tax	187.16	97.3	(48.01)

Profit before tax decreased from Rs. 187.76 lacs in financial year 2015-16 to Rs. 97.30 lacs in financial year 2016-17. The Decrease in profits was due to Increase in depreciation, Increase in Cost of Goods Sold, Increase in finance cost.

## Provision for Tax and Net Profit

(Rs. In lacs)			
Particulars	2015-16	2016-17	Variance in %
Taxation Expenses	(11.53)	(70.20)	508.85
Profit after Tax	175.63	27.1	(84.57)

Tax expenses decreased in Financial Year 2016-17 due to decrease in Net Profit.

## COMPARISON OF FINANCIAL YEAR ENDED MARCH 31, 2016 WITH FINANCIAL YEAR ENDED MARCH 31, 2015

### INCOME

#### Income from Operations

(Rs. In lacs)			
Particulars	2014-15	2015-16	Variance in %
Operating Income	4151.08	6278.04	51.24

The operating income of the Company for the year ending March 31, 2016 is Rs. 6278.04 lacs as compared to Rs. 4151.08 for the year ending March 31, 2015, showing a increase 51.24%. This increase was in line with increase in our business operations.

#### Other Income

Our other income increased by 0.73% from Rs. 9.55 lacs to Rs. 9.62 lacs. This was due to increase in interest income, Discounts.



## EXPENDITURE

### Administrative and Employee Costs

(Rs. In lacs)

Particulars	2014-15	2015-16	Variance in %
Employee Benefit Expenses	163.76	180.19	10.03
Other Expenses	1102.93	1171.62	6.23

Employee benefit expenses increased from Rs. 163.76 lacs in financial year 2014-15 to Rs. 180.19 lacs in financial year 2015-16 due to increase in salary levels and well as increase in number of employees.

Our other expenses increased by 6.23% from Rs. 1102.93 lacs in financial year 2014-15 to Rs. 1171.62 lacs in financial year 2015-16. The increase was due to increase in freight, rent, advertisement and business promotion expenses.

### Finance Charges

Our finance charges have increased from Rs. 128.79 lacs in financial year 2014-15 to Rs. 475.65 lacs in financial year 2015-16. This shows an increase of 269.32% compared to last financial year. The increased finance cost is contributed by increased borrowings.

### Depreciation

Depreciation expenses for the Financial Year 2015-2016 have increased to Rs. 34.07 lacs as compared to Rs. 33.04 lacs for the Financial Year 2014-2015 showing a increase of 3.12%. The Increase in depreciation was majorly due to Increase in fixed Assets.

### Profit Before Tax

(Rs. In lacs)

Particulars	2014-15	2015-16	Variance in %
Profit Before Tax	232.06	187.16	(19.35)

Profit before tax decreased from Rs. 232.06 lacs in financial year 2014-15 to Rs. 187.16 lacs in financial year 2015-16. The decrease in profits was due to Increase in depreciation, Decrease in Finance Cost.

### Provision for Tax and Net Profit

(Rs. In lacs)

Particulars	2014-15	2015-16	Variance in %
Taxation Expenses	(2.49)	(11.53)	363.05
Profit after Tax	229.57	175.63	(23.50)

Tax expenses increase in Financial Year 2015-16 due to increase in Net Profit.

## OTHER MATTERS

### 1. Unusual or infrequent events or transactions

Except as described in this Draft Letter of Offer, during the periods under review there have been no transactions or events, which in our best judgment, would be considered unusual or infrequent.

### 2. Significant economic changes that materially affected or are likely to affect income from continuing operations



Other than as described in the section titled *Risk Factors* beginning on page 12 of this Draft Letter of Offer to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

**3. Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations**

Other than as disclosed in the section titled *Risk Factors* beginning on page 12 of this Draft Letter of Offer to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

**4. Future relationship between Costs and Income.**

Our Company's future costs and revenues will be determined by demand/supply situation, government policies, subsidies available and prices of raw material.

**5. The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased prices.**

Increase in revenue is by and large linked to increases in volume of business activity by the Company.

**6. Total turnover of each major industry segment in which the issuer company operates.**

The Company is operating in fertilizer Industry. Relevant industry data, as available, has been included in the chapter titled *Industry Overview* beginning on page 78 of this Draft Letter of Offer.

**7. Status of any publicly announced new products/projects or business segments**

Our Company has not announced any new projects or business segments, other than disclosed in the Draft Letter of Offer.

**8. The extent to which the business is seasonal**

Our Company's business is not seasonal in nature.

**9. Any significant dependence on a single or few suppliers or customers**

The % of Contribution of our Company's customer and supplier vis a vis the total revenue from operations and raw materials/ finished goods cost respectively as March 31, 2017 is as follows:

	Customers	Suppliers
Top 5 (%)	59.77	63.17
Top 10 (%)	64.42	63.17

**10. Competitive Conditions**

We face competition from existing and potential organised and unorganized competitors which is common for any business. We have, over a period of time, developed certain competitive strengths which have been discussed in section titled *Our Business* on page 83 of this Draft Letter of Offer.





### STOCK MARKET DATA

The Equity shares of our Company are presently listed and traded on BSE. The equity shares are frequently traded at BSE. The share trading data for the equity shares of our Company is as under:

#### Stock Market Data for BSE

The closing market price of the equity shares of our Company on the first business day after the Board approved the Issue i.e. on 30<sup>th</sup> August, 2017 was Rs. 45.40 per equity share on the BSE.

The high and low closing prices and associated volumes of securities traded during last 3 years recorded on BSE is as follows:

Calendar Year	High (Rs.)	Date of high	Volume on date of high (No. of Shares)	Low (Rs.)	Date of Low	Volume on date of low (No. of Shares)	Weighted Average Price (Rs.)
2016	52.65	3 <sup>rd</sup> Nov, 2016	68022	11.40	10 <sup>th</sup> May, 2016	300	52.46
2015	16.64	31 <sup>st</sup> Dec, 2015	100	6.37	6 <sup>th</sup> Feb, 2015	100	11.50
2014	14.20	16 <sup>th</sup> Jan, 2014	5150	7.15	16 <sup>th</sup> Dec, 2014	580	13.48

The high and low price, and associated volume of securities traded during the last 6 months on BSE is as follows:

Period	High (Rs.)	Date of high	Volume on date of high (No. of Shares)	Low (Rs.)	Date of Low	Volume on date of low (No. of Shares)	Weighted Average Price (Rs.)
July, 2017	41.00	10 <sup>th</sup> July, 2017	2693	35.50	3 <sup>rd</sup> July, 2017	71038	35.70
June, 2017	40.00	1 <sup>st</sup> June, 2017	1538	33.35	27 <sup>th</sup> June, 2017	7757	34.45
May, 2017	46.10	26 <sup>th</sup> May, 2017	30446	38.10	30 <sup>th</sup> May, 2017	32706	41.95
April, 2017	48.40	17 <sup>th</sup> Apr, 2017	74012	33.00	3 <sup>rd</sup> Apr, 2017	2730	47.85
March, 2017	37.05	8 <sup>th</sup> Mar, 2017	9279	32.70	30 <sup>th</sup> Mar, 2017	10658	34.72
Feb, 2017	38.80	21 <sup>st</sup> Feb, 2017	2505	32.00	15 <sup>th</sup> Feb, 2017	9736	33.39



## SECTION VII: LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

*Except as stated in this section, there are no (i) outstanding criminal proceedings involving our Company, Directors, Promoters or Group Companies; (ii) actions taken by statutory or regulatory authorities against our Company, Directors, Promoters, or Group Companies; and (iii) outstanding claims involving our Company, Directors, Promoters, - or Group Companies for any direct and indirect tax liabilities; (iv) inquiries, inspections or investigations initiated or conducted under the Companies Act against our Company, Pending or taken during the last five years immediately preceding the year of this Draft letter of offer; (v) prosecutions filed (whether pending or not); (vi) fines imposed or compounding of offences by our Company in the last five years immediately preceding the year of this Draft letter of offer; (vii) pending defaults or non-payment of statutory dues by our Company (viii) litigation or legal action against our Promoters by any ministry or Government department or statutory authority during the last five years immediately preceding this Draft letter of offer; (ix) material frauds committed against our Company, in each case in the five years preceding the date of this Draft letter of offer; (x) outstanding dues to creditors of our Company as determined to be material by our Board of Directors in accordance with the SEBI ICDR Regulation; and (xi) outstanding dues to small scale undertakings and other creditors. Further, there have been no proceedings initiated against our Company for economic offences or defaults in respect of dues payable.*

Except as stated below there are no Outstanding Material Dues (as defined below) to creditors; or (ii) outstanding dues to small scale undertakings and other creditors.

Our Board has determined that outstanding dues to creditors in excess of Rs. 10 lac of our Company as per last audited financial statements shall be considered as material dues (Material Dues). Our Board has determined that litigations involving an amount of more than Rs. 10 lac as per last audited financial statements shall be considered as material. Unless otherwise stated to contrary, the information provided is as of date of this Draft Letter of Offer.

#### LITIGATION INVOLVING OUR COMPANY

##### Against our Company

##### Criminal Litigation

*Nil*

##### Civil Proceedings

Sr. No.	Case No.	Party 1	Party 2	Court/Tribunal	Claim Amount (INR)	Other key observations	Implications/Probabilities	Area of concern
1.	2(C)CC NO 612/2011	Sri Abesh Mishra (Complainant)	1. M/S. Cosboard Industries Ltd 2. Sri Ratan. Kumar Gilra (Accused Persons)	District Court, Cuttack	-	As per order dated 15.07.11 - A case has been registered u/s 14AC of The Employees' Provident Funds and Miscellaneous Provisions Act,	It is not possible to ascertain the implication of case on the basis of provided information.	No orders have been made available in this matter



## Cosboard Industries Limited

Sr. No.	Case No.	Party 1	Party 2	Court/ Tribunal	Claim Amount (INR)	Other key observations	Implications/Probabilities	Area of concern
						1952		
2.	COPET NO. 24 of 2005	Pawan Kumar Jain (Petitioner )	M/S. Cosboard Industries Ltd (Opp. Party)	High court of Orissa, Cuttack	-	As per Order dated 30.7.10 -Matter put up on 27.8.10 as prayed for by Petitioner	It is not possible to ascertain the implication of case on the basis of provided information	No orders have been made available in this matter
3.	COPET NO 35 of 2015	Ms R.K. Traders (Petitioner )	M/S. Cosboard Industries Ltd (Opp. Party)	High court of Orissa, Cuttack	-	As per order dated 13.10.15 the matter has been put up for hearing after DurgaPooja Holidays.	It is not possible to ascertain the implication of case on the basis of provided information	No orders have been made available in this matter
4.	Exec. No 130 of 2013	Ms Krishna Speciality Chemicals Pvt. Ltd (Decree Holder)	M/S. Cosboard Industries Ltd (Judgment Debtor)	District Court, Cuttack	Amount to be paid as per decree?	As per order dated 17.2.17, Petitioner takes no step and matter put up on 31.10.17 for filing of award.	It is not possible to ascertain the implication of case on the basis of provided information	No orders have been made available in this matter
5.	WP (C) 6468 OF 2005	Industrial Promotion & Investment Corporation of Orissa Ltd. (IPICOL) (Petitioner )	1. M/S. Cosboard Industries Ltd 2. Sri Ratankumar Gilra 3. Sri Gurucharan Singh Gill 4. Registrar , Board of Industrial and Financial Reconstruction 5. Bench Officer, Board of Industrial and Financial Reconstruction	High court of Orissa, Cuttack	Term loan from Industrial Promotion & Investment Corporation of Orissa Ltd. (Petitioner) to the tune of 250 lakhs and present O/S of the	The Writ Petition is filed by IPICOL to challenge the letter dated 2.3.05 of the Board officer of BIFR addressed to IPICOL prohibiting IPICOL to take any coercive action even against the guarantors as per powers given to it u/s 29 of the State Financial Corporations Act, 1951 to initiate proceedings against the guarantors.	The outcome of this matter is unlikely to have any major impact on M/s Cosboard Industries Ltd as on today, as liability of IPICO has been settled.	No orders have been made available in this matter.  Kindly confirm if liabilities of IPICOL is settled.



## Cosboard Industries Limited

Sr. No.	Case No.	Party 1	Party 2	Court/Tribunal	Claim Amount (INR)	Other key observations	Implications/Probabilities	Area of concern
			uction (Opp. Parties)		said Co. along with interest is 3.80 Crore s.			
6.	W.A. No. 425/2014	1. Coal India Ltd. 2. Mahanadi Coalfields Ltd 3. Chief General Manager (S&M), Coal India Ltd. (Appellants)	1. M/S. Cosboard Industries Ltd. (Respondent) 2. Union of India (Proforma Respondent)	High Court of Orissa, Cuttack	-	To set aside the judgement dated 21.10.2014 in W.P. (C) No. 24262/2012. The order passed in W.P.(C) No. 24262/2012 states that all the parties of the W.P.(C) No. 24262/2012 are bound by the order dated 17.03.11 passed by BIFR, wherein the Appellants are to increase the supply of coal to the Respondent company, as stated in clause 12.1 of the BIFR order.	If the Hon'ble High Court fails to set aside the judgement in W.P. (C) No. 24262/2012, then Cosboard Industries might be obligated to buy the additional coal as per clause 12.1 of BIFR order.	No orders have been made available in this matter.
7.	COPET 30 Of 2010	M/S. Krishna Speciality	M/S. Cosboard Industries Ltd	-	-	As per the letter received from Adv. Chitaranjan Behera, he has applied for the certified copy of the said case, but the case is neither admitted nor	COPET 30 Of 2010	M/S. Krishna Speciality



## Cosboard Industries Limited

Sr. No.	Case No.	Party 1	Party 2	Court/ Tribunal	Claim Amount (INR)	Other key observations	Implications/Probabilities	Area of concern
						has notice been issued to M/S. Cosboard Industries Ltd.  No Documents provided		
8.	CEREF 6 OF 2003	M/S. Cosboard Industries Ltd	Commissioner of Customs	-	-	As per the letter received from Adv. Chitaranjan Behera, he has applied for the certified copy of the said case, but the case is neither admitted nor has notice been issued to M/S. Cosboard Industries Ltd. No Documents provided	CEREF 6 OF 2003	M/S. Cosboard Industries Ltd

### Taxation Matters

Sr. No.	Case No.	Party 1	Party 2	Court/ Tribunal	Claim Amount (INR)	Other key observations	Implications/Probabilities	Area of concern
1.	OTAPL NO 5 OF 2012	Commissioner of Central Excise (Appellant)	M/S. Cosboard Industries Ltd (Respondent)	High Court of Orissa, Cuttack	-	As per Order dated 28.8.12, appeal filed by Commissioner of Central Excise has been admitted on grounds of substantial question of law, to set aside the order no 146/Kol/2012, dated 2.3.12, passed by Customs, Excise and Service Tax Appellate	-	No orders have been made available in this matter.



Sr. No.	Case No.	Party 1	Party 2	Court/ Tribunal	Claim Amount (INR)	Other key observations	Implications/Probabilities	Area of concern
						Tribunal in Excise Appeal No 740 of 2010 wherein the Tribunal reversed the order passed by the Commissioner, in respect of penalty applied to the respondent.		

***Proceedings against Our Company for economic offence/securities laws/ or any other law***

Nil

***Penalties in Last Five Years***

Nil

***Pending Notice against our Company***

Nil

***Past Notice to our Company***

Nil

***Disciplinary Action taken by SEBI or stock exchanges against Our Company***

Nil

***Defaults including non payment or statutory dues to banks or financial institutions***

Nil

***Details of material fraud against the Company in last five years and action taken by the Companies.***

Nil

**LITIGATION FILED BY OUR COMPANY**

***Criminal Litigation***

Nil



**Civil Proceedings**

Sr. No.	Case No.	Party 1	Party 2	Court/ Tribunal	Claim Amount (INR)	Other key observations	Implications/Probabilities	Area of concern
1.	W.P.(C) NO 23482/2012	M/S. Cosboard Industries Ltd (Petitioner)	1. State of Orissa (Department of Finance). 2. State of Orissa (Department of Industry) 3. The Commissioner of Commercial Taxes) 4. The Deputy Commissioner of Commercial Taxes. (Respondents)	High Court of Orissa, Cuttack	-	Petitioner has filed the Writ Petition on account of Inaction of the respondents with regard to the relief and concessions granted in favour of the Cosboard Industries by the BIFR vide order dated 7.4.11, such non-implementation is in violation of articles 14 and 19(1)(g) of Constitution of India.	-	No orders have been made available in this matter
2.	W.P. (C). NO. 5170 of 2007	1. M/s Cosboard Industries Ltd 2. Anil Kumar Gilra (Petitioners)	1. State of Orissa- Principal Secretary, Finance 2. State of Orissa- Secretary Law 3. Commissioner of Sales Tax 4. Orissa Industrial Infrastructure Development Corporation Limited 5. Sales Tax Officer 6. (Respondents)	High Court of Orissa, Cuttack	-	As per Order dated 14.5.07 - No notice needs to be given to opp. parties.  Matter put up on 16.5.07.	It is not possible to ascertain the implication of case on the basis of provided information.	No orders have been made available in this matter
3.	Writ	M/S.	1. The	High	1,90,36	The Petitioner	If the GRF fails to	Whether



## Cosboard Industries Limited

Sr. No.	Case No.	Party 1	Party 2	Court/ Tribunal	Claim Amount (INR)	Other key observations	Implications/Probabilities	Area of concern
	petition (Tampering of meter) W.P. (C) No. 14581 of 2014	Cosboard Industries Ltd. (Petitioners)	2. The Ombudsman-I, President, Grievance Redressal Forum, CESU (Hereinafter called the GRF) 3. The Executive Engineer, CESU (Respondents)	Court of Orissa	,566	has filed the petition to set aside GRF order dated 17.07.14, which dismissed the complaint of petitioner on the ground that: a. the remedy sought by the complainant (petitioner) was only available under the older repealed regulation, b. The consumer failed to challenge the National Consumer Disputes Redressal Commission order before appropriate authority. • The petitioner has prayed that if respondent no. 3 can an action is allowed	hear C.C. Case No. CDD-II/316/2014 then the petitioner will not be able to challenge and defend the wrongful allegation of meter tampering, and the penalties imposed vide notice dated 07.11.2001 of Rs. 1,83,20,244/- and vide notice dated 18.12.2002 of Rs. 7,16,322/-	the Petitioner has paid any penalty amount? Further orders passed in the matter.





Sr. No.	Case No.	Party 1	Party 2	Court/Tribunal	Claim Amount (INR)	Other key observations	Implications/Probabilities	Area of concern
						<p>to be maintained under the repealed regulations, then the Petitioner should be allowed to defend the said action under the said regulations and the same should be allowed by respondent no. 2.</p> <ul style="list-style-type: none"> <li>• It is further prayed to direct GRF to hear and decide the complaint in C.C. Case No. CDD-II/316/2014 on merit.</li> <li>• It is also prayed that Order dated 31.07.14 passed by Ombudsman-I be set aside as it has dismissed the case on the grounds of it falling outside</li> </ul>		



## Cosboard Industries Limited

Sr. No.	Case No.	Party 1	Party 2	Court/ Tribunal	Claim Amount (INR)	Other key observations	Implications/Probabilities	Area of concern
						the jurisdiction of the forum. To direct Respondent 3 (CESU) to not take any coercive action till the complaint of the petitioner is decided by Respondent 1 (Ombudsman-I)		
4.	Writ Petition (Sick Industrial Companies) W.P.(c) No. 27513 of 2011	1. M/S. Cosboard Industries Ltd. through Ratan Kumar Gilra 2. Ratan Kumar Gilra (Petitioners)	1. State of Orissa (Secretary, Dept. of Energy) 2. State of Orissa (Secretary, Dept. of Industry) 3. Chief Electrical Inspector 4. Central Electricity Supply Utility of Orissa 5. Executive Engineers, Central Electricity Supply Utility of Orissa (Respondents)	High court of Orissa	-	<ul style="list-style-type: none"> <li>The Court directed prohibition on cutting the power supply to the petitioner on account of a payment made of half of the electricity dues.</li> </ul>	-	<ul style="list-style-type: none"> <li>Provide for orders passed by the High Court of Orissa [WP (c) No. 27513 of 2011] (Status: Pending)</li> </ul>

### Taxation Matters

Sr. No.	Case No.	Party 1	Party 2	Court/ Tribunal	Claim Amount (INR)	Other key observations	Implications/Probabilities	Area of concern
---------	----------	---------	---------	-----------------	--------------------	------------------------	----------------------------	-----------------



## Cosboard Industries Limited

Sr. No.	Case No.	Party 1	Party 2	Court/Tribunal	Claim Amount (INR)	Other key observations	Implications/Probabilities	Area of concern
1.	OTAPL NO 6 of 2011	M/S. Cosboard Industries Ltd. (Appellant)	Commissioner of Central Excise (Respondent)	High court of Orissa, Cuttack. (Special Jurisdiction)	2,73,700/-	<p>To set aside the order dated 06.08.10 which dismissed the appeal bearing Ex. Appeal Nos. 356,357,358 of 2010 presented in Customs, Excise and Service Tax Appellate Tribunal for non compliance of its order dated 14.7.10-directing the appellant to pay the entire interest (on duty) amount as pre-deposit for hearing of the appeal.</p> <p>To set aside the order passed by Learned tribunal on 14.7.10 with consequential relief.</p>	If the court order is unfavourable to the Appellant, he will be required to deposit the entire interest amount as per order dated 14.7.10.	No orders have been made available in this matter.
2.	OTAPL NO. 5 of 2011	M/S. Cosboard Industries Ltd. (Appellant)	Commissioner of Central Excise (Respondent)	High court of Orissa, Cuttack	7,17,870/-	<p>To set aside the order dated 6.8.10 (received by appellant on 16.08.10) which dismissed the appeal bearing Ex. Appeal Nos. 356,357,358 of 2010 presented in Customs, Excise and Service Tax Appellate Tribunal for non compliance of its order dated 14.7.10-directing the appellant to pay the entire interest (on duty) amount as pre-deposit for hearing of the appeal.</p> <p>To set aside the order passed by Learned tribunal on 14.7.10 with consequential relief.</p>	<ul style="list-style-type: none"> <li>If the court order is unfavourable to the Appellant, he will be required to deposit the entire interest amount as per order dated 14.7.10.</li> </ul>	<ul style="list-style-type: none"> <li>No orders have been made available in this matter.</li> </ul>
3.	OTAPL NO. 4 of 2011	M/S. Cosboard Industries Ltd. (Appellant)	Commissioner of Central Excise (Respondent)	High court of Orissa, Cuttack	1,91,590/-	To set aside the order dated 6.8.10 (received by appellant on 16.08.10) which dismissed the appeal bearing Ex. Appeal Nos.	If the court order is unfavourable to the Appellant, he will be	No orders have been made available



Sr. No.	Case No.	Party 1	Party 2	Court/ Tribunal	Claim Amount (INR)	Other key observations	Implications/Probabilities	Area of concern
						<p>356,357,358 of 2010 presented in Customs, Excise and Service Tax Appellate Tribunal for non compliance of its order dated 14.7.10-directing the appellant to pay the entire interest (on duty) amount as pre-deposit for hearing of the appeal.</p> <p>To set aside the order passed by Learned tribunal on 14.7.10 with consequential relief.</p>	required to deposit the entire interest amount as per order dated 14.7.10.	in this matter.
4.	OTAPL NO. 3 of 2011	M/S. Cosboard Industries Ltd. (Appellant)	Commissioner of Central Excise (Respondent)	High court of Orissa, Cuttack	7,07,903/-	<p>To admit the appeal u/s 35G of the Central Excise Act, 1944.</p> <p>To set aside the impugned order passed by the Learned Tribunal (14.7.10) with consequential relief.</p>	If the court order is unfavourable to the Appellant, he will be required to deposit the entire interest amount as per order dated 14.7.10.	No orders have been made available in this matter.
5.	OTAPL NO. 2 of 2011	M/S. Cosboard Industries Ltd. (Appellant)	Commissioner of Central Excise (Respondent)	High court of Orissa, Cuttack	1,91,590	<p>To admit the appeal u/s 35G of the Central Excise Act, 1944.</p> <p>To set aside the impugned order passed by the Learned Tribunal (14.7.10) with consequential relief.</p>	If the court order is unfavourable to the Appellant, he will be required to deposit the entire interest amount as per order dated 14.7.10.	No orders have been made available in this matter.
6.	OTAPL NO. 1 of 2011	M/S. Cosboard Industries Ltd. (Appellant)	Commissioner of Central Excise (Respondent)	High court of Orissa, Cuttack	2,73,700/-	<p>To admit the appeal u/s 35G of the Central Excise Act, 1944</p> <p>To set aside the</p>	If the court order is unfavourable to the Appellant,	No orders have been made



## Cosboard Industries Limited

Sr. No.	Case No.	Party 1	Party 2	Court/ Tribunal	Claim Amount (INR)	Other key observations	Implications/Probabilities	Area of concern
		)		k		impugned order passed by the Learned Tribunal (14.7.10) with consequential relief.	he will be required to deposit the entire interest amount as per order dated 14.7.10.	available in this matter.
7.	W.P.(C) NO. 13526 of 2012	1. M/S. Cosboard Industries Ltd. 2. Ratan Kumar Gilra (Petitioners)	1. State of Orissa-Secretary Department of Finance 2. Commissioner of Commercial Taxes. 3. Deputy Commissioner of Commercial Taxes (Respondents)	High Court of Orissa, Cuttack	25,17,097/-	Order dated 13.5.13 directs the respondents to issue necessary VAT clearance certificate, so that the petitioners may use it for presenting the same before the Deputy Director of Mines, Talcher and Mining officer, Cuttack for renewal of license to procure and store coal.  Further, the learned counsel for state has been directed to ascertain the delay in considering the BIFR directions and file affidavit for the same.	Petitioners as per the order dated 13.05.13 are ordered to furnish an indemnity bond to cover the deferred tax amount of Rs.25,17,097 (Rupees Twenty Five Lakhs Seventeen thousand and ninety seven only) for the years 13-14 and 14-15.	It is not known from the given order whether M/S. Cosboard Industries has complied with the order and furnished the said indemnity bond to court. No further order has been made available.
8.	Writ Petition (Excise) WP(c) No. 12427 of 2014	M/S. Cosboard Industries Ltd. (Petitioner)	1. Custom, Excise and Service Tax Appellate Tribunal, Calcutta. 2. Commissioner of Central Excise &	High Court of Orissa	-	-	-	(Status: Pending) Provide for the interim order passed by the High Court of Orissa in the



Sr. No.	Case No.	Party 1	Party 2	Court/Tribunal	Claim Amount (INR)	Other key observations	Implications/Probabilities	Area of concern
			Customs, Bhubaneswar (Respondents)					concerned case.

Details of any enquiry, inspection or investigation initiated under Companies Act, 2013 or any previous Company Law

Nil

#### LITIGATION INVOLVING DIRECTORS OF OUR COMPANY

##### *Litigation against our Directors*

##### Criminal Litigation

Nil

##### Civil Proceedings

Sr. No.	Case No.	Party 1	Party 2	Court/Tribunal	Claim Amount (INR)	Other key observations	Implications/Probabilities	Area of concern
1.	2(C)CC 10/2017	Asst. Labour Commissioner, Cuttack (Complainant)	Anil Kumar Gilra (Accused)	Sub-divisional Judicial Magistrate Court, Cuttack	Not Applicable	<ul style="list-style-type: none"> <li>As per order dated 24.01.17, the case has been registered under section 22-A of Minimum Wages Act, 1948.</li> </ul>	The accused, if found guilty, under section 22-A of Minimum Wages Act, 1948 may be punishable with imprisonment for a term which may extend to six months, or with fine which may extend to one thousand rupees, or with both.	No orders have been made available in this matter
2.	2(C)CC 11/2017	Asst. Labour Commissioner, Cuttack (Complainant)	Anil Kumar Gilra (Accused)	Sub-divisional Judicial Magistrate Court, Cuttack	Not Applicable	<ul style="list-style-type: none"> <li>As per order dated 24.01.17, the case has been registered under section 20(2)(3) of The</li> </ul>	<ul style="list-style-type: none"> <li>The accused, if found guilty, under section 20(2)(3) of The Payment of wages Act, 1936, be punishable with fine [with fine which shall not be less than one thousand</li> </ul>	<ul style="list-style-type: none"> <li>No orders have been made available in this matter</li> </ul>



## Cosboard Industries Limited

Sr. No.	Case No.	Party 1	Party 2	Court/Tribunal	Claim Amount (INR)	Other key observations	Implications/Probabilities	Area of concern
						Payment of wages Act, 1936.	five hundred rupees but which may extend to seven thousand five hundred rupees].	er
3.	CRLMC 1485 OF 2011	Arjunlal Agrawal	Anil Ku. Gilra			<ul style="list-style-type: none"> <li>As per the letter received from Adv. Chitaranjan Behera, he has applied for the certified copy of the said case, but the case is neither admitted nor has notice been issued to M/S. Cosboard Industries Ltd.</li> <li>No Documents provided</li> </ul>		

### ***Taxation Matters***

Nil

### ***Past Penalties imposed on our Directors***

Nil

### ***Proceedings initiated against our directors for Economic Offences/securities laws/ or any other law***

Nil

### ***Directors on list of wilful defaulters of RBI***

Nil

### ***Litigation by Directors of Our Company***

### ***Criminal Litigation***

Sr. No.	Case No.	Party 1	Party 2	Court/Tribunal	Claim Amount (INR)	Other key observations	Implications/Probabilities	Area of concern
1.	CRLREV 256 of 2002	Ashok Kumar Jena (Petitioner)	State of Orissa (Respondent)	High court of Orissa, Cuttack	-	<p>As per order dated 23.9.02 -the petitioner shall be released on bail on executing bail bond for Rs 10,000/- with two solvent sureties each for the like amount, if he shall appear before that court and execute bail bond within two weeks.</p> <p>Stay realization of fine.</p>	It is not possible to ascertain the implication of case on the basis of provided information	No orders have been made available in this matter



**Civil Proceedings**

Sr. No.	Case No.	Party 1	Party 2	Court/Tribunal	Claim Amount (INR)	Other key observations
1.	IC.C./324 3/2014 (filed in 1998)	Manoj Ku. Gilra Dire. Of Cosboard Industries Pvt. Ltd.	Pradeep Kedia and others	-	-	<ul style="list-style-type: none"> <li>As per the letter received from Adv. Chitaranjan Behera, he has applied for the certified copy of the said case, but the case is neither admitted nor has notice been issued to M/S. Cosboard Industries Ltd.</li> <li>No Documents provided</li> </ul>
2.	IC.C/106 91/2014 (filed in 1999)	Manoj Ku. Gilra M/S Cosboard Industries Pvt. Ltd.	Deepak Ku. Panigrahi	-	-	<ul style="list-style-type: none"> <li>As per the letter received from Adv. Chitaranjan Behera, he has applied for the certified copy of the said case, but the case is neither admitted nor has notice been issued to M/S. Cosboard Industries Ltd.</li> <li>No Documents provided</li> </ul>
3.	WP(C) 17842 OF 2016	Ashok Kumar Jena	Collector-cum-D.M., J.S. PUR	-	-	<ul style="list-style-type: none"> <li>As per the letter received from Adv. Chitaranjan Behera, he has applied for the certified copy of the said case, but the case is neither admitted nor has notice been issued to M/S. Cosboard Industries Ltd.</li> <li>No Documents provided</li> </ul>
4.	CONTC 1906 OF 2012	Ashok Kumar Jena	Gyana Ranjan Samal	-	-	<ul style="list-style-type: none"> <li>As per the letter received from Adv. Chitaranjan Behera, he has applied for the certified copy of the said case, but the case is neither admitted nor has notice been issued to M/S. Cosboard Industries Ltd.</li> <li>No Documents provided</li> </ul>
5.	CRLMC 536 OF 2012	Ashok Kumar Jena	State	-	-	<ul style="list-style-type: none"> <li>As per the letter received from Adv. Chitaranjan Behera, he has applied for the certified copy of the said case, but the case is neither admitted nor has notice been issued to M/s. Cosboard Industries Ltd.</li> <li>No Documents provided</li> </ul>

**Taxation Matters**

Nil

**LITIGATION INVOLVING PROMOTER OF OUR COMPANY**

**Criminal Litigation**





Nil

**Civil Proceedings**

Nil

***Taxation Matters***

Nil

***Past Penalties imposed on our Promoters***

Nil

***Proceedings initiated against our Promoters for Economic Offences/securities laws/ or any other law***

Nil

**Litigation /Legal Action pending or taken by Any Ministry or any statutory authority against any Promoter in last five years**

Nil

**Penalties in Last Five Years**

Nil

**Litigation /defaults in respect of the companies/Firms/ventures/ with which our promoter was associated in Past**

Nil

**Adverse finding against Promoter for violation of Securities laws or any other laws**

Nil

**Litigation by Our Promoters**

***Criminal Litigation***

Nil

**Civil Proceedings**

Nil

***Taxation Matters***

Nil

**LITIGATION INVOLVING OUR GROUP COMPANIES**

***Outstanding Litigation against our Group Companies***

Nil

***Criminal Litigation***

Nil



**Civil Proceedings**

Nil

**Taxation Matters**

Nil

**Past Penalties imposed on our Group Companies**

Nil

**Proceedings initiated against our Group Companies for Economic Offences/securities laws/ or any other law**

Nil

**Litigation /Legal Action pending or taken by Any Ministry or any statutory authority against any *Group Companies***

Nil

**Adverse finding against *Group Companies* for violation of Securities laws or any other laws**

Nil

**LITIGATION BY OUR GROUP COMPANIES**

***Criminal Litigation***

Nil

**Civil Proceedings**

Nil

***Taxation Matters***

Nil

**LITIGATION INVOLVING OUR SUBSIDIARIES**

***Criminal Litigation***

Nil

**Civil Proceedings**

Nil

***Taxation Matters***

Nil

***Past Penalties imposed on our Subsidiaries***

Nil

***Proceedings initiated against our Subsidiaries for Economic Offences/securities laws/ or any other law***

Nil



**Litigation /Legal Action pending or taken by Any Ministry or any statutory authority against any Subsidiaries**

Nil

**Adverse finding against Subsidiaries for violation of Securities laws or any other laws**

Nil

#### **LITIGATION BY OUR SUBSIDIARIES**

***Criminal Litigation***

Nil

***Civil Proceedings***

Nil

***Taxation Matters***

Nil

#### **OTHER MATTERS**

Nil

**Details of any inquiry, inspection or investigation initiated under present or previous companies laws in last five years against the Company or its subsidiaries: NIL**

**Outstanding Litigation against other companies or any other person whose outcome could have an adverse effect on our company: NIL**

#### **Material Developments since the Last Balance Sheet**

Except as disclosed in Management Discussion and Analysis of Financial Condition and results of operations, there have been no material developments.

#### **Outstanding dues to small scale undertakings or any other creditors**

As per the requirements of SEBI Regulations, our Company considered creditors to whom the amount due exceeds Rs. 10 lac by our company for the purpose of identification of material creditors. Based on the above, following has been considered as material creditors of our Company as on 31<sup>st</sup> March, 2017.

S.No	Name of Creditor	Rs. In Lacs
1	Amber Coal Depot	11.89
2	Hira Wastage Supply Co.	35.98
3	MM Industries	164.75
4	Sree Exporters	38.29
5	Sri Vijaya Laxmi Coal Depot	66.20
6	Engineers Syndicate	46.71
7	Jain Enterprises	16.44
8	Pipes N Tubes (Hyd)	14.35
9	Sethia Sales & Services (CTC)	10.57



## GOVERNMENT AND OTHER APPROVALS

Our Company has received the necessary licenses, permissions and approvals from the Central and State Governments and other government agencies/regulatory authorities/certification bodies required to undertake the Issue or continue our business activities. In view of the approvals listed below, we can undertake the Issue and our current/ proposed business activities and no further major approvals from any governmental/regulatory authority or any other entity are required to be undertaken, in respect of the Issue or to continue our business activities. It must, however, be distinctly understood that in granting the above approvals, the Government of India and other authorities do not take any responsibility for the financial soundness of our Company or for the correctness of any of the statements or any commitments made or opinions expressed in this behalf.

The main objects clause of the Memorandum of Association of our Company and the objects incidental, enable our Company to carry out its activities.

For further details in connection with the regulatory and legal framework within which we operate, please refer to the section titled “Key Industry Regulations and Policies” on page 92 of this Draft Letter of Offer.

### Approvals pertaining to Incorporation, name and constitution of our Company

- Our Company was originally incorporated as “Central Orissa Straw board Private Limited” in Cuttack Orissa as a Private Limited Company under the provisions of the Companies Act, 1956 vide certificate of incorporation dated 30<sup>th</sup> December, 1980 and the constitution of the company has been changed to a limited company vide fresh certificate of incorporation dated 20<sup>th</sup> May, 1993 and name of company was changed to “Cosboard Industries Limited”.
- The Corporate Identification Number of our Company is L21015OR1980PLC000916.

### I. We have obtained the following valid Licenses/ Approvals/ Registrations/ Consents for operation of our business:

#### A. Under Direct & Indirect Tax Laws:

Sl. No	License/Approval/Registration number	Applicable law	Nature of approval	Valid up to
1	Income Tax Department/AAACC7197D	Income Tax Act	Permanent Account Number	Not applicable
2	Income Tax Department/BBNC00247C	Income Tax Act	Tax Deduction & Collection Account Number	Not applicable
3	Central Board of Excise and Customs	GSTIN - 21AAACC7197D1ZY	GST Registration w.e.f. 28/06/2017	Until cancelled
4	Registration Certificate Registration No. AAACC7197D-XM-003	Central Excise and Customs, Cuttack	Central Excise and customs	Until change in premises and purpose as stated in the application
5	Certificate of Registration Registration no: 21231201605	The Central Sales Tax (Registration and Turnover) Rules, 1957	Registration as a dealer under section 7(1)/7(2) of the Central Sales Tax Act, 1956	-
6	Registration Certificate TIN 21231201605	Value Added Tax	for Dealers Liable to Pay VAT	-
7	Registration Service Tax Code AAACC7197DST002	Service Tax	Manufacturing, Writing, Printing and Newsprint paper	-



**B. Under Employment Laws:**

Sl. No	Department	Approval	Validity	Particular
1	Regional Provident Fund Commissioner, Orissa	M/s.Cos/6/87/OR/3 263/437 dated January 21, 1987	W.E.F. 30th November, 1986; Applicability and allotment code	The Company with all its branches and departments is brought in the purview of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and Schemes framed thereunder with effect from 30th November, 1986.
2	Employees State Insurance Corporation	Employer's code no. 44000022000000802	-	-

**C. Other Laws:**

Sr. No	Authority	Licence No.	Subject	Date	Validity	From	To	Observations
1.	Ministry of Commerce and Industry, Secretariat for Industrial Assistance, Public Relation & Complaints Section	Acknowledgement 1581/SIA/TMO/2011	Expansion of capacity of manufacturing paper	18/05/2011	-	-	-	-
2.	Dy. Director of Factories and Boilers, Cuttack Division, Cuttack	Registration and licence to work a factory Registration no CK618 Sr.no 04225	"Writing, Printing and Newsprint paper factory"	19/01/2011	1 year (renewable every year)	01/01/2017	31/12/2017	<ul style="list-style-type: none"> <li>Licence has been renewed every year.</li> <li>Fees paid Rs.22,500/-.</li> <li>License to Mr. Anil Kumar Gilra to work a factory not employing</li> </ul>



Sr. No.	Authority	Licence No.	Subject	Date	Validity	From	To	Observations
								more than 100 persons on any one day and using motive power not exceeding 3382kW.
3.	Dy. Director of Factories and Boilers, Cuttack Division, Cuttack	Registration and licence to work a factory Registration no. CK589 Sr.no 03992	"Recycling Paper factory"	-	Renewed upto 31-12-2017	-	31-12-2017	<ul style="list-style-type: none"> <li>Fees 22,500/-</li> <li>License to MR. Anil Kumar Gilrato work a factory not employing more than 100 persons on any one day and using motive power not exceeding 3788kW.</li> </ul>
4.	Department of Steel and Mines	Trading Licence (for coal)  License no NLD7940/2014	-	19/07/2014	-	21/07/2014	20/07/2019	<ul style="list-style-type: none"> <li>Application fees Rs. 50,000/- and security deposit Rs. 20,000/-</li> <li>Form D</li> <li>Purpose: P-1 Processing, end use and sale of residuals within State.</li> </ul>
4.	Orissa Boiler Inspection Department	Certificate for use of a boiler  Registry no of Boiler: OR 528	-	13/12/2016	-	16/11/2016	15/11/2017	<ul style="list-style-type: none"> <li>Type of Boiler : WT</li> <li>Fees Rs.5,000/- paid</li> <li>Form No VI</li> </ul>




Sr. No.	Authority	Licence No.	Subject	Date	Validity	From	To	Observations
5.	Orissa Boiler Inspection Department	Certificate for use of a boiler Registry no of Boiler: OR 347	-	11/07/2016	-	06/06/2016	05/06/2017	<ul style="list-style-type: none"> <li>Type of Boiler : WT</li> <li>Fees Rs.4,500/- paid</li> </ul>
6.	Electricity Supply Utility of Orissa	Memo No. 5852 dated May 31, 2008	Approval of reduction of C.D from 2426 KVA to 2125 KVA	30/05/2008	-	-	-	<p>As per Electricity Supply Utility of Orissa have demanded the additional Security Deposit of Rs. 10,93,380/- against which the company has paid Rs.6,63,837/-.</p> <p>As per the discussion with the company official, the authority is not pressing hard for paying balance Security Deposit as we were a Sick Company as per SICA Act declared on 30.11.2005.</p> <p>The Company was in rehabilitation stage till 20th March 2013. Therefore the balance amount is not paid.</p>
7.	State Pollution Control Board, Odisha	Consent Order Consent no 2926	Consent for discharge of sewage and trade effluent under section 25/26 of Water (Prevention and Control of Pollution)	16/02/2016	2 years	01/04/2016	31/03/2018	<ul style="list-style-type: none"> <li>The Inspection Book shall be maintained and be opened to and made available to the officers of the State Pollution Control Board</li> </ul>



Sr. No.	Authority	Licence No.	Subject	Date	Validity	From	To	Observations
			Act, 1974 and for existing/new operation of the plant under section 21 of the Air(Prevention and Control of Pollution) Act, 1981					<p>during their visit to the factory.</p> <ul style="list-style-type: none"> <li>The State Pollution Control Board reserves the right to revoke/refuse consent to operate at any time during period for which consent is granted in case any violation is observed and to modify/stipulate additional conditions as deemed appropriate.</li> <li>The industry shall abide by the provisions of Environment (Protection) Act, 1986 and Rules framed thereunder.</li> </ul>

**D: Intellectual Property Laws:**

Our Company registered logo  under the trade mark registration act has filed an application No. 351980 date 22-03-2017 before the Trade Marks Registry for registration of its logo under Class 16 which is under process.





## **OTHER REGULATORY AND STATUTORY DISCLOSURES**

### **Authority for the Issue**

The Issue has been authorized by our Board by a resolution passed at its meeting held on 30<sup>th</sup> August, 2017, pursuant to Section 62 of the Companies Act, 2013. The Issue Price of Rs. [●] per Rights Equity Share and the Rights Entitlement of 1 (One) Rights Equity Share for every 1 (One) fully paid-up Equity Shares held on the Record Date i.e. [●] has been determined by the Board in its meeting held on [●]. The Issue Price has been arrived at in consultation with the Lead Manager.

Our Company has received in-principle approvals from the BSE under Regulation 28 of the SEBI Listing Regulations for listing of the Rights Equity Shares to be allotted in the Issue pursuant to its letters [●].

### **Prohibition by RBI, SEBI or other governmental authorities**

Our Company, the Promoters, the Directors, Promoter Group, persons in control of our Company and persons in control of the Corporate Promoter as well as its directors have not been debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority.

The companies with which our Promoters, our Promoter Group, our Directors or the persons in control of our Company are or were associated as promoter, directors or persons in control have not been debarred from accessing the capital market under any order or direction passed by SEBI or any other regulatory or governmental authority.

None of our Company, our Promoters, our Directors, our Promoter Group, relatives of promoters, are or have been classified as a wilful defaulter by a bank or financial institution or a consortium thereof in accordance with the guidelines on wilful defaulters issued by RBI. Accordingly, no disclosures have been made pursuant to the requirements of Regulation 4(6) read with Part G of Schedule VIII of the SEBI ICDR Regulations.

None of our Directors are associated with the securities market in any manner.

### **Eligibility for the Issue**

The Equity Shares of our Company are presently listed on the BSE. It is eligible to offer Rights Equity Shares pursuant to this Issue in terms of Chapter IV of the SEBI ICDR Regulations.

Our Company is in compliance with the conditions specified in Regulation 4(2) of SEBI ICDR Regulations, 2009, to the extent applicable. Further, in relation to compliance with Regulation 4(2)(d) of the SEBI ICDR Regulations, our Company undertakes to make an application to the Stock Exchanges for listing of the Rights Equity Shares to be issued pursuant to this Issue. Our Company has chosen BSE as the Designated Stock Exchange for the Issue.

### **DISCLAIMER CLAUSE OF SEBI**

AS REQUIRED, A COPY OF THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT LETTER OF OFFER TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. THE LEAD MANAGER, NAVIGANT CORPORATE ADVISORS LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.



IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, NAVIGANT CORPORATE ADVISORS LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER, 13, 2017 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC., AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT LETTER OF OFFER PERTAINING TO THE SAID ISSUE;
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER,

WE CONFIRM THAT:

- (A) THE DRAFT LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
  - (B) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE, AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ ISSUED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
  - (C) THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2013, THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.
3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.
  4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITER TO FULFIL THEIR UNDERWRITING COMMITMENTS. - NOT APPLICABLE
  5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN WILL NOT BE DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT LETTER OF OFFER WITH SEBI UNTIL THE DATE OF COMMENCEMENT OF THE LOCK-IN PERIOD AS STATED IN THE DRAFT LETTER OF OFFER. - NOT APPLICABLE
  6. WE CERTIFY THAT REGULATION 33 OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER / LETTER OF OFFER. - NOT APPLICABLE



7. WE UNDERTAKE THAT SUB-REGULATION 4 OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. - NOT APPLICABLE
8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
9. WE CONFIRM THAT NECESSARY ARRANGEMENTS WILL BE MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 40(3) OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE DRAFT LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT TO BE ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. - NOTED FOR COMPLIANCE
10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE EQUITY SHARES IN DEMAT OR PHYSICAL MODE.
11. WE CERTIFY THAT ALL APPLICABLE DISCLOSURES MANDATED IN THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER:
  - (A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND
  - (B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.
14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, RISK FACTORS, PROMOTER EXPERIENCE, ETC.
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.



16. WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE)', AS PER THE FORMAT SPECIFIED BY THE BOARD THROUGH CIRCULAR. - NOT APPLICABLE
17. WE CERTIFY THAT THE PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS. - COMPLIED WITH TO THE EXTENT OF RELATED PARTY TRANSACTIONS REPORTED IN ACCORDANCE WITH ACCOUNTING STANDARD 18 IN THE AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017.
18. WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y (1) (A) OR (B) (AS THE CASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM, UNDER CHAPTER XC OF THESE REGULATIONS (IF APPLICABLE) - NOT APPLICABLE

THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER SECTION 34 OR SECTION 36 OF THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER, ANY IRREGULARITIES OR LAPSES IN THE DRAFT LETTER OF OFFER.

#### **Disclaimer clauses from our Company and the Lead Manager**

Our company and the lead manager accept no responsibility for statements made otherwise than in this draft letter of offer/Letter of Offer or in the advertisement or any other material issued by or at the instance of our company and that anyone placing reliance on any other source of information would be doing so at his own risk.

Investors who invest in the issue will be deemed to have been represented by our company and the lead manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire equity shares of our company, and are relying on independent advice / evaluation as to their ability and quantum of investment in this issue.

#### **Caution**

Our Company and the Lead Manager accept no responsibility for statements made otherwise than in the Letter of Offer or in any advertisement or other material issued by us or by any other persons at our instance and anyone placing reliance on any other source of information would be doing so at his own risk.

Our Company and the Lead Manager shall make all information available to the Eligible Equity Shareholders and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Draft Letter of Offer with SEBI.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Draft Letter of Offer. You must not rely on any unauthorized information or representations. This Draft Letter of Offer is an offer to sell only the Equity Shares and rights to purchase the Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Draft Letter of Offer is current only as of its date.

Investors who invest in the Issue will be deemed to have represented to our Company and Lead Manager, and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares, and are relying on independent advice/ evaluation as to their ability and quantum of investment in the Issue.

The Lead Manager and its affiliates may engage in transactions with, and perform services for, our Company and our Group Entities or affiliates in the ordinary course of business and have engaged, or may in the future



engage, in transactions with our Company and our Group Entities or affiliates, for which they have received, and may in the future receive, compensation.

#### **Disclaimer with respect to jurisdiction**

This Draft Letter of Offer has been prepared under the provisions of Indian Laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Orissa, India only.

#### **Designated Stock Exchange**

The Designated Stock Exchange for the purposes of the Issue will be BSE.

#### **Disclaimer Clause of the BSE**

As required, a copy of the Draft Letter of Offer has been submitted to BSE (the designated stock exchange). The disclaimer clause as intimated by the BSE to us, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to filing with the Stock Exchanges.

#### **Selling restrictions**

The distribution of the Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by the legal requirements prevailing in those jurisdictions. Persons into whose possession of the Letter of Offer may come are required to inform themselves about and observe such restrictions. We are making this Issue of Equity Shares on a rights basis to our Eligible Equity Shareholders and will dispatch the Letter of Offer/Abridged Letter of Offer and CAFs to the Eligible Equity Shareholders who have provided an Indian address.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Draft Letter of Offer is filed with SEBI for observations. Accordingly, the Rights Entitlement or Rights Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer may not be distributed in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction.

Receipt of the Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, under those circumstances, the Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of the Letter of Offer should not, in connection with the issue of the Equity Shares, distribute or send the same in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If the Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the rights referred to in the Letter of Offer.

Neither the delivery of the Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or that the information contained herein is correct as at any time subsequent to this date.

#### **Filing**

The Draft Letter of Offer will be filed with SEBI at Securities and Exchange Board of India, IDCOL House, Ashok Nagar, Unit - II, Bhubaneswar, Odisha, India, Pin Code - 751009 for its observations. SEBI has vide its letter [●] dated [●] issued its final observations and the Letter of Offer has been filed with the Designated Stock Exchange.



## Listing

The existing Equity Shares are listed on the BSE. We will file in-principle approval application to obtain in-principle approval from the BSE in respect of the Equity Shares being offered in terms of the Issue.

If the permission to deal in and for an official quotation of the securities is not granted by the Stock Exchange mentioned above, we shall forthwith repay, without interest, all monies received from applicants in pursuance of the Draft Letter of Offer.

We will issue and dispatch Allotment advice / share certificates / demat credit and / or letters of regret along with refund order or credit the allotted Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date.

If the subscription amount is not refunded within 15 days from the Issue Closing date, we shall be liable to pay interest for the period of delay, after such aforesaid 15 days, in accordance with the provisions of the Companies Act, 2013 and SEBI ICDR Regulations.

## Consents

Consents in writing of the Promoter, Directors, Compliance Officer, Lead Manager to the Issue, Legal Counsel, Registrar to the Issue, Bankers to the Company, Statutory Auditors and Banker to the Issue to act in their respective capacities have been obtained and such consents have not been withdrawn up to the date of the Letter of Offer.

## Expert opinion

Except for (i) the reports of the Statutory Auditors on the Restated Financial Information, and (ii) the Statement of Tax Benefits available to our Company and its Shareholders included in this Draft Letter of Offer, we have not obtained any expert opinions.

## Expenses of the Issue

The total expenses of the Issue are estimated to be approximately Rs. [●] lacs ([●]% of the Issue Size). The expenses of the Issue include, among others, fees of the Lead Manager, fees of the Registrar to the Issue, fees of the other advisors, printing and stationery expenses, advertising, travelling and marketing expenses and other expenses. The estimated Issue expenses are as follows:

(Rs. in lacs)			
Particulars	Estimated Expenses (Rs. in lakhs)	% of Estimated Issue size	% of Estimated Issue expenses
Fees of the Lead Manager, legal advisors, Registrar to the Issue, auditors, including out of pocket expenses	[●]	[●]	[●]
Printing and stationery, distribution, postage, Advertising and marketing expenses etc.	[●]	[●]	[●]
Other expenses (including fees payable to SEBI and Stock Exchange, etc.)	[●]	[●]	[●]
<b>Total</b>	<b>[●]</b>	<b>[●]</b>	<b>[●]</b>

## Public or rights issues by our Company during the last five years

Our Company has not made a public issue or rights issue of Equity Shares in the last five years preceding the date of this Draft Letter of Offer.



#### **Previous issues of securities otherwise than for cash**

Except as disclosed in “*Capital Structure*” on page 41, our Company has not made any issue of securities for consideration otherwise than cash.

#### **Commission or brokerage in previous issue of Equity Shares**

No sum is been payable as commission or brokerage for any of our previous issue(s) of Equity Shares.

#### **Previous capital issue during the previous three years by listed Promoter Group and Subsidiaries of our Company**

None of our Subsidiaries are listed. None of our Promoter Group have made any public or rights issue during the last three years.

#### **Outstanding debentures, bonds, redeemable preference shares or other instruments**

Except as disclosed in the Offer Document, our Company does not have any outstanding debentures, bonds, redeemable preference shares or other instruments as of the date of this Draft Letter of Offer.

#### **Investor Grievances and Redressal System**

We have adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the Listing Regulations.

Our Company has a Stakeholders Relationship Committee which meets as and when required, to deal and monitor redressal of complaints from shareholders. Generally, the investor grievances are dealt within five days of the receipt of the complaint. Bigshare Services Private Limited is our Registrar and Share Transfer Agent. All investor grievances received by us have been handled by the Registrar and Share Transfer Agent in consultation with the Compliance Officer.

Our Board has constituted the Stakeholders Relationship Committee. This committee currently comprises of 3 members, namely Mr. Akram Abu, Mr. Inder Pal Singh Pasricha and Mr. Anil kumar Gilra. Our Stakeholders Relationship Committee oversees the reports received from the registrar and transfer agent and facilitates the prompt and effective resolution of complaints from our shareholders and investors. Its broad terms of reference include:

- Redressal of Equity Shareholder and Investor complaints including, but not limited to non-receipt of share certificates, transfer of Equity Shares and issue of duplicate share certificates, non-receipt of balance sheet, non- receipt of declared dividends, etc. and
- Monitoring transfers, transmissions, dematerialization, rematerialization, splitting and consolidation of shares issued by our Company.

#### **Status of Shareholders Complaints**

- (a) No. of shareholders complaints outstanding as on June 30, 2017: Nil
- (b) Status of the pending complaints: Not applicable

#### **Investor Grievances arising out of the Issue**

Any investor grievances arising out of the Issue will be handled by the Registrar to the Issue. The Registrar to the Issue will have a separate team of personnel handling only our post-Issue correspondence.





Our agreement with the Registrar to the Issue provides for retention of records with the Registrar for a period of at least three years.

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

The average time taken by the Registrar to the Issue for attending to routine grievances will be 15 working days from the date of receipt. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to the Issue to attend to them as expeditiously as possible. We undertake to resolve the investor grievances in a time bound manner.

Investors may contact the Registrar to the Issue at:

**BIGSHARE SERVICES PRIVATE LIMITED**

1<sup>st</sup> Floor, Bharat Tin Works Building,  
Opp. Vasant Oasis, Makwana Road,  
Marol, Andheri (E), Mumbai - 400 059  
**Tel:** +91-22-6263 8200;  
**Fax:** +91-22-6263 8299  
**Website:** [www.bigshareonline.com](http://www.bigshareonline.com)  
**E-Mail:** [ashok@bigshareonline.com](mailto:ashok@bigshareonline.com)  
**Contact person:** Mr. Ashok Shetty  
**SEBI Regn No:** INR000001383

Investors may contact the Compliance Officer at the below mentioned address and/ or Registrar to the Issue at the above mentioned address in case of any pre-Issue/ post -Issue related problems such as non receipt of allotment advice / share certificates / demat credit / refund orders etc.

**Address of our Compliance Officer:**

Ms. Alka Jain  
ACS No: 50528  
Phase II, New Industrial Estate,  
Jagatpur, Cuttack,  
Orissa, 754021, India  
**Tel No :** +91-671-2491966  
**Fax:** +91-671-2490944, 2491295  
**E-mail id:** [cs@cosboard.com](mailto:cs@cosboard.com)

**Change in auditors during last three years**

M/s. B.R.R. & Associates, Chartered Accountants are the present auditors of our Company. The appointment of B.R.R. & Associates, Chartered Accountants as the Statutory Auditor is ratified at every Annual General Meeting. They will hold the office of Statutory Auditors till 38<sup>th</sup> Annual General meeting subject to the ratification by the Shareholders at the Annual General Meeting.

**Capitalisation of reserves or profits**

Our Company has not capitalised reserves or profits during last five years.





### **Revaluation of assets**

Our Company has not revalued its assets during last five years.

If we do not receive the minimum subscription of 90% in this Issue or if our Board fails to dispose off the unsubscribed Equity Shares in the manner as permitted under Section 62(1)(a)(iii), subject to receipt of requisite regulatory approvals, if any, after the Issue Closing Date or the subscription level falls below 90% after the Issue Closing Date on the account of cheques being returned unpaid or withdrawal of applications, we shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If the subscription amount is not refunded within 15 days from the Issue Closing date, we shall be liable to pay interest for the period of delay, after such aforesaid 15 days, in accordance with the provisions of the Companies Act, 2013 and SEBI ICDR Regulations.



## **SECTION VIII - ISSUE RELATED INFORMATION**

### **TERMS OF THE ISSUE**

The Equity Shares proposed to be issued are subject to the terms and conditions contained in the Letter of Offer, the Abridged Letter of Offer, the CAF enclosed with the Letter of Offer, the Memorandum and Articles of Association, the provisions of the Companies Act, FEMA, the SEBI Regulations, any other regulations, guidelines, notifications and regulations for issue of capital and for listing of securities issued by SEBI, RBI and/ or other statutory authorities and bodies from time to time, and the terms and conditions as stipulated in the Allotment advice or letters of Allotment or share certificate and rules as may be applicable and introduced from time to time. All rights/ obligations of Equity Shareholders in relation to Applications and refunds pertaining to the Issue shall apply to Renouncee(s) as well.

Please note that, in terms of SEBI circular CIR/CFD/DIL/1/ 2011 dated April 29, 2011, QIB applicants, Non Institutional Investors and other applicants whose application amount exceeds ` 2,00,000 can participate in the Issue only through the ASBA process. The Investors who are not (i) QIBs, (ii) Non-Institutional Investors or (iii) investors whose application amount is more than ` 200,000, can participate in the Issue either through the ASBA process or the non ASBA process. Renouncees are not eligible ASBA investors and must only apply for the Rights Equity Shares through the non ASBA process irrespective of the application value. ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. For details, see “Procedure for Application through the Applications Supported by Blocked Amount (“ASBA”) Process” on page 191 of the Draft Letter of Offer.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public issues/rights issues and clear demarcated funds should be available in such account for ASBA applications.

Please note that in terms of the SEBI (Foreign Portfolio Investors) Regulations, 2014 (“**SEBI FPI Regulations**”), foreign institutional investor or qualified foreign investor who holds a valid certificate of registration shall be deemed to be a foreign portfolio investor till the expiry of the block of three years for which fees have been paid as per the SEBI (Foreign Institutional Investors) Regulations, 1995.

All rights/obligations of the Eligible Equity Shareholders in relation to application and refunds pertaining to the Issue shall apply to the Renouncee(s) as well.

#### **Authority for the Issue**

The Issue has been authorised by a resolution of our Board passed at its meeting held on 30<sup>th</sup> August, 2017, pursuant to section 62 of the Companies Act.

#### **Basis for the Issue**

The Equity Shares are being offered for subscription for cash to those existing equity shareholders of our Company whose names appear, as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held in the electronic form, and on the register of members of our Company in



## **Cosboard Industries Limited**

respect of Equity Shares held in the physical form at the close of business hours on the Record Date, i.e., [●], fixed in consultation with the Designated Stock Exchange.

### **Ranking of Equity Shares**

The Equity Shares shall be subject to the Memorandum and Articles of Association. The Equity Shares allotted in the Issue shall rank *pari passu* with the existing Equity Shares in all respects, including payment of dividends.

### **Mode of Payment of Dividend**

We shall pay dividends (in the event of declaration of such dividends) to our equity shareholders as per the provisions of the Companies Act and our Articles of Association.

The distribution of the Letter of Offer and the issue of the Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. We are making the issue of the Equity Shares on a rights basis to the Equity Shareholders and the Draft Letter of Offer, Abridged Letter of Offer and the CAFs will be dispatched only to those Equity Shareholders who have a registered address in India or who have provided an Indian address. Any person who acquires Rights Entitlements or the Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Draft Letter of Offer, that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States and in other restricted jurisdictions.

## **PRINCIPAL TERMS OF THE EQUITY SHARES ISSUED UNDER THE ISSUE**

### **Face Value**

Each Equity Share shall have the face value of Rs. 10 each.

### **Issue Price**

Each Equity Share is being offered at a price of Rs. [●] (including a premium of Rs. [●] per Equity Share). The Issue Price has been arrived at by us in consultation with the Lead Manager.

### **Rights Entitlement Ratio**

The Equity Shares are being offered on a rights basis to the existing equity shareholders of our Company in the ratio of 1 (One) Equity Share for every 1 (One) Equity Shares held as on the Record Date.

As your name appears as a beneficial owner in respect of Equity Shares held in the electronic form or appears in the register of members as an equity shareholder of our Company as on the Record Date, you are entitled to the number of Equity Shares as set out in Part A of the CAF enclosed with the Draft Letter of Offer.

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an Application to subscribe to the Issue on plain paper. For further details, see the section titled "Issue Related Information - Application on Plain Paper" on page 178 & page 189 respectively.



### **Terms of payment**

The entire amount of Rs. [●] per Equity Share is payable on application. Where an applicant has applied for additional Equity Shares and is allotted lesser number of Equity Shares than applied for, the excess Application Money paid shall be refunded. The monies would be refunded within 15 days from the Issue Closing Date. If the subscription amount is not refunded within 15 days from the Issue Closing date, we shall be liable to pay interest for the period of delay, after such aforesaid 15 days, in accordance with the provisions of the Companies Act, 2013 and SEBI ICDR Regulations.

### **Fractional Entitlements**

The Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of 1 Equity Shares for every 1 Equity Shares held as on the Record Date. Therefore, none of the Eligible Equity Shareholders shall have any fractional entitlement due to the aforesaid ratio.

### **Arrangement for Odd Lot Equity Shares**

Our Company's Equity Shares are traded in dematerialised form only and therefore the marketable lot is 1 (One) share and hence, no arrangements for disposal of odd lots are required.

### **Listing and trading of Rights Equity Shares proposed to be issued**

Our existing Equity Shares are currently listed and traded on BSE (Scrip Code: 530859) under the ISIN - INE496D01016. The fully paid-up Rights Equity Shares proposed to be issued pursuant to the Issue shall, in terms of SEBI Circular No. CIR/MRD/DP/21/2012 dated August 2, 2012, be Allotted under a temporary ISIN shall be frozen till the time final listing and trading approval is granted by the Stock Exchange. Upon receipt of such listing and trading approval, the Rights Equity Shares proposed to be issued pursuant to the Issue shall be debited from such temporary ISIN and credited in the existing ISIN and thereafter be available for trading.

The listing and trading of the Equity Shares shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would affect the listing and trading schedule. Upon Allotment, the Equity Shares shall be traded on Stock Exchanges in the demat segment only.

The Rights Equity Shares allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of the necessary formalities for listing and commencement of trading of the Rights Equity Shares shall be taken within seven Working Days of finalization of Basis of Allotment. We have made an application for "in- principle" approval for listing of the Equity Shares to the BSE and have received such approval from the BSE pursuant to the letter numbers [●], dated [●].

Our Company will apply to the BSE for final approval for the listing and trading of the Rights Equity Shares. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or that the price at which the Rights Equity Shares offered under the Issue will trade after listing on the Stock Exchanges.

### **Rights of the Equity Shareholder**

Subject to applicable laws, Equity Shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;



***Cosboard Industries Limited***

- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability of shares; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and the Memorandum and Articles of Association.



## **GENERAL TERMS OF THE ISSUE**

### **Market lot**

The Equity Shares of the Company is tradable only in dematerialized form. The market lot for Equity Shares in dematerialised mode is one.

In case of holding in physical form, the Company would issue to the allottees one certificate for the Equity Shares allotted to one folio ("Consolidated Certificate"). In respect of the Consolidated Certificate, the Company will, upon receipt of a request from the Equity Shareholder, split such Consolidated Certificate into smaller denomination within one month's time from the request of the Equity Shareholder in accordance with the provisions of the Articles of Association.

### **Joint-Holders**

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint-holders with benefits of survivorship subject to provisions contained in the Articles of Association.

### **Nomination facility**

In terms of Section 72 of the Companies Act, 2013, nomination facility is available in case of Equity Shares. An applicant can nominate, by filling the relevant details in the CAF in the space provided for this purpose.

A sole Eligible Equity Shareholder or first Eligible Equity Shareholder, along with other joint Eligible Equity Shareholders being individual(s) may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Equity Shares. A Person, being a nominee, becoming entitled to the Equity Shares by reason of the death of the original Eligible Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the Equity Shares. Where the nominee is a minor, the Eligible Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Equity Share by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. When the Equity Share is held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all the holders. Fresh nominations can be made only in the prescribed form available on request at our Registered and Corporate Office or such other person at such addresses as may be notified by our Company. The applicant can make the nomination by filling in the relevant portion of the CAF.

Only one nomination would be applicable for one folio. Hence, in case the Eligible Equity Shareholder(s) has already registered the nomination with our Company, no further nomination needs to be made for Equity Shares to be allotted in the Issue under the same folio. However, new nominations, if any, by the Eligible Equity Shareholder(s) shall operate in supersession of the previous nomination, if any.

In case the Allotment of Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be allotted in the Issue. Nominations registered with respective Depository Participant of the applicant would prevail. If the applicant wants to change the nomination, they are requested to inform their respective Depository Participant.



## **Notices**

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English National Daily and one Hindi National Daily with wide circulation (including the place where our Registered Office is situated) and/ or will be sent by ordinary post or registered post or speed post to the registered address of the Equity Shareholders in India as updated with the Depositories/ registered with the Registrar and Transfer Agent from time to time.

## **Subscription by the Promoter/Promoter Group**

Our Promoters have confirmed, on behalf of the Promoter Group, vide their letter dated September 01, 2017 that they intend to subscribe to the full extent of their Rights Entitlement in the Issue, in compliance with regulation 10(4) of the SEBI Takeover Regulations.

Our Promoters have further confirmed vide their letter dated September 01, 2017 that, they intend to (i) subscribe for additional Equity Shares and (ii) subscribe for unsubscribed portion in the Issue, if any. Such subscription to additional Equity Shares and the unsubscribed portion, if any, to be made by the Promoter Group, shall be in accordance with regulation 10(4) of the SEBI Takeover Regulations. Their entitlement to subscribe to the Issue would be restricted to ensure that the public shareholding in the Company after the Issue does not fall below the permissible minimum level as specified in the applicable laws, including but not limited to, Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 and entered with the Stock Exchanges and the Securities Contract (Regulations) Rules, 1957.

## **Procedure for Application**

The CAF for Rights Equity Shares offered as a part of the Issue would be printed for all Eligible Equity Shareholders. In case the original CAFs are not received by the Eligible Equity Shareholders or is misplaced by the Eligible Equity Shareholders, the Eligible Equity Shareholders may request the Registrar to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID, Client ID and their full name and address. In case the signature of the Eligible Equity Shareholder(s) does not match with the specimen registered with us or the DP, the application is liable to be rejected.

Please note that neither our Company, nor the Lead Manager nor the Registrar shall be responsible for delay in the receipt of the CAF/ duplicate CAF attributable to postal delays or if the CAF/ duplicate CAF are misplaced in the transit. Eligible Shareholders should note that those who are making the application in such duplicate CAF should not utilize the original CAF for any purpose, including renunciation, even if the original CAF is received or found subsequently. If any Eligible Shareholder violates any of these requirements, he/she shall face the risk of rejection of both applications.

Please note that in accordance with the provisions of the SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011 QIB Applicants, Non-Institutional Investors and other Applicants whose application amount exceeds Rs. 2,00,000 complying with the eligibility conditions prescribed under the SEBI circular no. SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009 must mandatorily participate in the Issue only through the ASBA process. The Investors who are not (i) QIBs, (ii) Non-Institutional Investors or (iii) Investors whose application amount is more than Rs. 2,00,000, can participate in the Issue either through the ASBA process or the non ASBA process

Please also note that by virtue of the circular No. 14 dated September 16, 2003 issued by the RBI, erstwhile Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of Investors



## ***Cosboard Industries Limited***

and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Eligible Shareholder being an erstwhile OCB is required to obtain prior approval from RBI for applying to the Issue.

### **CAF**

The Registrar will dispatch the CAF to all Eligible Equity Shareholders as per their Rights Entitlement on the Record Date. Those Eligible Equity Shareholders who must apply or who wish to apply through the ASBA process and have complied with the parameters mentioned above will have to select the relevant mechanism in Part A of the CAF and provide necessary details.

Application in electronic mode will only be available with SCSBs. The Eligible Equity Shareholder shall submit the CAF to the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the Application in the said bank account maintained with the same SCSB.

Please note that no more than five Applications (including CAF and plain paper) can be submitted per bank account in the Issue. ASBA Investors are also advised to ensure that the CAF is correctly filled up, stating therein the bank account number maintained with the SCSB in which an amount equivalent to the amount payable on Application as stated in the CAF will be blocked by the SCSB.

### **The CAF consists of four parts:**

- Part A: Form for accepting the Rights Equity Shares offered as a part of this Issue, in full or in part, and for applying for additional Rights Equity Shares;
- Part B: Form for renunciation of Rights Equity Shares;
- Part C: Form for application of Rights Equity Shares by Renouncee(s);
- Part D: Form for request for split Application forms.

### **Option available to the Eligible Equity Shareholders**

The CAFs will clearly indicate the number of Rights Equity Shares that the Shareholder is entitled to. An Eligible Equity Shareholder can:

- Apply for his Rights Entitlement of Rights Equity Shares in full;
- Apply for his Rights Entitlement of Rights Equity Shares in part;
- Apply for his Rights Entitlement of Rights Equity Shares in part and renounce the other part of the Rights Equity Shares;
- Apply for his Rights Entitlement in full and apply for additional Rights Equity Shares;
- Renounce his Rights Entitlement in full.

### **Acceptance of the Issue**

You may accept the offer to participate and apply for the Rights Equity Shares, either in full or in part without renouncing the balance by filling Part A of the CAFs and submit the same along with the application money payable to the collection branches of the Banker to the Issue as mentioned on the reverse of the CAFs before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by our Board in this regard. Investors at centres not covered by the branches of the Banker to the Issue can send their CAFs together with the cheque drawn at par on a local bank at Cuttack, demand draft payable at Cuttack to the Registrar to the Issue by registered post/ speed post so as to reach the Registrar to the Issue prior to the Issue Closing Date.





## **Cosboard Industries Limited**

Please note that neither our Company nor the Lead Manager nor the Registrar to the Issue shall be responsible for delay in the receipt of the CAF attributable to postal delays or if the CAF is misplaced in transit. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected. For further details on the mode of payment, please see the headings “*Mode of Payment for Resident Eligible Equity Shareholders/ Investors*” and “*Mode of Payment for Non-Resident Eligible Equity Shareholders/ Investors*” on page 211.

### **Additional Rights Equity Shares**

You are eligible to apply for additional Rights Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Rights Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Rights Equity Shares shall be considered and allotment shall be made at the sole discretion of our Board, subject to sectoral caps and prescribed limits as per applicable laws and and in consultation if necessary with the Designated Stock Exchange.

If you desire to apply for additional Rights Equity Shares, please indicate your requirement in the place provided for additional Rights Equity Shares in Part A of the CAF. Renouncee(s) applying for all the Rights Equity Shares renounced in their favour may also apply for additional Rights Equity Shares by indicating the details of additional Rights Equity Shares applied in place provided for additional Rights Equity Shares in Part C of CAF. In terms of Regulation 6 of Notification No. FEMA 20 12000-RB dated May 3, 2000, as amended from time to time, only the existing Non-Resident shareholders may subscribe for additional equity shares over and above the equity shares offered on rights basis by our Company.

Where the number of additional Rights Equity Shares applied for exceeds the number of Rights Equity Shares available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

### **Renunciation**

This Issue includes a right exercisable by you to renounce the Rights Equity Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that we shall not Allot and/ or register the Rights Equity Shares in favour of more than three persons (including joint holders), partnership firm(s) or their nominee(s), minors, HUF, any trust or society (unless the same is registered under the Societies Registration Act, 1860 or the Indian Trust Act, 1882 or any other applicable law relating to societies or trusts and is authorized under its constitution or bye-laws to hold Equity Shares, as the case may be). Additionally, existing Eligible Equity Shareholders may not renounce in favour of persons or entities in the U.S., or to, or for the account or benefit of a “U.S. Person” (as defined in Regulation S), or who would otherwise be prohibited from being offered or subscribing for Rights Equity Shares or Rights Entitlement under applicable securities laws.

Any renunciation other than as stated above is subject to the renouncer(s)/renouncee(s) obtaining the approval of the FIPB and/or necessary permission of the RBI under the FEMA and such permissions should be attached to the CAF or SAF. In case of Applications which are not accompanied by the aforesaid approvals, our Board reserves the right to reject such CAF or SAF.

### **Renunciations by OCBs**

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, OCBs have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management



## ***Cosboard Industries Limited***

(Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, the existing Eligible Equity Shareholders who do not wish to subscribe to the Rights Equity Shares being offered but wish to renounce the same in favour of Renouncee shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s).

The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/ 2000-RB dated May 3, 2000 under FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through Automatic Route on case by case basis. Shareholders renouncing their rights in favour of OCBs may do so provided such Renouncee obtains a prior approval from the RBI. On submission of such approval to us at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the CAF.

Part 'A' of the CAF must not be used by any person(s) other than those in whose favour this Issue has been made. If used, this will render the application invalid. Submission of the CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part 'B' of the CAF) duly filled in shall be conclusive evidence for us of the fact of renouncement to the person(s) applying for Rights Equity Shares in Part 'C' of the CAF for the purposes of Allotment of such Rights Equity Shares. The Renouncees applying for all the Rights Equity Shares renounced in their favour may also apply for additional Rights Equity Shares. Part 'A' of the CAF must not be used by the Renouncee(s) as this will render the application invalid. Renouncee(s) will have no further right to renounce any Rights Equity Shares in favour of any other person. In terms of Regulation 6 of Notification No. FEMA 20 12000-RB dated May 3, 2000, as amended from time to time, only the existing Non-Resident shareholders may subscribe for additional equity shares over and above the equity shares offered on rights basis by our Company.

The right of renunciation is subject to the express condition that our Board shall be entitled in its absolute discretion to reject the application from the Renouncees without assigning any reason thereof.

### **Procedure for renunciation**

#### **To renounce all the Rights Equity Shares offered to an Equity Shareholder in favour of one Renouncee**

If you wish to renounce the Rights Entitlement indicated in Part 'A', in whole, please complete Part 'B' of the CAF. In case of joint holding, all joint holders must sign Part 'B' of the CAF. The person in whose favour renunciation has been made should complete and sign Part 'C' of the CAF. In case of joint Renouncees, all joint Renouncees must sign Part 'C' of the CAF.

#### **To renounce in part/ or renounce the whole to more than one person(s)**

If you wish to either accept this offer in part and renounce the balance or renounce the entire Rights Entitlement under this Issue in favour of two or more Renouncees, the CAF must be first split into requisite number of SAFs. Please indicate your requirement of SAFs in the space provided for this purpose in Part 'D' of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for SAFs as mentioned herein. On receipt of the required number of SAFs from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Eligible Equity Shareholder(s), who has renounced the Rights Equity Shares, does not match with the specimen registered with us/ Depositories, the application is liable to be rejected.



### **Renouncee(s)**

The person(s) in whose favour the Equity Shares are renounced should fill in and sign Part 'C' of the CAF and submit the entire CAF to the Banker to the Issue or to any of the collection branches of the Bankers to the Issue as mentioned in the reverse of the CAF on or before the Issue Closing Date along with the application money in full. The Renouncee cannot further renounce.

### **Change and/ or introduction of additional holders**

If you wish to apply for the Rights Equity Shares jointly with any other person(s), not more than three (including you), who is/ are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.

However, this right of renunciation is subject to the express condition that our Board shall be entitled in its absolute discretion to reject the request for Allotment from the Renouncee(s) without assigning any reason thereof.

### **Instructions for Options**

The summary of options available to the Eligible Equity Shareholder is presented below. You may exercise any of the following options with regard to the Rights Equity Shares offered, using the CAF:

<b>S. No</b>	<b>Option Available</b>	<b>Action Required</b>
(i)	Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A (All joint holders must sign in the same sequence)
(ii)	Accept your Rights Entitlement in full and apply for additional Rights Equity Shares	Fill in and sign Part A including Block III relating to the acceptance of Rights Entitlement and Block IV relating to additional Equity Shares (All joint holders must sign in the same sequence)
(iii)	Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s) OR Renounce your Rights Entitlement of all the Rights Equity Shares offered to you to more than one Renouncee	Fill in and sign Part D (all joint holders must sign in the same sequence) requesting for SAFs. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for SAFs.  Splitting will be permitted only once.  On receipt of the SAF take action as indicated below. For the Equity Shares you wish to accept, if any, fill in and sign Part A.  For the Rights Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand it over to the Renouncee. Each of the Renouncee should fill in and sign Part C for the Equity



S. No	Option Available	Action Required
		Shares accepted by them.
(iv)	Renounce your Rights Entitlement in full to one person (Joint Renouncees are considered as one)	Fill in and sign Part B (all joint holders must sign in the same sequence) indicating the number of Equity Shares renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C (All joint Renouncees must sign)
(v)	Introduce a joint holder or change the sequence of joint holders	This will be treated as a renunciation. Fill in and sign Part B and the Renouncee must fill in and sign Part C.

In case of Rights Equity Shares held in physical form, applicants must provide information in the CAF as to their respective bank account numbers, name of the bank, to enable the Registrar to print the said details on the refund order. Failure to comply with this may lead to rejection of application. In case of Rights Equity Shares held in demat form, bank account details furnished by the Depositories will be printed on the refund order.

**Please note that:**

- Part 'A' of the CAF must not be used by any person(s) other than the Eligible Equity Shareholder to whom this Draft Letter of Offer has been addressed. If used, this will render the application invalid.
- Request for SAF should be made for a minimum of one Equity Share or, in either case, in multiples thereof, and one SAF for the balance corresponding Rights Equity Shares, if any.
- Request by the Eligible Equity Shareholder for the SAFs should reach the Registrar on or before [●].
- Only the Eligible Equity Shareholder to whom the Letter of Offer has been addressed shall be entitled to renounce and to apply for SAFs. Forms once split cannot be split further.
- SAFs will be sent to the Eligible Equity Shareholder(s) by post at the Applicant's sole risk.
- Eligible Equity Shareholders may not renounce in favour of persons or entities in the restricted jurisdictions including the U.S. or to or for the account or benefit of a "U.S. Person" (as defined in Regulation S), or who would otherwise be prohibited from being offered or subscribing for Rights Equity Shares or Rights Entitlement under applicable securities laws.
- Submission of the CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part 'B' of the CAF) duly filled in shall be conclusive evidence for us of the person(s) applying for Rights Equity Shares in Part 'C' of the CAF to receive Allotment of such Rights Equity Shares.
- While applying for or renouncing their Rights Entitlement, joint Equity Shareholders must sign the CAF in



## **Cosboard Industries Limited**

the same order as per specimen signatures recorded with us or the Depositories.

- Non-resident Eligible Equity Shareholders: Application(s) received from Non-Resident/ NRIs, or persons of Indian origin residing abroad for allotment of Rights Equity Shares allotted as a part of this Issue shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of Rights Equity Shares, subsequent issue and allotment of Rights Equity Shares, interest, export of share certificates, etc. In case a Non-Resident or NRI Eligible Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.
- Applicants must write their CAF number at the back of the cheque / demand draft.
- The RBI has mandated that CTS 2010 compliant cheques can only be presented in clearing hence the CAFs accompanied by non-CTS cheques could get rejected.

### **Availability of duplicate CAF**

In case the original CAF is not received, or is misplaced by the Eligible Equity Shareholder, the Registrar to the Issue will issue a duplicate CAF on the request of the Eligible Equity Shareholder who should furnish the registered folio number/ DP and Client ID number and his/ her full name and address to the Registrar to the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue at least 7 days prior to the Issue Closing Date. Please note that those who are making the application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the Eligible Equity Shareholder violates such requirements, he/ she shall face the risk of rejection of either original CAF or both the applications.

Neither the Registrar nor the Lead Manager or our Company, shall be responsible for postal delays or loss of duplicate CAFs in transit, if any.

### **Application on Plain Paper (Non - ASBA)**

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with account payee cheque drawn on a bank payable at par, pay order/demand draft (after deducting banking and postal charges) payable at Cuttack which should be drawn in favour of **“Cosboard Industries Limited - Rights Issue - R”** in case of resident shareholders and non-resident shareholders applying on non-repatriable basis and in favour of **“Cosboard Industries Limited - Rights Issue- NR”** in case of non-resident shareholders applying on repatriable basis and send the same by registered post directly to the Registrar to the Issue so as to reach Registrar to the Issue on or before the Issue Closing Date. The envelope should be super scribed **“Cosboard Industries Limited - Rights Issue - R”** in case of resident shareholders and Non- resident shareholders applying on non-repatriable basis, and **“Cosboard Limited - Rights Issue - NR”** in case of non-resident shareholders applying on repatriable basis.

- The application on plain paper, duly signed by the applicant(s) including joint holders, in the same order as per specimen recorded with us or the Depositories, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:
- Name of Issuer, being Cosboard Industries Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Number of Rights Equity Shares held as on Record Date;
- Number of Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for;



## ***Cosboard Industries Limited***

- Number of additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for;
- Total amount paid at the rate of Rs. [●] per Rights Equity Share;
- Particulars of cheque/ demand draft;
- Savings/ current account number and name and address of the bank where the Eligible Equity Shareholder will be depositing the refund order. In case of Rights Equity Shares allotted in demat form, the bank account details will be obtained from the information available with the Depositories;
- Except for applications on behalf of the Central or State Government and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue; Documentary evidence for exemption to be provided by the applicants;
- Share certificate numbers and distinctive numbers of Rights Equity Shares, if held in physical form;
- Allotment option preferred - physical or demat form, if held in physical form;
- If the payment is made by a draft purchased from NRE/ FCNR/ NRO account, as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account;
- Signature of the Applicant to appear in the same sequence and order as they appear in our records / Depositories; and
- For ASBA Investors, application on plain paper should have details of their ASBA Account.
- Additionally, all such applicants are deemed to have accepted the following:

“I/ We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/ We understand and agree that the Rights Entitlement and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/ We (i) am/ are, and the person, if any, for whose account I/ we am/ are acquiring such Rights Entitlement and/ or the Rights Equity Shares is/ are, outside the U.S., (ii) am/ are not a “U.S. Person” as defined in Regulation S, and (iii) is/ are acquiring the Rights Entitlement and/ or the Rights Equity Shares in an offshore transaction meeting the requirements of Regulation S.

I/ We acknowledge that the Company, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Eligible Equity Shareholder violates such requirements, he/ she shall face the risk of rejection of both the applications. We shall refund such application amount to the Eligible Equity Shareholder without any interest thereon and no liability shall arise on part of our Company, Lead Manager and our Directors. In cases where multiple CAFs are submitted, including cases where an investor submits CAFs along with a plain paper application, such applications shall be liable to be rejected.





## **Cosboard Industries Limited**

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an application being rejected, with our Company, the Lead Manager and the Registrar not having any liability to the Investor. The plain paper application format will be available on the website of the Registrar to the Issue.

### **Last date for Application**

The last date for submission of the duly filled in CAF is [●]. Our Board may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the CAF together with the amount payable is not received by the Banker to the Issue/ Registrar to the Issue on or before the close of banking hours on the aforesaid last date or such date as may be extended by our Board or any authorised committee thereof, the invitation to offer contained in this Draft Letter of Offer shall be deemed to have been declined and our Board or any authorised committee thereof shall be at liberty to dispose of the Rights Equity Shares hereby offered.

### **PROCEDURE FOR APPLICATION THROUGH THE APPLICATIONS SUPPORTED BY BLOCKED AMOUNT (“ASBA”) PROCESS**

*This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA Process. The Lead Manager and we are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors who are eligible to apply under the ASBA Process are advised to make their independent investigations and to ensure that the CAF is correctly filled up.*

*The Lead Manager, we, our Directors, Affiliates, Associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs, applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.*

Please note that, in terms of SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011, all QIB Applicants, Non- Institutional Investors and other Applicants whose application amount exceeds Rs. 2,00,000, complying with the eligibility conditions of SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, can participate in the Issue only through the ASBA process. The Investors who are not (i) QIBs, (ii) Non- Institutional Investors or (iii) Investors whose application amount is more than Rs. 2,00,000, can participate in the Issue either through the ASBA process or the non ASBA process. Renouncees are not eligible ASBA investors and must only apply for the Rights Equity Shares through the non ASBA process. ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please see “General Terms of the Issue” on page 182.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in their own name with any other SCSB having clear demarcated funds for applying in



## ***Cosboard Industries Limited***

the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.

### **Self-Certified Syndicate Banks**

The list of banks which have been notified by SEBI to act as SCSBs for the ASBA Process is provided on [http://www.sebi.gov.in/cms/sebi\\_data/attachdocs/1365051213899.html](http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html) and/or such other website(s) as may be prescribed by the SEBI or Stock Exchange(s) from time to time. For details on Designated Branches of SCSBs collecting the CAF, please refer the above mentioned SEBI link.

### **Eligible Equity Shareholders who are eligible to apply under the ASBA Process**

The option of applying for Rights Equity Shares through the ASBA Process is available only to the Eligible Equity Shareholders on the Record Date.

#### **To qualify as ASBA Applicants, Eligible Equity Shareholders:**

- are required to hold Rights Equity Shares in dematerialized form as on the Record Date and apply for: (i) their Rights Entitlement; or (ii) their Rights Entitlement and Rights Equity Shares in addition to their Rights Entitlement in dematerialized form;
- should not have renounced their Right Entitlement in full or in part;
- should not have split the CAF and further renounced it;
- should not be Renouncees;
- should apply through blocking of funds in bank accounts maintained with SCSBs; and
- are eligible under applicable securities laws to subscribe for the Rights Entitlement and the Rights Equity Shares in the Issue.

### **CAF**

The Registrar will dispatch the CAF to all Eligible Equity Shareholders as per their Rights Entitlement on the Record Date for the Issue. Those Eligible Equity Shareholders who must apply or who wish to apply through the ASBA will have to select for this ASBA payment mechanism in Part A of the CAF and provide necessary details.

Eligible Equity Shareholders desiring to use the ASBA Process are required to submit their applications by selecting the ASBA option in Part A of the CAF. Application in electronic mode will only be available with such SCSBs who provide such facility. The Eligible Equity Shareholder shall submit the CAF to the Designated Branch of the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the ASBA Account.

More than one ASBA Investor may apply using the same ASBA Account, provided that SCSBs will not accept a total of more than five CAFs with respect to any single ASBA Account as provided for under the SEBI Circular dated December 30, 2009.

### **Acceptance of the Issue under the ASBA process**

You may accept the Issue and apply for the Rights Equity Shares either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA option in Part A of the CAF and submit the same to the Designated Branch of the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by our Board or any committee thereof in this regard.





### **Mode of payment under the ASBA process**

The Eligible Equity Shareholder applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in an ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar. Upon receipt of instructions from the Registrar, the SCSBs shall transfer amount to the extent of Rights Equity Shares allotted in the Rights Issue as per the Registrar's instruction from the ASBA Account. This amount will be transferred in terms of the SEBI ICDR Regulations, into the separate bank account maintained by our Company for the purpose of the Issue. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar and the Lead Manager to the respective SCSB.

The Eligible Equity Shareholders applying under the ASBA Process would be required to give instructions to the respective SCSBs to block the entire amount payable on their application at the time of the submission of the CAF.

The SCSB may reject the application at the time of acceptance of CAF if the ASBA Account, details of which have been provided by the Equity Shareholder in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, we would have a right to reject the application only on technical grounds.

A Retail Individual Investor applying for a value of up to Rs. 2,00,000, can participate in the Issue either through the ASBA process or non-ASBA process.

### **Options available to the Eligible Equity Shareholders applying under the ASBA Process**

The summary of options available to the Eligible Equity Shareholders is presented below. You may exercise any of the following options with regard to the Rights Equity Shares, using the respective CAFs received from Registrar:

<b>S.No.</b>	<b>Option Available</b>	<b>Action Required</b>
1.	Accept whole or part of your Rights Entitlement without renouncing the balance	Fill in and sign Part A of the CAF (All joint holders must sign)
2.	Accept your Rights Entitlement in full and apply for additional Rights Equity Shares	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Rights Equity Shares (All joint holders must sign)

The Eligible Equity Shareholders applying under the ASBA Process will need to select the ASBA process option in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the designated branch of the SCSBs with the relevant details required under the ASBA process option and the SCSBs block the requisite amount, then that CAF would be treated as if the Eligible Equity Shareholder has selected to apply through the ASBA process option.



### **Additional Rights Equity Shares**

You are eligible to apply for additional Rights Equity Shares over and above the number of Rights Equity Shares that you are entitled to, provided that you are eligible to apply for the Rights Equity Shares under applicable law and you have applied for all the Rights Equity Shares (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Where the number of additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment in consultation with the Designated Stock Exchange. Applications for additional Rights Equity Shares shall be considered and Allotment shall be made at the sole discretion of our Board, in consultation with the Designated Stock Exchange and in the manner prescribed under “*Terms of the Issue*” on page 178.

If you desire to apply for additional Rights Equity Shares, please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF. The Renouncee applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares.

### **Renunciation under the ASBA Process**

ASBA Investors can neither be Renouncees, nor can renounce their Rights Entitlement.

### **Application on Plain Paper under the ASBA process**

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF and who is applying under the ASBA Process may make an application to subscribe to the Issue on plain paper. The Equity Shareholder shall submit the plain paper application to the Designated Branch of SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB. Applications on plain paper from any address outside India will not be accepted.

The envelope should be super scribed “***Cosboard Industries Limited - Rights Issue- R***” or “***Cosboard Industries Limited - Rights Issue- NR***”, as the case may be. The application on plain paper, duly signed by the Investors including joint holders, in the same order as per the specimen recorded with us or the Depositories, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being Cosboard Industries Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Certificate numbers and distinctive numbers of Rights Equity Shares, if held in physical form;
- Number of Rights Equity Shares held as on Record Date;
- Number of Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for;
- Number of additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for;
- Total amount to be paid at the rate of Rs. [●] per Rights Equity Share;
- Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- In case of non-resident investors, details of the NRE/ FCNR/ NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
- Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts (subject to submitting sufficient documentary evidence in support of their claim for exemption, provided that such transactions are undertaken on behalf of the Central and State



## ***Cosboard Industries Limited***

Government and not in their personal capacity), PAN of the Investor and for each Investor in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue;

- Signature of the Shareholders to appear in the same sequence and order as they appear in our records or depositories records; and
- Additionally, all such applicants are deemed to have accepted the following:

“I/ We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/ We understand and agree that the Rights Entitlement and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/ We (i) am/ are, and the person, if any, for whose account I/ we am/ are acquiring such Rights Entitlement and/ or the Rights Equity Shares is/ are, outside the U.S., (ii) am/ are not a “U.S. Person” as defined in (“**Regulation S**”), and (iii) is/ are acquiring the Rights Entitlement and/ or the Rights Equity Shares in an offshore transaction meeting the requirements of Regulation S.

I/ We acknowledge that the Company, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Investor violates such requirements, he/she shall face the risk of rejection of both the applications. We shall refund such application amount to the Investor without any interest thereon.

### **Option to receive Rights Equity Shares in Dematerialized Form**

**ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE RIGHTS EQUITY SHARES ARE HELD BY SUCH ASBA APPLICANT ON THE RECORD DATE.**

### **General instructions for Eligible Equity Shareholders applying under the ASBA Process**

- 1) Please read the instructions printed on the CAF carefully.
- 2) Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of this Draft Letter of Offer and the Abridged Letter of Offer are liable to be rejected. The CAF must be filled in English. No correction of name, folio/DP client id etc., should be made in the printed CAF sent.
- 3) ASBA Applicants are required to select this mechanism in Part A of the CAF and provide necessary details, including details of the ASBA Account, authorizing the SCSB to block an amount equal to the Application



## ***Cosboard Industries Limited***

Money in the ASBA Account mentioned in the CAF, and including the signature of the ASBA Account holder if the ASBA Account holder is different from the Applicant.

- 4) The CAF/plain paper application in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose ASBA Account/ bank account details are provided in the CAF and not to the Banker to the Issue/ Collecting Banks (assuming that such Collecting Bank is not a SCSB), to us or Registrar or Lead Manager to the Issue.
- 5) All applicants, and in the case of application in joint names, each of the joint applicants, should mention his/ her PAN allotted under the IT Act, irrespective of the amount of the application. Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, **CAFs without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended for credit” and no allotment and credit of Rights Equity Shares shall be made into the accounts of such Investors.**
- 6) All payments will be made by blocking the amount in the ASBA Account. Cash payment or payment by cheque/ demand draft/ pay order is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- 7) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Eligible Equity Shareholders must sign the CAF as per the specimen signature recorded with us and/ or Depositories.
- 8) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the depository/ us. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.
- 9) All communication in connection with application for the Rights Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/ sole applicant Equity Shareholder, folio numbers and CAF number.
- 10) Only the person or persons to whom the Rights Equity Shares have been offered and not renouncee(s) shall be eligible to participate under the ASBA process.
- 11) Only persons outside restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Rights Equity Shares under applicable securities laws are eligible to participate.
- 12) Only the Eligible Equity Shareholders holding shares in demat are eligible to participate through ASBA process.
- 13) Eligible Equity Shareholders who have renounced their entitlement in part/ full are not entitled to apply using ASBA process.
- 14) Please note that subject to SCSBs complying with the requirements of SEBI circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.



## **Cosboard Industries Limited**

- 15) In case of non - receipt of CAF, application can be made on plain paper mentioning all necessary details as mentioned under the heading “*Application on Plain Paper*” on page 189 and 194.

### **Do’s:**

- 1) Ensure compliance with eligibility conditions prescribed under the SEBI circular no. SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009.
- 2) Ensure that the ASBA Process option is selected in part A of the CAF and necessary details are filled in.
- 3) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Rights Equity Shares will be allotted in the dematerialized form only.
- 4) Ensure that the CAFs are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the CAF.
- 5) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares as the case may be applied for} X {Issue Price of Rights Equity Shares, as the case may be}) available in the ASBA Account mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.
- 6) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF, in the ASBA Account, of which details are provided in the CAF and have signed the same.
- 7) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the CAF in physical form.
- 8) Except for CAFs submitted on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, each applicant should mention their PAN allotted under the Income Tax Act.
- 9) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.
- 10) Ensure that the Demographic Details are updated, true and correct, in all respects.
- 11) Ensure that the account holder in whose bank account the funds are to be blocked has signed authorising such funds to be blocked.
- 12) Apply under ASBA process only if you comply with the definition of an ASBA Investor.

### **Don’t’s:**

- Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.
- Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.
- Do not pay the amount payable on application in cash, by money order, by pay order or by postal order.
- Do not send your physical CAFs to the Lead Manager/ Registrar/ Collecting Banks (assuming that such Collecting Bank is not a SCSB)/ to a branch of the SCSB which is not a Designated Branch of the SCSB/ Company; instead submit the same to a Designated Branch of the SCSB only.
- Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- Do not apply if the ASBA account has already been used for five Eligible Equity Shareholders.
- Do not apply through the ASBA Process if you are not an ASBA Investor.
- Do not instruct the SCSBs to release the funds blocked under the ASBA Process.

### **Grounds for Technical Rejections under the ASBA Process**

In addition to the grounds listed under “Grounds for Technical Rejections for non-ASBA Investors” on page 207, applications under the ASBA Process are liable to be rejected on the following grounds:



- Application on a SAF
- Application for allotment of Rights Entitlements or additional Rights Equity Shares which are in physical form.
- DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.
- Submission of an ASBA application on plain paper to a person other than a SCSB.
- Sending CAF to a Lead Manager/ Registrar/ Collecting Bank (assuming that such Collecting Bank is not a SCSB)/ to a branch of a SCSB which is not a Designated Branch of the SCSB/ Company.
- Insufficient funds being available with the SCSB for blocking the amount.
- Funds in the bank account with the SCSB whose details have been mentioned in the CAF / Plain Paper Application having been frozen pursuant to regulatory order.
- ASBA Account holder not signing the CAF or declaration mentioned therein.
- CAFs which have evidence of being executed in/ dispatched from a restricted jurisdiction or executed by or for the account or benefit of a U.S. Person (as defined in Regulation S).
- Renouncees applying under the ASBA Process.
- Submission of more than five CAFs per ASBA Account.
- QIBs, Non-Institutional Investors and other Eligible Shareholders applying for Rights Equity Shares in the Issue for value of more than Rs. 2,00,000 who hold Equity Shares in dematerialised form and is not a renouncer or a Renouncee not applying through the ASBA process.
- The application by an Eligible Shareholder whose cumulative value of Rights Equity Shares applied for is more than Rs.2,00,000 but has applied separately through split CAFs of less than Rs. 2,00,000 and has not done so through the ASBA process.
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.
- Submitting the GIR number instead of the PAN.
- An investor, who is not complying with any or all of the conditions for being an ASBA Investor, applies under the ASBA process.
- Applications by persons not competent to contract under the Contract Act, 1872, as amended, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
- Failure to mention an Indian address in the Application. Application with foreign address shall be liable to be rejected.
- If an Investor is (a) debarred by SEBI and/or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlement.
- ASBA Bids by SCSBs applying through the ASBA process on own account, other than through an ASBA Account in its own name with any other SCSB.

**Depository account and bank details for Eligible Equity Shareholders applying under the ASBA Process**

**IT IS MANDATORY FOR ALL THE ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE RIGHTS EQUITY SHARES ARE HELD BY THE EQUITY SHAREHOLDER ON THE RECORD DATE. ALL ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF / PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.**





## **Cosboard Industries Limited**

Eligible Equity Shareholders applying under the ASBA Process should note that on the basis of name of these Eligible Equity Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF / plain paper applications, as the case may be, the Registrar to the Issue will obtain from the Depository demographic details of these Eligible Equity Shareholders such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, Eligible Equity Shareholders applying under the ASBA Process should carefully fill in their Depository Account details in the CAF.

These Demographic Details would be used for all correspondence with such Eligible Equity Shareholders including mailing of the letters intimating unblocking of their respective ASBA Accounts. The Demographic Details given by the Eligible Equity Shareholders in the CAF would not be used for any other purposes by the Registrar. Hence, Eligible Equity Shareholders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs, the Eligible Equity Shareholders applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Eligible Equity Shareholders (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such applications are liable to be rejected.

### **Issue Schedule**

<b>Issue Opening Date:</b>	<b>[•]</b>
<b>Last date for receiving requests for SAFs:</b>	<b>[•]</b>
<b>Issue Closing Date:</b>	<b>[•]</b>

The Board may however decide to extend the Issue period, as it may determine from time to time, but not exceeding 30 days from the Issue Opening Date.

### **Basis of Allotment**

Subject to the provisions contained in this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer, CAF, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to Allot the Rights Equity Shares in the following order of priority:

- i. Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has/ have applied for Equity Shares renounced in their favour, in full or in part.
- ii. Investors whose fractional entitlements are being ignored and Eligible Equity Shareholders with Zero entitlement would be given preference in allotment of one additional Equity Share each if they apply for additional Equity Share. Allotment under this head shall be considered if there are any unsubscribed Equity Shares after allotment under (i) above. If number of Equity Shares required for Allotment under this head are more than number of Equity Shares available after Allotment under (i) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange, as a part of Issue and will not be a preferential allotment.



## ***Cosboard Industries Limited***

- iii. Allotment to the Eligible Equity Shareholders who having applied for all the Equity Shares offered to them as part of the Issue and have also applied for additional Equity Shares. The Allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there is an unsubscribed portion after making full Allotment in (i) and (ii) above. The Allotment of such Equity Shares will be at the sole discretion of our Board/Committee in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.
- iv. Allotment to Renouncees who having applied for all the Equity Shares renounced in their favour, have applied for additional Equity Shares provided there is surplus available after making full Allotment under (i), (ii) and (iii) above. The Allotment of such Equity Shares will be at the sole discretion of our Board/Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.
- v. Allotment to any other person that the Board as it may deem fit provided there is surplus available after making Allotment under (i), (ii), (iii) and (iv) above, and the decision of the Board in this regard shall be final and binding.

Our Promoter, vide letter dated September 01, 2017, has confirmed that they intend to subscribe to their Rights Entitlement in full in the Issue, in compliance with regulation 10(4) of the SEBI Takeover Regulations and may subscribe to additional Rights Equity Shares (including any unsubscribed portion of the Issue), subject to their total investment in the Issue including subscription towards Rights Entitlement.

Such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Any such acquisition of additional Rights Equity Shares (including any unsubscribed portion of the Issue) shall be exempt in terms of Regulation 10 (4) (a) and (b) of the SEBI Takeover Regulations subject to fulfilment of conditions mentioned therein and shall not result in a change of control of the management of our Company in accordance with provisions of the SEBI Takeover Regulations.

After taking into account Allotment to be made under (i) to (iv) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches, a list of the ASBA Investors who have been allocated Equity Shares in the Issue, along with:

- 1) The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful ASBA Investors;
- 2) The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- 3) The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

### **Underwriting**

The issue is proposed not to be underwritten.

### **Allotment Advices/ Refund Orders**

Our Company will issue and dispatch allotment advice/ share certificates/ demat credit and/ or letters of regret along with refund order or credit the allotted Equity Shares to the respective beneficiary accounts, if





## ***Cosboard Industries Limited***

any, within 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

Investors residing at centres where clearing houses are managed by the Reserve Bank of India (“RBI”), payment of refund would be done through NACH except where Investors have not provided the details required to send electronic refunds.

In case of those Investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, advice regarding their credit of the Rights Equity Shares shall be given separately.

Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.

In case of those Investors who have opted to receive their Rights Entitlement in physical form and our Company issues letter of allotment, the corresponding Rights Equity Share certificates will be kept ready within two months from the date of Allotment thereof under section 56 of the Companies Act or other applicable provisions, if any. Investors are requested to preserve such letters of allotment, which would be exchanged later for the Rights Equity Share certificates.

The letter of allotment/ refund order would be sent by registered post/ speed post to the sole/ first Investor’s registered address in India or the Indian address provided by the Eligible Equity Shareholders from time to time. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked ‘Account Payee only’ and would be drawn in favour of the sole/ first Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

Our Company shall ensure at par facility is provided for encashment of refund orders or pay orders at the places where applications are accepted.

As regards allotment/refund to Non-residents, the following further conditions shall apply:

In the case of Non-resident Shareholders or Investors who remit their Application Money from funds held in NRE/FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts, the details of which should be furnished in the CAF. Subject to the applicable laws and other approvals, in case of Non-resident Shareholders or Investors who remit their application money through Indian Rupee demand drafts purchased from abroad, refund and/or payment of dividend or interest and any other disbursement, shall be credited to such accounts and will be made after deducting bank charges or commission in US Dollars, at the rate of exchange prevailing at such time. Our Company will not be responsible for any loss on account of exchange rate fluctuations for conversion of the Indian Rupee amount into US Dollars. The Share Certificate(s) will be sent by registered post / speed post to the address in India of the Non-Resident Shareholders or Investors.

**The Letter of Offer/ Abridged Letter of Offer and the CAF shall be dispatched to only such Non-resident Shareholders who have a registered address in India or have provided an Indian address.**

### **Payment of Refund Mode of making refunds**

The payment of refund, if any, including in the event of oversubscription, would be done through any of the following modes:



- 1 NACH - National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.
- 2 National Electronic Fund Transfer (“NEFT”) - Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
- 3 Direct Credit - Investors having bank accounts with the Banker to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.
- 4 RTGS - If the refund amount exceeds Rs. 2,00,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.
- 5 For all other Investors the refund orders will be dispatched through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.
- 6 Credit of refunds to Investors in any other electronic manner, permissible under the banking laws, which are in force, and is permitted by SEBI from time to time.

**.1 Refund payment to Non- resident**

Where applications are accompanied by Indian rupee drafts purchased abroad and payable at Cuttack, refunds will be made in the Indian rupees based on the U.S. dollars equivalent which ought to be refunded. Indian rupees will be converted into U.S. dollars at the rate of exchange, which is prevailing on the date of refund. The exchange rate risk on such refunds shall be borne by the concerned applicant and our Company shall not bear any part of the risk.

Where the applications made are accompanied by NRE/FCNR/NRO cheques, refunds will be credited to NRE/FCNR/NRO accounts respectively, on which such cheques were drawn and details of which were provided in the CAF.



### **Printing of Bank Particulars on Refund Orders**

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders/ refund warrants which can then be deposited only in the account specified. We will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

### **Allotment advice/ Share Certificates/ Demat Credit**

Allotment advice/ Share Certificates/ demat credit or letters of regret will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within the timeline prescribed under applicable law. In case our Company issues Allotment advice, the respective Share Certificates will be dispatched within one month from the date of the Allotment. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for Share Certificates.

### **Option to receive Equity Shares in Dematerialized Form**

Investors shall be allotted the Equity Shares in dematerialized (electronic) form at the option of the Investor. We have signed a tripartite agreement with NSDL and the Registrar to the Issue on September 19, 2001, which enables the Investors to hold and trade in Equity Shares in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates. We have also signed a tripartite agreement with CDSL and the Registrar to the Issue on September 18, 2001, which enables the Investors to hold and trade in Equity Shares in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

In this Issue, the Allottees who have opted for Rights Equity Shares in dematerialized form will receive their Rights Equity Shares in the form of an electronic credit to their beneficiary account as given in the CAF, after verification with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Equity Shares to the Investor's depository account. CAFs, which do not accurately contain this information, will be given the Equity Shares in physical form. No separate CAFs for Equity Shares in physical and/ or dematerialized form should be made. If such CAFs are made, the CAFs for physical Rights Equity Shares will be treated as multiple CAFs and is liable to be rejected. In case of partial Allotment, Allotment will be done in demat option for the Rights Equity Shares sought in demat and balance, if any, will be allotted in physical Rights Equity Shares. Eligible Shareholders of our Company holding Equity Shares in physical form may opt to receive Rights Equity Shares in the Issue in dematerialized form.

### **INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALIZED FORM.**

The procedure for availing the facility for Allotment of Equity Shares in this Issue in the electronic form is as under:

- Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in our records. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in our records). In case of Investors having various folios with different joint holders, the Investors will have to open separate accounts for such holdings. Those Eligible Equity Shareholders who have already opened such beneficiary account(s) need not adhere to this step.



## ***Cosboard Industries Limited***

- For Eligible Equity Shareholders already holding Equity Shares in dematerialized form as on the Record Date, the beneficiary account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Equity Shares by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Equity Shares arising out of this Issue may be made in dematerialized form even if the original Equity Shares are not dematerialized. Nonetheless, it should be ensured that the depository account is in the name(s) of the Eligible Equity Shareholders and the names are in the same order as in our records.
- The responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-à-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in CAF should be the same as registered with the Investor's depository participant.
- If incomplete / incorrect beneficiary account details are given in the CAF, the Investor will get Rights Equity Shares in physical form.
- The Rights Equity Shares allotted to applicants opting for issue in dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's depository participant will provide to the applicant the confirmation of the credit of such Equity Shares to the applicant's depository account. It may be noted that Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL.
- Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Equity Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.
- Non-transferable allotment advice/refund orders will be directly sent to the Investors by the Registrar.
- Dividend or other benefits with respect to the Equity Shares held in dematerialized form would be paid to those Eligible Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.

### **General instructions for non-ASBA Investors**

- (i) Please read the instructions printed on the CAF carefully.
- (ii) Applicants that are not QIBs or are not Non - Institutional Investor or those who's Application Money does not exceed Rs. 200,000 may participate in the Issue either through ASBA or the non-ASBA process. Eligible Equity Shareholders who have renounced their entitlement (in full or in part), Renouncees and Applicants holding Equity Shares in physical form and/or subscribing in the Issue for Allotment in physical form may participate in the Issue only through the non ASBA process.
- (iii) Application should be made on the printed CAF, provided by us except as mentioned under the head "Application on Plain Paper" on page 189 and 194 and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of this Draft Letter of Offer or Abridged Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names



## ***Cosboard Industries Limited***

of all the Investors, details of occupation, address, father's/ husband's name must be filled in block letters.

- (iv) Eligible Equity Shareholders participating in the Issue other than through ASBA are required to fill Part A of the CAF and submit the CAF along with Application Money before close of banking hours on or before the Issue Closing Date or such extended time as may be specified by our Board in this regard. The CAF together with the cheque/ demand draft should be sent to the Banker to the Issue/ Collecting Bank or to the Registrar to the Issue and not to us or Lead Manager to the Issue. Investors residing at places other than cities where the branches of the Banker to the Issue have been authorised by us for collecting applications, will have to make payment by demand draft payable at Orissa of an amount net of bank and postal charges and send their CAFs to the Registrar to the Issue by registered post/speed post. If any portion of the CAF is/ are detached or separated, such application is liable to be rejected. **CAF's received after banking hours on closure day will be liable for rejection.**

**Applications where separate cheques/demand drafts are not attached for amounts to be paid for Equity Shares are liable to be rejected. Applications accompanied by cash, postal order or stockinvest are liable to be rejected.**

- (v) Except for applications on behalf of the Central and State Government, the residents of Sikkim and the officials appointed by the courts, all Investors, and in the case of application in joint names, each of the joint Investors, should mention his/ her PAN allotted under the Income Tax Act, irrespective of the amount of the application. CAFs without PAN will be considered incomplete and are liable to be rejected.
- (vi) Investors, holding Equity Shares in physical form, are advised that it is mandatory to provide information as to their savings/current account number, the nine digit MICR number and the name of the bank with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected.
- (vii) All payment should be made by cheque/ demand draft only. Application through the ASBA process as mentioned above is acceptable. Cash payment is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- (viii) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Eligible Equity Shareholders must sign the CAF as per the specimen signature recorded with us/ Depositories.
- (ix) In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and certified true a copy of the Memorandum and Articles of Association and/ or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case the above referred documents are already registered with us, the same need not be a furnished again. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Banker to the Issue.
- (x) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as



## ***Cosboard Industries Limited***

per the specimen signature(s) recorded with us or the Depositories. Further, in case of joint Investors who are Renouncees, the number of Investors should not exceed three. In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.

- (xi) Application(s) received from NRs/ NRIs, or persons of Indian origin residing abroad for Allotment of Equity Shares shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA, including regulations relating to QFI's, in the matter of refund of application money, Allotment of Equity Shares, subsequent issue and Allotment of Equity Shares, interest, export of share certificates, etc. In case a NR or NRI Eligible Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Additionally, applications will not be accepted from NRs/ NRIs in the U.S. or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.
- (xii) All communication in connection with application for the Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/ sole Investor, folio numbers and CAF number. Please note that any intimation for change of address of Eligible Equity Shareholders, after the date of Allotment, should be sent to our Registrar and Transfer Agent, in the case of Equity Shares held in physical form and to the respective depository participant, in case of Equity Shares held in dematerialized form.
- (xiii) SAFs cannot be re-split.
- (xiv) Only the Equity Shareholder(s) and not Renouncee(s) shall be entitled to obtain SAFs.
- (xv) Investors must write their CAF number at the back of the cheque/ demand draft.
- (xvi) Only one mode of payment per application should be used. The payment must be by cheque/ demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the Bankers Clearing House located at the centre indicated on the reverse of the CAF where the application is to be submitted.
- (xvii) A separate cheque/ draft must accompany each CAF. Outstation cheques/ demand drafts or post-dated cheques and postal/ money orders will not be accepted and applications accompanied by such outstation cheques/ outstation demand drafts/ money orders or postal orders will be rejected.
- (xviii) No receipt will be issued for application money received. The Banker to the Issue/ Collecting Bank/ Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.
- (xix) The distribution of this Draft Letter of Offer and issue of Equity Shares and Rights Entitlements to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in such jurisdictions are instructed to disregard this Draft Letter of Offer and not to attempt to subscribe for Equity Shares.
- (xx) Investors are requested to ensure that the number of Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.





**Do's for non-ASBA Investors:**

- Check if you are eligible to apply i.e. you are an Equity Shareholder on the Record Date;
- Read all the instructions carefully and ensure that the cheque/ draft option is selected in Part A of the CAF and necessary details are filled in;
- In the event you hold Equity Shares in dematerialised form, ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be allotted in the dematerialized form only;
- Ensure that your Indian address is available with our Company and the Registrar, in case you hold Equity Shares in physical form or the depository participant, in case you hold Equity Shares in dematerialised form;
- Ensure that the value of the cheque/ draft submitted by you is equal to the {(number of Equity Shares applied for) X (Issue Price of Equity Shares, as the case may be)} before submission of the CAF. Investors residing at places other than cities where the branches of the Banker to the Issue have been authorised by us for collecting applications, will have to make payment by demand draft payable at Orissa of an amount net of bank and postal charges;
- Ensure that you receive an acknowledgement from the collection branch of the Banker to the Issue for your submission of the CAF in physical form;
- Ensure that you mention your PAN allotted under the Income Tax Act with the CAF, except for Applications on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;
- Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF;
- Ensure that the demographic details are updated, true and correct, in all respects.

**Don'ts for non-ASBA Investors:**

- Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction;
- Do not apply on duplicate CAF after you have submitted a CAF to a collection branch of the Banker to the Issue;
- Do not pay the amount payable on application in cash, by money order or by postal order;
- Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground;
- Do not submit Application accompanied with Stock invest;

**Grounds for Technical Rejections for non-ASBA Investors**

Investors are advised to note that applications are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable;
- Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialized holdings) or the Registrar (in the case of physical holdings);
- Submission of CAFs to the SCSBs;
- Submission of plain paper Applications to any person other than the Registrar to the Issue;
- Age of Investor(s) not given (in case of Renouncees);
- Except for CAFs on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN not given for application of any value;



## ***Cosboard Industries Limited***

- In case of CAF under power of attorney or by limited companies, corporate, trust, relevant documents are not submitted;
- If the signature of the Equity Shareholder does not match with the one given on the CAF and for Renouncee(s) if the signature does not match with the records available with their Depositories;
- CAFs are not submitted by the Investors within the time prescribed as per the CAF and this Draft Letter of Offer;
- CAFs not duly signed by the sole/ joint Investors;
- CAFs/ SAFs by OCBs not accompanied by a copy of an RBI approval to apply in this Issue;
- CAFs accompanied by Stockinvest/ outstation cheques/ post-dated cheques/ money order/ postal order/ outstation demand draft;
- In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Investors (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;
- CAFs that do not include the certifications set out in the CAF to the effect that the subscriber is not a "U.S. Person" (as defined in Regulation S) and does not have a registered address (and is not otherwise located) in the U.S. or other restricted jurisdictions and is authorized to acquire the Rights Entitlements and Equity Shares in compliance with all applicable laws and regulations;
- CAFs which have evidence of being executed in/ dispatched from restricted jurisdictions;
- CAFs by ineligible non-residents (including on account of restriction or prohibition under applicable local laws) and where the registered address in India has not been provided;
- CAFs where we believe that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements;
- In case the GIR number is submitted instead of the PAN;
- CAFs submitted by Renouncees where Part B of the CAF is incomplete or is unsigned. In case of joint holding, all joint holders must sign Part 'B' of the CAF;
- Applications by persons not competent to contract under the Contract Act, 1872, as amended, except bids by minors having valid demat accounts as per the demographic details provided by the Depositories.
- Applications by Renouncees who are persons not competent to contract under the Indian Contract Act, 1872, including minors;
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application; and
- Applications from QIBs, Non-Institutional Investors or Investors applying in this Issue for Equity Shares for an amount exceeding Rs. 200,000, not through ASBA process.
- Failure to mention an Indian address in the Application. Application with foreign address shall be liable to be rejected.
- If an Investor is debarred by SEBI and if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlement.
- Non - ASBA applications made by QIBs and Non - Institutional Investors.

Please read this Draft Letter of Offer or Abridged Letter of Offer and the instructions contained therein and in the CAF carefully, before filling the CAF. The instructions contained in the CAF are an integral part of this Draft Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of the provisions contained in this Draft Letter of Offer or the CAF.

### **Investment by FPIs, FIIs and QFIs**

SEBI, On January 07, 2014, notified the SEBI FPI Regulations pursuant to which FIIs, its sub-accounts and QFIs categories of investors were merged to form a new category called 'Foreign Portfolio Investors'. Prior to the notification of the SEBI FPI Regulations, portfolio investments by FIIs and sub-accounts were governed by SEBI





## ***Cosboard Industries Limited***

under the FII Regulations and portfolio investments by QFIs were governed by various circulars issued by SEBI from time to time (QFI Circulars). Pursuant to the notification of the SEBI FPI Regulations, the FII Regulations were repealed and the QFI Circulars were rescinded.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an Investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to exceed 10% of our Company's post-Issue Equity Share Capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up Equity Share Capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid up Equity Share Capital of our Company. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board followed by a special resolution passed by the Eligible Equity Shareholders of our Company.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

An FII who holds a valid certificate of registration from SEBI shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. An FII or a sub-account (other than a sub-account which is a foreign corporate or a foreign individual) may participate in the Issue, until expiry of its registration as an FII or sub-account or until it obtains a certificate of registration as an FPI, whichever is earlier. If the registration of an FII or sub-account has expired or is about to expire, such FII or sub-account may, subject to payment of conversion fees as applicable under the SEBI FPI Regulations, participate in the Issue. An FII or sub-account shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations.

In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included.

Further, in terms of the SEBI (FPI) Regulations, a QFI may continue to buy, sell or otherwise deal in securities, subject to the provisions of the SEBI (FPI) Regulations, until January 06, 2015 (or such other date as may be specified by SEBI) or until the QFI obtains a certificate of registration as FPI, whichever is earlier.

The existing individual and aggregate investment limits for Eligible QFIs in an Indian company are 5% and 10% of the paid-up capital of an Indian company, respectively. In terms of the FEMA Regulations, a QFI shall not be eligible to invest as a QFI upon obtaining registration as an FPI. However, all investments made by a QFI in accordance with the regulations, prior to registration as an FPI shall continue to be valid and taken into account for computation of the aggregate limit.

### **Investment by NRIs**

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3)(i) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended. Applications will not be accepted from NRIs in restricted jurisdictions.

NRI Applicants may please note that only such Applications as are accompanied by payment in free foreign exchange shall be considered for Allotment under the reserved category. The NRI Applicants who intend to make payment through NRO accounts shall use the Application Form meant for resident Indians and shall not use the Application Forms meant for reserved category.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/ CFD/ DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs, Non- Institutional Investors or are



## **Cosboard Industries Limited**

applying in this Issue for Equity Shares for an amount exceeding Rs. 2,00,000 shall mandatorily make use of ASBA facility.

### **Procedure for Applications by Mutual Funds**

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs, Non-Institutional Investors or are applying in this Issue for Equity Shares for an amount exceeding Rs.200,000 shall mandatorily make use of ASBA facility, subject to their fulfilling the eligibility conditions to be an ASBA Investor. Further, all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed `200,000, subject to their fulfilling the eligibility conditions to be an ASBA Investor.

### **Procedure for Applications by AIFs, FVCIs and VCFs**

The SEBI (Venture Capital Funds) Regulations, 1996, as amended (“SEBI VCF Regulations”) and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, as amended (“SEBI FVCI Regulations”) prescribe, amongst other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI (Alternative Investments Funds) Regulations, 2012 (“SEBI AIF Regulations”) prescribe, amongst other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue.

Venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations.

Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

### **Mode of payment for Resident Eligible Equity Shareholders/ Investors**

- All cheques/ drafts accompanying the CAF should be drawn in favour of “Cosboard Industries Limited - Rights Issue - R” crossed ‘A/c Payee only’ and should be submitted along with the CAF to the Banker to the Issue or to the Registrar to the Issue;
- Investors residing at places other than places where the bank collection centres have been opened by us for collecting applications, are requested to send their CAFs together with Demand Draft for the full application amount, net of bank and postal charges favouring the Banker to the Issue, crossed ‘A/c Payee only’ and marked “Cosboard Industries Limited - Rights Issue - R” payable at Orissa directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. We, the Lead Manager or the Registrar to the Issue will not be responsible for postal delays or loss of applications



## ***Cosboard Industries Limited***

in transit, if any.

Applications through mails should not be sent in any other manner except as mentioned above. The CAF along with the application money must not be sent to our Company or the Lead Manager. Applicants are requested to strictly adhere to these instructions.

### **Mode of payment for Non-Resident Eligible Equity Shareholders/ Investors**

As regards the application by non-resident Eligible Equity Shareholders/ Investors, the following conditions shall apply:

Individual non-resident Indian applicants who are permitted to subscribe for Equity Shares by applicable local securities laws can also obtain application forms from the following address:

#### **BIGSHARE SERVICES PRIVATE LIMITED**

1<sup>st</sup> Floor, Bharat Tin Works Building,  
Opp. Vasanat Oasis, Makwana Road,  
Marol, Andheri (E), Mumbai - 400 059

**Tel:** +91-22-6263 8200;

**Fax:** +91-22-6263 8299

**Website:** [www.bigshareonline.com](http://www.bigshareonline.com)

**E-Mail:** [ashok@bigshareonline.com](mailto:ashok@bigshareonline.com)

**Contact person:** Mr. Ashok Shetty

**SEBI Regn No:** INR000001383

Note: The Letter of Offer/ Abridged Letter of Offer and CAFs to NRIs shall be sent only to their Indian address, if provided.

- Applications will not be accepted from non-resident from any jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.
- All non-resident investors should draw the cheques/ demand drafts for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Banker to the Issue/ collection centres or to the Registrar to the Issue.
- Non-resident investors applying from places other than places where the bank collection centres have been opened by our Company for collecting applications, are requested to send their CAFs together with Demand Draft for the full application amount, net of bank and postal charges, and marked "Cosboard Industries Limited - Rights Issue - R" payable at Cuttack directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.
- Payment by non-residents must be made by demand draft payable at Cuttack cheque payable drawn on a bank account maintained at Cuttack or funds remitted from abroad in any of the following ways:

### **Application with repatriation benefits**

- (i) By Indian Rupee drafts purchased from abroad and payable at Cuttack or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate);
- (ii) By local cheque / bank drafts remitted through normal banking channels or out of funds held in Non-Resident External Account (NRE) or FCNR Account maintained with banks authorized to deal in foreign currency in India, along with documentary evidence in support of remittance;



## ***Cosboard Industries Limited***

- (iii) By Rupee draft purchased by debit to NRE/ FCNR Account maintained elsewhere in India and payable in Cuttack;
- (iv) FII/FPIs registered with SEBI must remit funds from special non-resident rupee deposit account;
- (v) Non-resident investors applying with repatriation benefits should draw cheques/ drafts in favour of 'Cosboard Industries Limited - Rights Issue - NR' and must be crossed 'account payee only' for the full application amount;
- (vi) Investors may note that where payment is made by drafts purchased from NRE/ FCNR accounts, as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.

### **Application without repatriation benefits**

- (i) As far as non-residents holding Equity Shares on non-repatriation basis are concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in India or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Cuttack. In such cases, the Allotment of Equity Shares will be on non-repatriation basis.
- (ii) All cheques/ drafts submitted by non-residents applying on a non-repatriation basis should be drawn in favour of 'Cosboard Industries Limited - Rights Issue - R' and must be crossed 'account payee only' for the full application amount. The CAFs duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- (iii) Investors may note that where payment is made by drafts purchased from NRE/ FCNR/ NRO accounts, as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.
- (iv) New demat account shall be opened for holders who have had a change in status from resident Indian to NRI. Any application from a demat account which does not reflect the accurate status of the Applicant are liable to be rejected.

### **Notes:**

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to the I.T. Act.
- In case Equity Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.
- The CAF duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- In case of an application received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.



### **Impersonation**

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of section 38 of the Companies Act which is reproduced below:

**“Any person who:**

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under section 447”.

Section 447 of the Companies Act provides for punishment for fraud which inter alia states punishment of imprisonment for a term which shall not be less than six month but which may extend to ten years and shall be liable to a fine which shall not be less than the amount involved in the fraud, but which may extend to three times the amount involved in the fraud.

### **Payment by Stockinvest**

In terms of RBI Circular DBOD No. FSC BC 42/ 24.47.00/ 2003-04 dated November 5, 2003, the Stockinvest Scheme has been withdrawn. Hence, payment through Stockinvest would not be accepted in this Issue.

### **Disposal of application and application money**

No acknowledgment will be issued for the application moneys received by us. However, the Banker to the Issue/ Registrar to the Issue/ Designated Branch of the SCSBs receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF. Our Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Rights Equity Shares allotted, will be refunded to the Investor within the timelines prescribed under applicable law. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law For further instructions, please read the CAF carefully.

### **Utilisation of Issue Proceeds**

The Board of Directors declares that:

- (a) All monies received out of the Issue shall be transferred to a separate bank account referred to in the Companies Act, 2013;
- (b) Details of all monies utilized out of the Issue shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies have been utilised till the time any of the Issue Proceeds remained unutilised;
- (c) Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in our balance sheet indicating the form in which such unutilized monies have been invested; and
- (d) We may utilize the funds collected in the Issue only after finalisation of the Basis of Allotment.



### **Our undertakings**

We undertake the following:

1. The complaints received in respect of the Issue shall be attended to by us expeditiously and satisfactorily.
2. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Equity Shares are to be listed will be taken within 7 working days of finalisation of Basis of Allotment.
3. The funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by us.
4. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. The allotment of Equity Shares and dispatch of refund orders / share certificate and demat credit is completed within 15 days from the Issue Closing Date
6. The certificates of the securities / demat credit / refund orders to the non-resident Indians shall be dispatched within the specified time.
7. The Company agrees that it shall pay interest @ 15% p.a. if the allotment is not made and / or the refund orders are not dispatched to the investors within 15 days from the Issue Closure Date for the period of delay beyond 15 days.
8. No further issue of securities affecting equity capital of our Company shall be made till the securities issued/offered through the Draft Letter of Offer Issue are listed or till the application money are refunded on account of non-listing, under-subscription etc.
9. Adequate arrangements shall be made to collect all ASBA applications and to consider them similar to non-ASBA applications while finalising the Basis of Allotment.
10. At any given time there shall be only one denomination of Equity Shares.
11. We accept full responsibility for the accuracy of information given in the Draft Letter of Offer and confirm that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in the Draft Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.
12. All information shall be made available by the Lead Manager and the Issuer to the Investors at large and no selective or additional information would be available for a section of the Investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc.
13. We shall comply with such disclosure and accounting norms specified by SEBI from time to time.

### **Minimum Subscription**

If we do not receive the minimum subscription of 90% in this Issue or if our Board fails to dispose off the unsubscribed Equity Shares in the manner as permitted under Section 62(1)(a)(iii), subject to receipt of requisite regulatory approvals, if any, after the Issue Closing Date or the subscription level falls below 90% after the Issue Closing Date on the account of cheques being returned unpaid or withdrawal of applications, we shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If the subscription amount is not refunded within 15 days from the Issue Closing date, we shall be liable to pay interest for the period of delay, after such aforesaid 15 days, in accordance with the provisions of the Companies Act, 2013 and SEBI ICDR Regulations.

### **Important**

- Please read the Draft Letter of Offer carefully before taking any action. The instructions contained in the accompanying CAF are an integral part of the conditions of the Draft Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected.



## ***Cosboard Industries Limited***

- It is to be specifically noted that the Issue of Equity Shares is subject to the risk factors mentioned in the section titled “Risk Factors” on page 12 of the Draft Letter of Offer.
- All enquiries in connection with the Draft Letter of Offer or accompanying CAF and requests for Split Application Forms must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Eligible Equity Shareholder as mentioned on the CAF and super-scribed “Cosboard Industries Limited - Rights Issue” on the envelope) to the Registrar to the Issue at the following address:

### **BIGSHARE SERVICES PRIVATE LIMITED**

1<sup>st</sup> Floor, Bharat Tin Works Building,  
Opp. Vasanat Oasis, Makwana Road,  
Marol, Andheri (E), Mumbai - 400 059

**Tel:** +91-22-6263 8200;

**Fax:** +91-22-6263 8299

**Website:** [www.bigshareonline.com](http://www.bigshareonline.com)

**E-Mail:** [ashok@bigshareonline.com](mailto:ashok@bigshareonline.com)

**Contact person:** Mr. Ashok Shetty

**SEBI Regn No:** INR000001383

The Issue will be kept open for a minimum of 15 days unless extended, in which case it will be kept open for a maximum of 30 days.





**SECTION IX: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION**

***Interpretation***

- I. (1) **In these regulations—**  
(a) “the Act” means the Companies Act, 2013,  
(b) “the seal” means the common seal of the company.  
(2.) Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these regulations become binding on the company.

**PRIVATE COMPANY**

- II. 1. *The “Private Company” under section 2(68) of the Companies Act, 2013, means a company having a minimum paid-up share Capital as may be prescribed, and which by its articles,—*  
*(i) restricts the right to transfer its shares;*  
*(ii) Except in case of One Person Company, limits the number of its members to two hundred: Provided that where two or more persons hold one or more shares in a company jointly, they shall, for the purposes of this clause, be treated as a single member:*  
*Provided further that—*  
(a) *Persons who are in the employment of the company; and*  
(b) *persons who, having been formerly in the employment of the company, were members of the company while in that employment and have continued to be members after the employment ceased, shall not be included in the number of members; and*  
(iii) *prohibits any invitation to the public to subscribe for any securities of the company;*

**SHARE CAPITAL AND VARIATION OF RIGHTS**

2. (a) Subject to the provisions of the Act and these Articles, the shares in the capital of the company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.  
(b) The Authorized Share Capital shall be such amount as may be from time to time be altered as per Clause 5<sup>th</sup> of Memorandum of Association of the Company.

The Clause 2(b) of the Articles of Association of the Company has been altered vide Resolution No. 10 dated 28<sup>th</sup> September, 2016 and for the purpose of giving effect to this resolution, Sh. Anil Kumar Gilra, Whole-time Director of the Company be and is hereby authorized to sign the share capital page of Articles of Association.





## **Cosboard Industries Limited**

3. (i) Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after allotment or within one month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be provided,—

- (a) one certificate for all his shares without payment of any charges; or
- (b) several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.

(ii) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.

(iii) In respect of any share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

4. (i) If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of twenty rupees for each certificate.

(ii) The provisions of Articles (2) and (3) shall *mutatis mutandis* apply to debentures of the company.

5. Except as required by law, no person shall be recognised by the company as holding any share upon any trust, and the company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

6. (i) The company may exercise the powers of paying commissions conferred by sub-section (6) of section 40, provided that the rate per cent. or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made thereunder.

(ii) The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40

(iii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.

7. (i) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 48, and whether or not the company is being wound up, be varied with the



## **Cosboard Industries Limited**

consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

(ii) To every such separate meeting, the provisions of these regulations relating to general meetings shall *mutatis mutandis* apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.

8. Subject to the provisions of section 55, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the company before the issue of the shares may, by special resolution, determine.

### **LIEN**

9. (i) The company shall have a first and paramount lien—

(a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and

(b) on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the company:

Provided that the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.

(ii) The company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares.

10. The company may sell, in such manner as the Board thinks fit, any shares on which the company has a lien:

Provided that no sale shall be made—

(a) unless a sum in respect of which the lien exists is presently payable; or

(b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

11. (i) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.

(ii) The purchaser shall be registered as the holder of the shares comprised in any such transfer.

(iii) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.



## ***Cosboard Industries Limited***

12. (i) The proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.

(ii) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

13. (i) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed it.

Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.

(ii) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the company, at the time or times and place so specified, the amount called on his shares.

(iii) A call may be revoked or postponed at the discretion of the Board.

14. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments.

15. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

16. (i) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent. per annum or at such lower rate, if any, as the Board may determine.

(ii) The Board shall be at liberty to waive payment of any such interest wholly or in part.

17. (i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.

(ii) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

18. The Board—

(a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and

(b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the



## ***Cosboard Industries Limited***

company in general meeting shall otherwise direct, twelve per cent. per annum, as may be agreed upon between the Board and the member paying the sum in advance.

### ***TRANSFER OF SHARES***

19. (i) The instrument of transfer of any share in the company shall be executed by or on behalf of both the transferor and transferee.

(ii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

20. The Board may, subject to the right of appeal conferred by section 58 decline to register—

(a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or

(b) any transfer of shares on which the company has a lien.

21. The Board may decline to recognise any instrument of transfer unless—

(a) the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56;

(b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and

(c) the instrument of transfer is in respect of only one class of shares.

22. On giving not less than seven days' previous notice in accordance with section 91 and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

### ***TRANSMISSION OF SHARES***

23. (i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the company as having any title to his interest in the shares.

(ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.



## ***Cosboard Industries Limited***

**24.** (i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either—

(a) to be registered himself as holder of the share; or

(b) to make such transfer of the share as the deceased or insolvent member could have made.

(ii) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

**25.** (i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects.

(ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

(iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

**26.** A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

### ***FORFEITURE OF SHARES***

**27.** If a member fails to pay any call, or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

**28.** The notice aforesaid shall—

(a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and

(b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.



## ***Cosboard Industries Limited***

29. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

30. (i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

(ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.

31. (i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the company all monies which, at the date of forfeiture, were presently payable by him to the company in respect of the shares.

(ii) The liability of such person shall cease if and when the company shall have received payment in full of all such monies in respect of the shares.

32. (i) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the company, and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;

(ii) The company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;

(iii) The transferee shall thereupon be registered as the holder of the share; and

(iv) The transferee shall not be bound to see to the application of the purchase money if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

33. The provisions of these regulations as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified

### ***ALTERATION OF CAPITAL***

34. The company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.

35. Subject to the provisions of Section 61, the company may, by ordinary resolution,—

(a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(b) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;

(c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;



(d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

**36.** Where shares are converted into stock,—

(a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

(b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

(c) such of the regulations of the company as are applicable to paid-up shares shall apply to stock and the words “share” and “shareholder” in those regulations shall include “stock” and “stockholder” respectively.

**37.** The company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law,—

(a) its share capital;

(b) any capital redemption reserve account; or

(c) any share premium account

#### **CAPITALISATION OF PROFITS**

**38.** (i) The company in general meeting may, upon the recommendation of the Board, resolve—

(a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the company’s reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and

(b) that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions

(ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards—



## ***Cosboard Industries Limited***

- (a) paying up any amounts for the time being unpaid on any shares held by such members respectively;
- (b) paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid
- (c) partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B);
- (d) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares;
- (e) The Board shall give effect to the resolution passed by the company in pursuance of this regulation

39. (i) Whenever such a resolution as aforesaid shall have been passed, the Board shall—
- (a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and
  - (b) generally do all acts and things required to give effect thereto.

(ii) The Board shall have power—

- (a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and
- (b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares;

(iii) Any agreement made under such authority shall be effective and binding on such members.

### ***BUY-BACK OF SHARES***

40. Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.

### ***VOTING RIGHTS***

41. Subject to any rights or restrictions for the time being attached to any class or classes of shares,—

- (a) on a show of hands, every member present in person shall have one vote; and
- (b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company.

42. A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.





## ***Cosboard Industries Limited***

43. (i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

(ii) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.

44. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.

45. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll

46. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid.

47. (i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.

(ii) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.

### ***PROXY***

48. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.

49. An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.

50. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

### ***BOARD OF DIRECTORS***

51. a) The Number of the Directors and the names of the first directors shall be determined in writing by the subscribers of the Memorandum or a majority of them.

b) The Subscribers to the Memorandum of Association shall become the First Directors of the Company i.e.

- i. SHRI RATAN KUMAR GILRA
- ii. SHRI GURUCHARAN GILL
- iii. SHRI HARI SHANKAR GILRA
- iv. SHRI MANOJ KUMAR GILRA



## **Cosboard Industries Limited**

c) The Board of Directors of the company consisting of individuals as directors and shall have a minimum number of two directors and maximum number of directors limits as prescribed by the Companies Act, 2013.

52. (i) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.

(ii) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them—

(a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company; or

(b) in connection with the business of the company.

53. The Board may pay all expenses incurred in getting up and registering the company.

54. The company may exercise the powers conferred on it by section 88 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may think fit respecting the keeping of any such register.

55. All cheques, promissory notes, drafts, *hundis*, bills of exchange and other negotiable instruments, and all receipts for monies paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.

56. Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.

57. (i) Subject to the provisions of section 149, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles.

(ii) Such person shall hold office only up to the date of the next annual general meeting of the company but shall be eligible for appointment by the company as a director at that meeting subject to the provisions of the Act.

58. (i) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.

(ii) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.

59. (i) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.

(ii) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote

60. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing



## ***Cosboard Industries Limited***

directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.

**61.** (i) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.

(ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting.

**62.** (i) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.

(ii) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.

**63.** (i) A committee may elect a Chairperson of its meetings.

(ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.

**64.** (i) A committee may meet and adjourn as it thinks fit.

(ii) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.

**65.** All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.

**66.** Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.

**67** Every company shall hold the first meeting of the Board of Directors within thirty days of the date of its incorporation and thereafter hold a minimum number of four meetings of its Board of Directors every year in such a manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board:

Provided that the Central Government may, by notification, direct that the provisions of this sub-section shall not apply in relation to any class or description of companies or shall apply subject to such exceptions, modifications or conditions as may be specified in the notification.

**68.** The participation of directors in a meeting of the Board may be either in person or through video conferencing or other audio visual means, as may be prescribed, which are capable of recording and recognising the participation of the directors and of recording and storing the proceedings of such meetings along with date and time:



## **Cosboard Industries Limited**

Provided that the Central Government may, by notification, specify such matters which shall not be dealt with in a meeting through video conferencing or other audio visual means.

**69.** A meeting of the Board shall be called by giving not less than seven days' notice in writing to every director at his address registered with the company and such notice shall be sent by hand delivery or by post or by electronic means:

Provided that a meeting of the Board may be called at shorter notice to transact urgent business subject to the condition that at least one independent director, if any, shall be present at the meeting:

**70.** The quorum for a meeting of the Board of Directors of a company shall be one third of its total strength or two directors, whichever is higher, and the participation of the directors by video conferencing or by other audio visual means shall also be counted for the purposes of quorum under this sub-section.

**71.** The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company and for no other purpose.

**72.** Where at any time the number of interested directors exceeds or is equal to two thirds of the total strength of the Board of Directors, the number of directors who are not interested directors and present at the meeting, being not less than two, shall be the quorum during such time.

*Explanation.*—For the purposes of this sub-section, “interested director” means a director within the meaning of sub-section (2) of section 184.

**73.** Where a meeting of the Board could not be held for want of quorum, then, unless the articles of the company otherwise provide, the meeting shall automatically stand adjourned to the same day at the same time and place in the next week or if that day is a national holiday, till the next succeeding day, which is not a national holiday, at the same time and place.

*Explanation.*—For the purposes of this section,—

- (i) any fraction of a number shall be rounded off as one;
- (ii) “total strength” shall not include directors whose places are vacant.

**74.** The Board of Directors of a company shall be entitled to exercise all such powers, and to do all such acts and things, as the company is authorised to exercise and do:

Provided that in exercising such power or doing such act or thing, the Board shall be subject to the provisions contained in that behalf in this Act, or in the memorandum or articles, or in any regulations not inconsistent therewith and duly made thereunder, including regulations made by the company in general meeting:

Provided further that the Board shall not exercise any power or do any act or thing which is directed or required, whether under this Act or by the memorandum or articles of the company or otherwise, to be exercised or done by the company in general meeting.

### **GENERAL MEETINGS**

**75.** All General Meetings other than annual general meeting shall be called Extraordinary General Meeting.



## ***Cosboard Industries Limited***

- 76.** The Board may, whenever it deems fit, call an extraordinary general meeting of the company.
- 77.** The Board shall, at the requisition made by,—
- (a) in the case of a company having a share capital, such number of members who hold, on the date of the receipt of the requisition, not less than one-tenth of such of the paid-up share capital of the company as on that date carries the right of voting;
  - (b) in the case of a company not having a share capital, such number of members who have, on the date of receipt of the requisition, not less than one-tenth of the total voting power of all the members having on the said date a right to vote, call an extraordinary general meeting of the company within the period specified in subsection (4)
- 78.** The requisition made under sub-section (2) shall set out the matters for the consideration of which the meeting is to be called and shall be signed by the requisitionists and sent to the registered office of the company.
- 79.** If the Board does not, within twenty-one days from the date of receipt of a valid requisition in regard to any matter, proceed to call a meeting for the consideration of that matter on a day not later than forty-five days from the date of receipt of such requisition, the meeting may be called and held by the requisitionists themselves within a period of three months from the date of the requisition.
- 80.** A meeting under sub-section (4) by the requisitionists shall be called and held in the same manner in which the meeting is called and held by the Board.
- 81.** Any reasonable expenses incurred by the requisitionists in calling a meeting under sub-section (4) shall be reimbursed to the requisitionists by the company and the sums so paid shall be deducted from any fee or other remuneration under section 197 payable to such of the directors who were in default in calling the meeting.
- 82.** A general meeting of a company may be called by giving not less than clear twenty-one days' notice either in writing or through electronic mode in such manner as may be prescribed:
- Provided that a general meeting may be called after giving a shorter notice if consent is given in writing or by electronic mode by not less than ninety-five per cent. of the members entitled to vote at such meeting.
- 83.** Every notice of a meeting shall specify the place, date, day and the hour of the meeting and shall contain a statement of the business to be transacted at such meeting.
- 84.** The notice of every meeting of the company shall be given to—
- (a) every member of the company, legal representative of any deceased member or the assignee of an insolvent member;
  - (b) the auditor or auditors of the company; and
  - (c) every director of the company.
- 85.** Any accidental omission to give notice to, or the non-receipt of such notice by, any member or other person who is entitled to such notice for any meeting shall not invalidate the proceedings of the meeting.



## ***Cosboard Industries Limited***

- 86.** Two members personally present, shall be the quorum for a meeting of the company.
- 87.** If the quorum is not present within half-an-hour from the time appointed for holding a meeting of the company—
- (a) the meeting shall stand adjourned to the same day in the next week at the same time and place, or to such other date and such other time and place as the Board may determine; or
  - (b) the meeting, if called by requisitionists under section 100, shall stand cancelled:
- Provided that in case of an adjourned meeting or of a change of day, time or place of meeting under clause (a), the company shall give not less than three days notice to the members either individually or by publishing an advertisement in the newspapers (one in English and one in vernacular language) which is in circulation at the place where the registered office of the company is situated.
- 88.** If at the adjourned meeting also, a quorum is not present within half-an-hour from the time appointed for holding meeting, the members present shall be the quorum.
- 89.** (i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.
- (ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103.
- 90.** The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the company.
- 91.** If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.
- 92.** If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting
- 93.** (i) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.
- (ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- (iii) Then a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
- (iv) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.



## ***Cosboard Industries Limited***

### **CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY OR CHIEF FINANCIAL OFFICER**

**94.** Subject to the provisions of the Act,—

(i) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;

(ii) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.

**95.** A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

### ***THE SEAL***

**96. (i)** The Board shall provide for the safe custody of the seal.

(ii) The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorised by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.

### ***DIVIDENDS AND RESERVE***

**97.** The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.

**98.** Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.

**99. (i)** The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalising dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, think fit.

(ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

**100. (i)** Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.

(ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.



## ***Cosboard Industries Limited***

(iii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

101. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the company on account of calls or otherwise in relation to the shares of the company.

102. (i) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.

(ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

103. Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.

104. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.

105. No dividend shall bear interest against the company.

### ***ACCOUNTS***

106. (i) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors.

(ii) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or by the company in general meeting.

### ***WINDING UP***

107. Subject to the provisions of Chapter XX of the Act and rules made thereunder—

(i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

(ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

(iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

### ***INDEMNITY***





**108.** Every officer of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.

#### **DEMATERIALIZATION OF SECURITIES**

**109.** For the interpretation of Member, the following definition of “Member” be substituted as:

- a) “Member” means the duly registered holder from time to time of the shares of the company and includes the subscribers to the Memorandum of the Company and every person whose name is entered as beneficial owner in the records of the Depository”.

Also the following definition are added after the above definition as:

- i) “Beneficial Owner” means a person whose name is recorded as such with a depository.
- ii) “Depository” means a company formed and registered under the Depositories act, 1996 and which has been granted a certificate of registration to act as a depository by Securities and Exchange Board of India Act, 1992
- iii) “Depositories Act” means the Depositories Act, 1996 and shall include any statutory modification(s) or re-enactment thereof for the time being in force.
- iv) “SEBI” means the Securities and Exchange Board of India
- v) “Security” means such security as may be specified by SEBI from time to time.

Notwithstanding anything contained in these Articles, the company shall be entitled to dematerialize its securities and to offer securities in a dematerialized form pursuant to the Depositories Act, and the rules framed thereunder.

#### **Options For Investors**

1. Every person subscribing to securities offered by the company shall have the option to receive certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by the Law, in respect of any security in the manner provided by the Depositories Act, and the company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of the securities.
2. If a person opts to hold his security with a Depository, the company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

#### **Securities in depository to be in fungible form**

All securities held by a depository shall be dematerialized and be in fungible form. Nothing contained in Section 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.



## ***Cosboard Industries Limited***

### **Distinctive numbers of securities held in a depository**

Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the company shall apply to securities held with depository.

### **Rights of depository and beneficial owners**

Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.

1. Save as otherwise provided above, the depository as the registered owner of the securities shall not have any voting rights, or any other rights in respect of the securities held by it.
2. Every person holding securities of the company and whose name is entered in the records of the depository shall be deemed to be a member of the company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

### **Service of documents**

Notwithstanding anything contained in the Act or these Articles, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the company by means of electronic mode or by delivery of floppies or disc.

### **Transfer of securities**

Nothing contained in section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entitled as beneficial owners in the records of a depository.

### **Allotment of securities dealt with in a depository**

Notwithstanding anything contained in the Act or these Articles, where securities are dealt with by a depository, the company shall intimate the details thereof to the depository immediately on allotment of such securities.

### **Register and index of members**

The register and index of beneficial owners maintained by a depository under the Depository Act shall be deemed to be the Register and Index of Members of security holders for the purpose of these Articles.

## ***PURCHASE ITS OWN SECURITIES***

**110.** The Company shall have power, subject to and in accordance with all applicable provisions of the Act, to purchase any of its own shares or other securities whether or not redeemable, from out of the sources as permissible under the Law



## **MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of the Draft Letter of Offer), which are or may be deemed material have been entered or are to be entered into by our Company. These contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company situated at Phase II, New Industrial Estate, Jagatpur, Cuttack, Orissa, 754021 from 10.00 AM to 02.00 p.m. from the date of the Draft Letter of Offer until the date of closure of the Rights Issue.

### **A. Material Contracts**

1. Issue Agreement dated September 1, 2017 entered between our Company and the Lead Manager
2. Agreement dated September 1, 2017 entered between our Company and the Registrar to the Issue
3. Tripartite Agreement dated September 19, 2001 between our Company, National Securities Depository Ltd. (NSDL) and Registrar & Share Transfer Agent;
4. Tripartite Agreement dated September 18, 2001 between our Company, Central Depository Services (India) Limited (CDSL) and Registrar & Share Transfer Agent;
5. Banker to the Issue Agreement dated [●] between our Company, the Lead Manager, the Registrar to the Issue and Banker to the Issue.

### **B. Documents available for inspection**

1. Certificate of Incorporation of our Company dated December 30, 1980.
2. Memorandum and Articles of Association of our Company.
3. Copy of the Resolution passed by the Directors in their meeting dated 30<sup>th</sup> August, 2017 approving the Issue.
4. Copy of Resolution of Rights Issue Committee dated September 13, 2017 approving Draft Letter of Offer;
5. Consents of the Promoters, Directors, Compliance Officer, Lead Manager to the Issue, Legal Counsel, Registrar to the Issue, Bankers to our Company, Statutory Auditors, Banker to the Issue to include their names in the Draft Letter of Offer to act in their respective capacities.
6. Copy of resolution appointing the Managing Director and Whole Time Director.
7. Annual Reports for the financial years ended March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012.
8. Copy of the Prospectus document dated December 27<sup>th</sup>, 1994 issued by the Company for listing of equity shares on BSE.
9. Restated Financial Statements for last five financial years ending March 31, 2017 by the auditors.
10. Statement of Tax Benefits dated September 1, 2017 received from the Statutory Auditors of our Company.
11. In-principle listing approval for this Issue dated [●] from BSE.
12. SEBI Observation letter no. [●] dated [●].

Any of the contracts or documents mentioned in the Draft Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.



## ***Cosboard Industries Limited***

### **DECLARATION**

No statement made in the Draft Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. All the legal requirements connected with the said issue as also the regulations, instructions etc. issued by SEBI, Government of India, Reserve Bank of India and any other competent authority in this behalf, have been duly complied with. We further certify that all statements made in the Draft Letter of Offer are true and correct.

On behalf of the Board of Directors of Cosboard Industries Limited

**Mr. Shiv Shankar Taparia**  
Managing Director

**Mr. Anil Kumar Gilra**  
Whole time Director

**Mr. Suresh Babu Chava**  
Non-Independent Director

**Mr. Akram abu**  
Independent Director

**Mr. Inder Pal Singh Pasricha**  
Independent Director

**Mrs. Rekha Bhawsinka**  
Independent Director

**Ms. Alka Jain**  
Company Secretary and Compliance Officer

**Mr. Ashok Kumar Jena**  
Chief Financial Officer

Place: Cuttack  
Date: September 13, 2017





**TABLE OF CONTENTS**

<b>SECTION</b>	<b>TITLE</b>	<b>PAGE NO</b>
<b>I</b>	<b>GENERAL</b>	
	DEFINITIONS AND ABBREVIATIONS	2
	PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA	9
	FORWARD LOOKING STATEMENTS	11
<b>II</b>	<b>RISK FACTORS</b>	<b>12</b>
<b>III</b>	<b>INTRODUCTION</b>	
	SUMMARY	26
	SUMMARY OF FINANCIAL INFORMATION	32
	ISSUE DETAILS IN BRIEF	35
	GENERAL INFORMATION	36
	CAPITAL STRUCTURE	41
	OBJECTS OF THE ISSUE	68
	BASIS FOR ISSUE PRICE	74
	STATEMENT OF TAX BENEFITS	76
<b>IV</b>	<b>ABOUT OUR COMPANY</b>	
	INDUSTRY OVERVIEW	78
	OUR BUSINESS	83
	KEY INDUSTRY REGULATIONS AND POLICIES	92
	OUR HISTORY AND CORPORATE STRUCTURE	99
	OUR MANAGEMENT	102
	OUR PROMOTERS	111
	OUR PROMOTER GROUP / GROUP COMPANIES / ENTITIES	113
	RELATED PARTY TRANSACTIONS	118
	DIVIDEND POLICY	119
<b>V</b>	<b>FINANCIAL STATEMENTS</b>	
	FINANCIAL STATEMENTS	120
	MANAGEMENT DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	137
<b>VI</b>	<b>STOCK MARKET DATA</b>	<b>145</b>
<b>VII</b>	<b>LEGAL AND OTHER INFORMATION</b>	<b>146</b>
	OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS	146
	GOVERNMENT & OTHER APPROVALS	164
	OTHER REGULATORY AND STATUTORY DISCLOSURES	169
<b>VIII</b>	<b>ISSUE RELATED INFORMATION</b>	<b>178</b>
	TERMS OF THE ISSUE	178
<b>IX</b>	<b>MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION</b>	<b>216</b>
	LIST OF MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION	235
	DECLARATION	236



## SECTION I: GENERAL INFORMATION

### DEFINITIONS AND ABBREVIATIONS

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

#### Company related terms

Term	Description
Our Company / the Company / Issuer / CIL / We / Us / Our/Cosboard	Except as stated otherwise, refers to Cosboard Industries Limited, a company incorporated under the Companies Act, 1956 having its Registered Office at Phase II, New Industrial Estate, Jagatpur, Cuttack, Orissa, 754021, India.
Articles of Association/ AOA	The Articles of Association of our Company, as amended from time to time
Statutory Auditors/ Auditors	M/s B R R & Associates, the statutory auditors of our Company.
Board / Board of Directors	The Board of Directors of our Company or a committee authorized to act on their behalf.
Director(s)/ Our Directors	The Directors of our Company, unless otherwise specified
Equity Share(s)	The equity share(s) of our Company having a face value of Rs. 10 each, fully paid up
MOA / Memorandum / Memorandum of Association	Memorandum of Association of our Company.
Promoter and Promoter Group	The promoter and promoter group of our Company as identified in the filings made by our Company with the Stock Exchange. For further details please refer “Our Group Companies/Entities” on page 113 of this Draft Letter of offer.
Registered Office	Phase II, New Industrial Estate, Jagatpur, Cuttack, Orissa, 754021, India.
ROC / RoC	Registrar of Companies, located at Corporate Bhawan, 3 <sup>rd</sup> Floor, Plot No. 9 (P), Sector:1, CDA, Cuttack-753014.
Key Managerial Personnel	The personnel listed as Key Managerial Personnel in the chapter titled “Our Management” beginning on page 102 of this Draft Letter of Offer.
Work/ Factory	Phase II, New Industrial Estate, Jagatpur ,Cuttack ,Orissa ,754021

#### Issue related terms

Term	Description
Abridged Letter of Offer	The abridged letter of offer to be sent to the Eligible Equity Shareholders and made available to Eligible Employees of our Company with respect to this Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act
Allot/Allotment/Allotted	Unless the context otherwise requires, the allotment of Rights Equity Shares pursuant to the Issue.
Allottee	An Investor to whom Rights Equity Shares are allotted.
Applicant	Any prospective investor who makes an application for Equity Shares in terms of this Draft Letter of Offer
Application	Application made by the Applicant whether submitted by way of CAF or in the form of a plain-paper, to subscribe to the Equity Shares issued pursuant to the Issue at the Issue Price including applications by way of the ASBA process
Application Money	Aggregate amount payable in respect of the Securities applied for in the Issue at the Issue Price



## Cosboard Industries Limited

Term	Description
Application Form	The CAF
Application Supported by Blocked Amount/ ASBA	An application, whether physical or electronic, used by ASBA Applicant to make an Application authorising an SCSB to block the Application Amount in the specified Bank Account maintained with such SCSB. ASBA is mandatory for QIBs (except Anchor Investors) and Non-Institutional Applicants participating in the Issue
ASBA Account	Account maintained with SCSB and specified in the CAF or plain paper application, as the case may be, for blocking the amount mentioned in the CAF, or the plain paper application, as the case may be.
ASBA Investor/ ASBA Applicant(s).	<p>Eligible Equity Shareholders proposing to subscribe to the Issue through ASBA process and who are holding our Equity Shares in dematerialized form as on the Record Date and have applied for their Rights Entitlements and / or additional Equity Shares in dematerialized form; have not renounced their Rights Entitlements in full or in part; are not renouncees; and are applying through blocking of funds in a bank account maintained with SCSBs.</p> <p>All QIBs, Non-Institutional Investors and other Investors whose application value exceeds Rs. 2,00,000 complying with the above conditions must participate in this Issue through the ASBA Process only.</p>
Banker(s) to the Issue/	[•]
Business Day	Monday to Friday (except public holidays)
Composite Application Form / CAF	The form used by an Investor to make an application for allotment of the Rights Equity Shares in the Issue.
Controlling Branches	Such branches of the SCSBs which coordinate applications under the Issue by the ASBA Investors with the Registrar to the Issue, the Lead Manager and the Stock Exchange and a list of which is available at <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html</a>
Designated Stock Exchange	BSE Limited
Demographic Details	Demographic details of Investors available with the Depositories, including address and bank account details.
Depositories	NSDL and CDSL or any other depository registered with SEBI under Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 as amended from time to time, read with the Depositories Act, 1996.
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository Participant or DP	A Depository Participant as defined under the Depositories Act.
Depositories Regulations	The SEBI (Depository and Participant) Regulations, 1996, as amended from time to time
Designated Branches	Such branches of the SCSBs which shall collect CAF or the plain paper application, in case of Eligible Equity Shareholders, or the EAF, in case of Eligible Employees, from ASBA investor and a list of which is available on <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html</a>
Draft Letter of Offer/DLOO	This Draft Letter of Offer of our Company dated September 05, 2017 filed with SEBI for its observations and comments which does not contain complete particulars of the Issue
Eligible NRIs	NRIs from jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom the Letter of Offer constitutes an invitation to subscribe to the Equity Shares Allotted herein
Eligible QFIs	QFIs from such jurisdictions outside India where it is not unlawful to make an





## Cosboard Industries Limited

Term	Description
	offer or invitation under the Issue and in relation to whom the Letter of Offer constitutes an invitation to purchase the Equity Shares offered thereby and who have opened demat accounts with SEBI registered qualified depository participants.
Eligible Equity Shareholders	The Equity Shareholders of our Company as on the Record Date.
Equity Shares	Equity Shares of our Company having a face value of Re. 10 each.
Equity Shareholders	The Equity Shareholders of our Company.
Investors	The Eligible Equity Shareholders of our Company as on the Record Date and the Renouncees.
Issue / Issue size	Rights Issue of 42,93,800 Equity Shares of Re. 10/- each for cash at a price of Rs. [●] per Rights Equity Share including premium of Rs. [●] per Rights Equity Share, aggregating upto Rs. [●] lacs to the existing Equity Shareholders of our Company on rights basis in the ratio of 1(one) Equity Share for every 1(one) Equity Share held as on the Record Date.
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Price	Rs. [●] per Equity Share
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days and during which prospective Applicants may submit their application
Issue Proceeds	The monies received by our Company pursuant to the issue of Equity Shares on Rights basis which are allotted pursuant to the Issue
Lead Manager/LM	Lead Manager to the Issue being Navigant Corporate Advisors Limited.
Letter of Offer	This letter of offer dated [●] as filed with the Stock Exchanges after incorporating SEBI comments on this Draft Letter of Offer
Listing Agreement	The uniform equity listing agreement signed between our Company and the Stock Exchange
Non-Institutional Applicant	Non institutional investor as defined under Regulation 2(1)(w) of the SEBI ICDR Regulations.
Qualified Foreign Investors / QFIs	Qualified Foreign Investor as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 (as amended), registered with SEBI under applicable laws in India. A Qualified Foreign Investor may buy, sell or otherwise continue to deal in securities without registration as Foreign Portfolio Investors subject to compliance with conditions specified in the SEBI (Foreign Portfolio Investors) Regulations, 2014
Qualified Institutional Buyers / QIBs	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual fund registered with SEBI, FIIs and sub-account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, multilateral and bilateral development financial institution, venture capital fund registered with SEBI, foreign venture capital investor registered with SEBI, state industrial development corporation, insurance company registered with IRDA, provident fund with minimum corpus of ` 250 millions, pension fund with minimum corpus of Rs. 250 millions, National Investment Fund set up by the Government of India and insurance funds set up and managed by the army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India
Refund Account(s)	The account opened with Refund Banker(s), from which refunds (excluding refunds to ASBA Applicants), if any, of the whole or part of the Application



## Cosboard Industries Limited

Term	Description
	Amount shall be made
Refund through electronic transfer of funds	Refunds through NECS, Direct credit, RTGS, NEFT or ASBA process , as applicable
Refund Banker	[●]
Registrar to the Issue	Bigshare Services Pvt. Ltd.
Retail Individual Applicants	Individual Applicants (including HUFs applying through their Karta and Eligible NRIs) who have not applied for Equity Shares for an amount of more than Rs. 2,00,000 in any of the Application options in the Issue.
Record Date	[●]
Renouncee(s)	Any person(s) who has / have acquired Rights Entitlements from the Eligible Equity Shareholders.
Rights Entitlement	The number of Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to his / her shareholding in our Company as on the Record Date.
Rights Equity Shares	The Equity Shares being offered to the Eligible Equity Shareholders of our Company in this Issue.
Split Application Form (s) / SAF(s)	Split Application Form, The application form(s) used in case of renunciation in part by an Eligible Equity Shareholder in favour of one or more Renouncees.
Stock Exchange(s)	The BSE where the Equity Shares of our Company are listed and where the Rights Equity Shares are proposed to be listed.
Self Certified Syndicate Bank(s) or SCSB(s)	The banks which are registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offers services of ASBA, including blocking of bank account and a list of which is available on <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html</a>
SEBI (ICDR) Regulations, 2009	Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009 as amended from time to time
Takeover Code	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 read with amendments issued subsequent to that date.
Working Day	Working Day of SEBI

### Conventional, General and Industry Terms or Abbreviations

Term /Abbreviation	Description / Full Form
“₹” / “Rs.” / “Rupees” / “INR”	Indian Rupees
“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 as notified under the Companies (Accounts) Rules, 2014
“ASSOCHAM”	The Associated Chambers of Commerce and Industry of India
“BSE”	BSE Limited
“BTI Regulations”	Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994
“CCI”	Competition Commission of India
“CDSL”	Central Depository Services (India) Limited
“Central Government”	Central Government of India
“CIN”	Corporate identity number



## Cosboard Industries Limited

Term /Abbreviation	Description / Full Form
“Companies Act,1956”	Companies Act, 1956, and the rules, regulations, modifications and clarifications made thereunder, as the context requires and to the extent not repealed
“Companies Act,2013”	Companies Act, 2013 and the rules, regulations, modifications and clarifications thereunder, to the extent notified
“Companies Act”	Companies Act, 1956 to the extent in force, and/ or the Companies Act, 2013 to the extent notified
“Depositories Act”	Depositories Act, 1996
“Depository”	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
“DIN”	Director identification number
“DP ID”	Depository participant identity
“EPS”	Earnings per share
“Factories Act”	The Factories Act, 1948
“FDI”	Foreign direct investment
“FEMA Regulations”	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
“FEMA”	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder
“FII”	Foreign institutional investor as defined under Regulation 2(1)(g) of the SEBI FPI Regulations
“Financial Year” /“FY” / “Fiscal”	Period of 12 months ended March 31 of that particular year, unless otherwise stated
“FPI”	Foreign Portfolio Investors as defined under the SEBI FPI Regulations.
“GAAP”	Generally Accepted Accounting Principles
“Government”	Central Government and / or the State Government, as applicable
“GST”	Goods and service tax
“HUF”	Hindu undivided family
“ICAI”	Institute of Chartered Accountants of India
“IND AS”	Indian Accounting Standards

### Abbreviation

Term	Description / Full Form
“Indian GAAP”	Generally accepted accounting principles followed in India including the accounting standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 as applicable.
“ISIN”	International securities identification number allotted by the Depository
“IT Act”	Income Tax Act, 1961
“MCA”	Ministry of Corporate Affairs, Government of India
“Mutual Fund”	Mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
“NACH”	National Automated Clearing House
“NEFT”	National electronic fund transfer
“NR”	Non-resident or person(s) resident outside India, as defined under the FEMA



## Cosboard Industries Limited

Term /Abbreviation	Description / Full Form
“NRE Account”	Non-resident external account
“NRI”	A person resident outside India who is a citizen of India as defined under the Foreign Exchange Management (Deposit) Regulations, 2016 or is an ‘Overseas Citizen of India’ cardholder within the meaning of Section 7(A) of the Citizenship Act, 1955.
“NRO Account”	Non-resident ordinary account
“NSDL”	National Securities Depository Limited
“Net worth”	Paid up Equity Share Capital plus reserves and surplus minus revaluation reserve
“OCB” / “Overseas Corporate Body”	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
“PAN”	Permanent account number
“PAT”	Profit after tax
“PBT”	Profit before tax
“RBI”	Reserve Bank of India
“RoC”	Registrar of Companies, Cuttack, located at Corporate Bhawan, 3rd Floor, Plot No. 9 (P), Sector - 1, CDA, Cuttack - 753014, Odisha, India
“RTGS”	Real time gross settlement
“SCRA”	Securities Contracts (Regulation) Act, 1956
“SCRR”	Securities Contracts (Regulation) Rules, 1957
“SEBI Act”	The Securities and Exchange Board of India Act, 1992
“SEBI FPI Regulations”	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended
“SEBI ICDR Regulations”	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
“SEBI Listing Regulations”	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
“SEBI”	The Securities and Exchange Board of India
“Securities Act”	United States Securities Act of 1933
“State Government”	Government of a State of India
“Takeover Regulations”	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
VCF	Venture capital funds, as defined in and registered under the VCF Regulations
“Year”/“Calendar Year”	Unless context otherwise requires, shall refer to the twelve-month period ending December 31.

The words and expressions used but not defined herein shall have the same meaning as assigned to such terms under the SEBI ICDR Regulations, the Companies Act, the SEBI Act, SCRA and the Depositories Act and the rules and regulations made thereunder. Notwithstanding the foregoing, terms in “Tax Benefits Statement” and “Financial Statements” on pages 120, respectively, shall have the meaning given to such terms in such sections.



**NOTICE TO OVERSEAS INVESTORS**

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

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

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

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

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



## **PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA**

### **Certain Conventions**

Unless otherwise specified or the context otherwise requires, all references in this Draft Letter of Offer to “India” are to the Republic of India, together with its territories and possessions; all references to the “Government” or the “Central Government” are to the Government of India.

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

### **Financial Data**

Unless stated otherwise, the financial information and data in this Draft Letter of Offer is derived from Audited Financial Statements for the Financial Year ended March 31, 2017 which have been included in this Draft Letter of Offer. For further details please see the section titled “Financial Statements” on page 120. We publish our financial statements in Indian Rupees.

Our Company’s fiscal year commences on April 1 and ends on March 31 of the following calendar year. Accordingly, all references to a particular “financial year” or “fiscal year” or “Fiscal” are to the 12 (twelve) month period ended March 31 of that year.

Our Company has historically prepared its financial statements in accordance with Indian GAAP, applicable accounting standards and guidance notes issued by the ICAI, the Companies Act and other statutory and/or regulatory requirements. Our Audited financial results for the financial year ended March 31, 2017 that appear in this Draft Letter of Offer have been prepared by our Company in accordance with Ind-AS and other applicable statutory and / or regulatory requirements, including the requirements of the Listing Regulations. Indian GAAP differs significantly in certain respects from Ind AS, IFRS and US GAAP. Neither the information set forth in our financial statements nor the format in which it is presented should be viewed as comparable to information prepared in accordance with IFRS or any accounting principles other than principles specified in the Indian accounting practices. 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. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

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. Numerical values have been rounded off to two decimal places.

### **Currency of Presentation**

All references to “₹” or “INR” or “Rupees” refer to Indian Rupees, the lawful currency of India. Any reference to “USD” or “US\$” or “\$” refers to the United States Dollar, the lawful currency of the United States of America. Unless stated otherwise, throughout this Draft Letter of Offer, all figures have been expressed in Rupees in lakhs.

### **Please Note:**

- One million is equal to 10 Lakhs / 1,000 thousand;
- One lakh is equal to 100 thousand; and
- One crore is equal to 10 million / 100 lakhs.



## **INDUSTRY & MARKET DATA**

Unless otherwise stated, Industry & Market data used throughout this Draft Letter of Offer has been obtained from Internal Company Reports and Industry Publications and the Information contained in those publications has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Draft Letter of Offer is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources.

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.

The Ministry of Corporate Affairs ("MCA") notified the Companies (Indian Accounting Standards) Rules, 2015 on February 16, 2015, providing revised roadmap on implementation of Ind-AS, which stipulates implementation of Ind-AS in a phased manner beginning from accounting period 2016 - 2017. Our company is required to prepare and present our financial statements in accordance with Ind-AS from April 01, 2017. Our historical audited financial statements are prepared in accordance with the Companies Act and Indian GAAP.

Given that Ind-AS differs in many respects from Indian GAAP, our financial statements prepared and presented in accordance with Ind-AS relating to any period subsequent to April 1, 2017, may not be comparable to our historical financial statements prepared under Indian GAAP. In the event that any of our historical financial statements, including our financial statements for Fiscal 2017 are required to be also prepared in accordance with Ind-AS, such historical Ind-AS financial statements may vary from our historical India GAAP financial statements, and there can be no assurance that such variation will be material. As of the date of this DLOF, we are not required to prepare the financial statements for the quarter ended 30th June, 2016, 30th September, 2016, 31st December, 2016 and 31<sup>st</sup> March 2017 of our Company in accordance with Ind-AS, and are in the process of evaluating the difference in accounting policies and practices under Ind-AS and Indian GAAP that may be reasonably expected to impact the preparation and presentation of our future financial statements, and, to the extent applicable, our historical financial statements, in accordance with Ind-AS. The preparation of our financial statements in accordance with Ind-AS may require our management to make judgments, estimates and assumptions. Based upon management's evaluation of the relevant facts and circumstances as on the date of the relevant financial statements, and such estimates and underlying assumptions may be reviewed in the future on an on-going basis. For further information, see "Risk Factors - Certain companies in India, including our Company, will be required to prepare financial statements in accordance with Ind-AS with effect from April 1, 2017. Ind-AS differs from Indian GAAP, IFRS and US GAAP in many ways and our financial statements relating to periods commencing April 1, 2017 prepared under Ind-AS may not be comparable to our historical financial statements prior to such period prepared under Indian GAAP.





## **FORWARD - LOOKING STATEMENTS**

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

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

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

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

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

For a further discussion of factors that could cause our actual results to differ, please refer to “Risk Factors” on page 12 of the Draft Letter of Offer. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither we nor the Lead Manager make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. Neither we nor the Lead Manager nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI / Stock Exchanges requirements, we and Lead Manager will ensure that the Eligible Equity Shareholders are informed of material developments until the time of the grant of listing and trading permissions by the Stock Exchanges.





## SECTION II: RISK FACTOR

An investment in equity shares involves a high degree of risk. You should carefully consider all the information in the Draft Letter of Offer, including the risks and uncertainties described below, before making an investment in our Equity Shares. The risks and uncertainties described in this section are not the only risk we may face. If any of the following risks actually occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment. Unless otherwise stated in the relevant risk factors set below, we are not in a position to specify or quantify the financial or other implications of any risk mentioned herein. In making an investment in this Issue, prospective investors must rely on their own examination of our Company and terms of the Issue. The numbering of the Risk Factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another.

*Unless otherwise stated or the context otherwise requires, the financial information used in this section is derived from our Restated Financial Information.*

### INTERNAL RISK FACTORS:

1. Our Company, its Directors, Promoter and its Group entities are involved in certain regulatory proceeding(s). Any adverse decision in such proceeding(s) may render us/them liable to liabilities/penalties and may adversely affect our business and results of operations.

Summary of litigations are given below:

Sr. No.	Particulars	No. of Cases/Disputes	Approximate Aggregate Claim Amount (Rs. In Lacs)
<b>LITIGATION BY OR AGAINST OUR COMPANY</b>			
<b>Litigation filed by Our Company</b>			
	Civil Cases filed by our Company *	13	239.12
	Criminal cases filed by our Company	-	-
<b>LITIGATION FILED AGAINST OUR COMPANY</b>			
	Civil Cases filed against our Company **	8	-
	Criminal cases filed against our Company	-	-
<b>LITIGATIONS INVOLVING OUR DIRECTORS</b>			
	Civil cases filed against our Directors **	3	-
	Civil cases filed by our Directors **	5	-
	Criminal cases filed by Our Director **	1	-

\* Include 5 Cases where amount is not quantifiable at this stage and include certain cases where Director(s)/Promoter(s) are also party with the Company.

\*\* The Amount is not quantifiable at this stage.

If cases filed by Our Companies and Our Directors are not decided in favor of such companies, these entities would be deprived of claims receivable from counter parties.

For details of the above litigation, please refer to the section titled "Outstanding Litigation" appearing on page 146 of this Draft Letter of Offer.



## **Cosboard Industries Limited**

### **2. Some of the properties from which we are operating are not registered in our name.**

We operate from our registered office situated at New Industrial Estate, Phase II Jagatpur, Cuttack: 754021, Orissa and Corporate office situated at 411/412 No.127/1 2nd Floor Srikrupa Market, Malakpet, Hyderabad 500036. We have taken the Registered & Corporate office on lease for a period of 99 years and 3 years respectively. Any discontinuance of rent agreement / facility will lead us to locate any other premises. Our inability to identify the new premises may adversely affect the operations, finances and profitability of our Company.

### **3. Our Logo is in the process of getting registered. If we fail to obtain trademark registration our brand building efforts may be hampered which might lead to adverse effect on our business.**

There is no assurance that the application will be approved by the Trade Mark Registry. In addition, our application for the registration of the trade mark may be opposed by third parties and we may have to incur significant cost and spend time in litigations in relation to these oppositions. In the event we are not able to obtain the trademark registration of our Company, we may not be able to avail the legal protection and legal remedies (in case of infringement) available as a proprietor of registered trademarks. Non-registration may adversely affect our Company's ability to protect its trademark against infringements which may materially and adversely affect our goodwill and business. For details on the trademark applications, please see the chapter titled "Government and other Statutory Approvals" beginning on page 164 of this Draft Letter of offer.

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

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

(Rs. In Lacs.)					
Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
Net Cash flow from Operative activities	(64.24)	(515.39)	146.95	(1,647.96)	(893.83)
Net Cash Flow from investing activities	(93.19)	(1,426.18)	(1,122.16)	(304.53)	(122.41)
Net Cash Flow from Financing activities	156.09	2,029.41	966.59	1,956.80	1,117.33
<b>Net Cash Flow for the Year</b>	<b>(1.34)</b>	<b>87.84</b>	<b>(8.61)</b>	<b>4.32</b>	<b>101.09</b>

### **5. Our promoters/Promoters group have pledged their major shareholding and may loose the control over the company on default of replayment of loan.**

As on June 30, 2017, Our promoter and Promoter Group together hold 20,25,050 Equity Shares of Rs. 10 constituting 47.16% of the total paid up share capital of the Company and out of which 12,79,524 Equity shares have been pledged by the promoter/Promoter group constituting 63.18% of the shares held by them. If they would not be able to repay the pledge amount then they may lose the shares pledged and their control over the company would be reduced which may affect the business operations and results of the Company.

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

We have entered into transactions with our promoters and group companies. While we believe that all such transactions have been conducted on an arm's length basis, there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we may enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our



## ***Cosboard Industries Limited***

financial condition and results of operations. For further details please refer to Financial Statements Of Our Company on page no 120.

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

Our Group Companies such as Harishankar Paper Products (P) Ltd., Tirupati Kagadas Pvt Ltd, Abhishek Enterprises and Yash Commercial Corporation are involve in similar line of business. Further, we have not entered into any non-compete agreement with our said entities. We cannot assure you that our Promoter who has common interest in said entities will not favour the interest of the said entities As a result; conflicts of interests may arise in allocating business opportunities amongst our Company and our Group Entities in circumstances where our respective interests diverge. There can be no assurance that our Promoters or our Group Entities or members of the Promoter Group will not compete with our existing business or any future business that we may undertake or that their interests will not conflict with ours. Any such present and future conflicts could have a material adverse effect on our reputation, business, results of operations and financial condition which may adversely affect our profitability and results of operations. For further details, please refer to “Common Pursuits” on Page 112 of this Draft Letter of offer.

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

We rely significantly on certain raw materials (principally bamboo, wood, industrial chemicals and pulp) and energy sources (principally water and electricity) for the manufacture of our products. In Fiscal 2017, raw materials comprised approximately 66.37% of our net sales.

We have not entered into any formal arrangements or commitments for the supply of our raw material requirements and procure such requirement from local farmers and the open market. In addition, due to complicated land ownership structures, we may not be able to procure land within adequate time, or at all, to plantation of bamboo/ pulp wood for captive requirements. Further, as a result of increase in prices of bamboo, we use hardwood to cater our raw material requirements, as an alternative to bamboo. We may not be able to procure adequate quantity of hardwood at a commercially acceptable price, or at all. Any unavailability of hardwood at a competitive cost and timely manner would have a material adverse effect on our business, operations and financial condition.

In addition, availability of pulp in the international markets affects prices of pulp. Events in past such as earthquake in Chile, a major supplier of pulp, and increase in demand of pulp in China, led to increase in price of pulp internationally. Raw material prices will change based on worldwide supply and demand and there is no assurance that we will be able to procure our requirements from suppliers at reasonable costs and in a timely manner. For trends in relation to raw material prices, see Industry Overview on page 78.

Further, factors such as inclement weather and heavy monsoons may delay or disrupt the harvest of hardwood or bamboo for the particular crop period, leading to unavailability of raw materials. Also, some of our customers may have businesses which may be seasonal in nature and a downturn in demand for our products by such customers could reduce our revenues during such periods.

We procure our entire industrial chemicals required for our operations from the open market on a spot basis, and consequently are affected by variations in price of such industrial chemicals. Any adverse variation in price of industrial chemicals may adversely affect our raw material costs.

Further, we may not be able to pass increased cost for industrial chemicals to our customers.



**9. Outbreaks of diseases can significantly affect availability of raw materials for our products.**

Outbreak of diseases can significantly affect availability of raw materials for our products. From time to time, there have been outbreaks of certain diseases in plants, such as gall disease on eucalyptus trees which led to damage of saplings and adversely affected growth of eucalyptus plant. Damage to existing eucalyptus plants and reluctance to plant new eucalyptus led to reduction in availability of raw materials required to manufacture paper and paper products. Outbreak of any such disease in future can adversely affect availability of raw materials, affect our plantation initiative and lead to waste of cost incurred in plantation.

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

We compete in different markets within the paper industry on the basis of the quality of our products, customer service, product development activities, price, and distribution. All of our markets are highly competitive. Factors affecting our competitive success include, among other things, price, availability of products, brand recognition, customer service, ease of use, and reliability. Our competitors vary in size, and may have greater financial, marketing, personnel and other resources than us and certain of our competitors have a longer history of established businesses and reputations in the Indian paper and packaging board market as compared with us. Competitive conditions in some of our segments have caused us to incur lower net selling prices and reduced gross margins and net earnings. These conditions may continue indefinitely.

Changes in the identity, ownership structure, and strategic goals of our competitors and the emergence of new competitors in our target markets may impact our financial performance. New competitors may include foreign-based companies and commodity-based domestic producers who could enter our specialty markets.

In addition to competition with different players in the paper industry, industrial paper products compete with products such as polymers, wood and steel for packaging. The writing and printing paper faces limited substitution threat from the increased tendency of storage of data in soft form, which may affect demand of our writing and printing paper products.

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

As of March, 2017, we had total outstanding indebtedness of Rs. 7295.92 lacs. We expect to incur substantial additional indebtedness in order to finance the expansion of our manufacturing facilities. The indebtedness incurred and expected to be incurred and the restrictions imposed on us by our current or future loan arrangements could adversely impact our ability to conduct our business operations and result in other significant adverse consequences.

We cannot assure that we will generate sufficient cash to enable us to service our existing or future borrowings, comply with covenants or fund other liquidity needs. If we fail to meet our debt service obligations or financial covenants required under the financing documents, the relevant lenders could declare us to be in default under the terms of our borrowings, accelerate the maturity of our obligations or take over the financed project. Further, a default by us under the terms of any financing document may also constitute a cross-default under other financing documents, which may individually or in aggregate, have a material and adverse effect on our results of operations and financial position. We cannot assure you that, in the event of any such acceleration, we will have sufficient resources to repay these borrowings. Failure to meet our



obligations under the debt financing arrangements could have a material adverse effect on our cash flows, business and results of operations.

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

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

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

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

**13. Our Company may incur penalties or liabilities for some Non Compliances with the provisions of Companies Act, 1956/2013 and provisions of SEBI Act, Regulations etc. under certain provisions of the Companies Act and other applicable laws.**

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

- The Company has not obtained requisite approval from the Shareholders/Board Resolution for increasing/availing the Borrowing power/loan before 26<sup>th</sup> September, 2014;
- No approval from the Board of Directors was obtained for entering into the Related party transaction before the Financial year 2016-17;
- Approval from the Board of Directors was not obtained in respect of secured loan taken from M/s Cosmos Co-operative Ltd and unsecured loan taken from the promoters/Directors;
- Reporting to SEBI/BSE was not made in respect of inter se transfer of Shares between immediate relatives.
- Eform MGT 15 was not filed with Registrar of Companies in respect of filing of report of Annual General Meeting held for the financial year 2014-15;
- The Company had not appointed Internal Auditors for the financial year 2015-16;
- The Company had not appointed Key Managerial Personnel during the financial year 2015-16;
- The meeting of Independent Directors were not conducted during the financial year 2015-16;



**14. We may be unable to generate sufficient cash flow or secure sufficient credit to simultaneously fund our operations, finance capital expenditures, and satisfy other obligations.**

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

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

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

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

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

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

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

**17. We may be unable to generate sufficient cash flow or secure sufficient credit to simultaneously fund our operations, finance capital expenditures, and satisfy other obligations**





## ***Cosboard Industries Limited***

Our Operation required huge funds for which Company is required to borrow the funds for the smooth functioning of the business operations, in terms of the provisions of the Companies Act, 2013 and rules made thereunder, the Company is required to obtain the consent of Shareholders to borrow moneys apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of the aggregate of the paid-up capital and its free reserves. Our Company has taken the shareholders approval in the Annual General Meeting held on 26<sup>th</sup> September, 2014 for borrow the funds not exceeding Rs. 70 crore and thereafter no such approval was taken, any borrowing in excess of the prescribed limits may lead to non compliances of the provisions of the Companies Act and may affect the business results of the Company.

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

Our operations are subject to national and state environmental laws and regulations, which govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from our operations. Environmental regulation of industrial activities in India may become more stringent, and the scope and extent of new environmental regulations, including their effect on our operations, cannot be predicted with any certainty. Governments may take steps towards the adoption of more stringent environmental, health and safety regulations, and we cannot assure you that we will be at all times in full compliance with these regulatory requirements. For example, these regulations can often require us to purchase and install expensive pollution control equipment or make changes to our existing operations to limit any adverse impact or potential adverse impact on the environment or the health and safety of our employees, and any violation of these regulations, whether or not accidental, may result in substantial fines, criminal sanctions, revocations of operating permits or a shutdown of our facilities. Due to the possibility of unanticipated regulatory developments, the amount and timing of future expenditures to comply with regulatory requirements may vary substantially from those currently anticipated. If there is any unanticipated change in the environmental, health and safety regulations we are subject to, we may need to incur substantial capital expenditures to comply with such new regulations. Our costs of complying with current and future environmental, health and safety laws and our liabilities arising from failure to comply with applicable regulatory requirements may adversely affect our business, financial condition and results of operations.

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

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

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

We employ significant number of employees at our facilities. Substantial number of our permanent employees are represented by labour unions and staff associations. We cannot ensure that labor-related disputes will not arise. Further, we may not be able to satisfactorily renegotiate our wage settlement agreements when they expire and may face tougher negotiations or higher wage demands. In addition, existing labor agreements may



## ***Cosboard Industries Limited***

not prevent a strike or work stoppage in the future. Such incidents or strikes and work stoppage by our employees could have an adverse effect on our business, financial operation and results of operations.

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

Our operations carry inherent risks of personal injury and loss of life, damage to or destruction of property, plant and equipment and damage to the environment, and are subject to risks such as fire, theft, flood, earthquakes and terrorism. We believe that we have insured our facilities, plant and equipment in a way which we believe is typical in our industry and in amounts which we believe to be commercially appropriate. See —Our Business- Insurance on page 91. However, we may become subject to liabilities against which our property are not insured adequately or at all or cannot insure, including when the loss suffered is not easily quantifiable and in the event of severe damage to our reputation. Even if a claim is made under an existing insurance policy, due to exclusions and limitations on coverage, we may not be able to successfully assert our claim for any liability or loss under such insurance policy.

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

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

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

- 22. Our success will depend on our ability to attract and retain our key personnel. If we are unable to do so, it would adversely affect our business and results of operations.**

Our future success substantially depends on the continued service and performance of the members of our senior management team and other key personnel in our business for the management and running of our daily operations, and the planning and execution of our business strategy.

There is intense competition for experienced senior management and other key personnel with technical and industry expertise in the paper business and if we lose the services of any of these or other key individuals and are unable to find suitable replacements in a timely manner, our ability to realize our strategic objectives could be impaired. Loss of key members of our senior management or other key team members, particularly to competitors, could have an adverse effect on our business and results of operations.





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

We have been unable to locate certain of our corporate records with respect to issuance of certain Equity Shares to various persons and with respect to certain amendments which have been made to our MoA. Disclosures in this Draft Letter of Offer pertaining to equity share capital history of our Company are based on the Prospectus issued by the Company for its Initial Public Offer during the financial year 1994-1995. Additionally, for the years prior to 1995, relevant records and forms filed, at that time, evidencing the amendments to our MoA, are also not available. Whilst we believe material information required for Investors to make their investment decision in this Issue has been disclosed in this Draft Letter of Offer, we are unable to make certain disclosures required under the SEBI ICDR Regulations in this Draft Letter of Offer, such as disclosures pertaining to initial listing of Equity Shares by our Company and disclosures pertaining to issue of Equity Shares by the Company for consideration other than cash or out of revaluation reserves. For more information see Capital Structure and History and Certain Corporate Matters on pages 41 and 99 respectively.

**EXTERNAL RISK FACTORS**

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

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

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

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

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



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

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

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

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

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

Increased political instability and regional conflicts, evidenced by the threat or occurrence of terrorist attacks, enhanced national security measures, conflicts in several countries and regions in which our Company operates, strained relations arising from these conflicts and the related decline in consumer confidence may hinder its ability to do business. Any escalation in these events or similar future events may disrupt our Company's operations or those of its customers and suppliers and could affect the availability of raw materials needed to produce its products or the means to transport those materials to its facilities and finished products to customers. These events have had and may continue to have an adverse impact on the global economy and



## ***Cosboard Industries Limited***

customer confidence and spending in particular, which could in turn adversely affect our Company's revenue, operating results and cash flows. The impact of these events on the volatility of global financial markets could increase the volatility of the market price of securities and may limit the capital resources available to our Company and to its customers and suppliers.

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

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

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

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

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

However, there can be no assurance that such policies will continue in the future. Government corruption, scandals and protests against certain economic reforms, which have occurred in the past, could slow the pace of liberalization and deregulation. The rate of economic liberalization could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well.

### **29. We may raise additional equity capital which may dilute your existing shareholding.**

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

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



## **Cosboard Industries Limited**

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

Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. For further details, please see section titled “Statement of **Tax Benefit**” on page 76 of this Draft Letter of Offer.

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

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

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

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

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

The Competition Act seeks to prevent business practices that have or are likely to have an appreciable adverse effect on competition in India and has established the CCI. Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which has or is likely to have an appreciable adverse effect on competition is void and attracts substantial penalties. Any agreement which, directly or indirectly, determines purchase or sale prices, limits or controls the production, supply or distribution of goods and services, or shares a market by way of geographical area or number of customers is presumed to have an appreciable adverse effect on competition. Provisions of the Competition Act relating to



the regulation of certain acquisitions, mergers or amalgamations, which have a material adverse effect on competition and regulations with respect to notification requirements for such combinations, came into force on June 1, 2011. The effect of the Competition Act on the business environment in India is still evolving and unclear and it is difficult to predict its impact on our Company's growth and expansion strategies. The CCI has extra territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an appreciable adverse effect on competition in India. If our Company is affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act or any enforcement proceedings initiated by the CCI or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI, it may adversely affect its business, results of operations, financial condition or prospects.

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

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

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

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

**Prominent Notes**

1. The net worth of our Company is Rs .620.92 lacs, as at March 31, 2017 as per the restated financial statements of our Company. For further details please refer to the section titled "Financial Statements" beginning on page 120;
2. This is a Rights Issue of [●] Equity Shares of Re. 10/- each for cash at a price of Rs. [●] per Rights Equity Share including premium of Rs. [●] per Rights Equity Share, aggregating upto Rs. [●] lacs to the existing Equity Shareholders of our Company on rights basis in the ratio of 1(one) Equity Share for every 1(one) Equity Share held as on the Record Date. For further details please refer to the section titled "Terms of the Issue" beginning on page 178 of this Draft Letter of Offer.



3. Except as disclosed in the sections/chapter titled “Capital Structure”, “Our Promoters” “Our Promoter Group Entities” or “Our Management” “ Related Party Transactions” beginning on pages 41, 111, 102 and 118, respectively, none of our Promoter, our Directors and our key managerial employees have any interest in our Company except to the extent of remuneration and reimbursement of expenses and to the extent of the Equity Shares held, if any, by them or their relatives and associates or held by our companies, firms and trusts in which they are interested as directors, members, partners or trustees and to the extent of the benefits arising out of such shareholding;
4. The name of our Company has not been changed during the last three years from the date of this Draft Letter of Offer.
5. Pertaining to our related party transactions, see the chapter titled “Related Party transactions” beginning on page 118 of this Draft Letter of Offer;
6. For details of transactions in the securities of our Company by our Promoter and Promoter group in the last six months, refer to the chapter titled “Capital Structure” beginning on page 41 of this Draft Letter of Offer;
7. Trading in the Rights Equity Shares of our Company for all Investors shall be in dematerialized form only. For further details, see the section titled “Terms of the Issue” beginning on page 178 of this Draft Letter of Offer;
8. Any clarification or information relating to the Issue shall be made available by the Lead Manager and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever;
9. Investors may contact our Compliance Officer or the Lead Manager for any complaints pertaining to this Issue;
10. The Net Asset Value / Book Value per Equity Share is Rs. 14.46 as at March 31, 2017 as per the restated financial statements of our Company in the chapter titled “Financial Statement” beginning on page 120 of this Draft Letter of Offer;
11. Our Company and the Lead Manager will update the offer document in accordance with the Companies Act and the SEBI ICDR Regulations and our Company and the Lead Manager will keep the public informed of any material changes relating to our company till the listing of our shares on the Stock Exchange. No selective or additional information would be made available to a section of investors in any manner whatsoever.
12. Our Company has not received any Compliant during the financial year starting from 1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2017.





### **SECTION III: INTRODUCTION**

#### **SUMMARY OF INDUSTRY & BUSINESS OVERVIEW**

The information presented in this section has been obtained from publicly available documents from various sources, including officially prepared materials from the Government of India and its various ministries, industry websites and publicly available industry reports. Industry websites and publications generally state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe industry, market and government data used in this Draft Letter of Offer is reliable, it has not been independently verified.

Accordingly, our Company and the Lead Manager do not take any responsibility for the data, projections, forecasts, conclusions or any other information contained in this section. Certain information contained herein pertaining to prior years is presented in the form of estimates as they appear in the respective reports/ source documents. The actual data for those years may vary significantly and materially from the estimates so contained.

#### **SUMMARY OF INDUSTRY**

##### **Indian Economy**

The Indian economy is the fourth largest economy in the world by purchasing power parity with an estimated GDP of approximately USD 8.721 trillion in 2016. (Source: CIA World Factbook) India's GDP will continue to expand at the fastest pace among major economies, with growth forecast at 7.6 % in 2016-17. India's economy has benefited from the large terms of trade gain triggered by lower commodity prices, and inflation has declined more than expected. Positive policy actions, structural reforms, including the introduction of an important tax reform and formalization of the inflation targeting framework and improved confidence are expected to support consumer demand and investment. Important policy actions toward the implementation of the goods and services tax have been taken, which will be positive for investment and growth.

(Source: International Monetary Fund - World Economic Outlook - October 2016).

As per the latest estimates available on the Index of Industrial Production (IIP), the General Index for the month of February 2017 stands at 182.30, which is 1.2% lower as compared to the level in the month of February 2016. The cumulative growth during April-February 2016-17 over the corresponding period of the previous year stands at 0.40%. The Indices of Industrial Production for the Mining, Manufacturing and Electricity sectors for the month of February 2017 stand at 140.6, 190.1 and 182.5 respectively, with the corresponding growth rates of 3.3%, (-) 2.0 % and 0.3 % as compared to February 2016. The cumulative growth in these three sectors during April-February 2016-17 over the corresponding period of 2015-16 has been 1.6 %, (-) 0.3 % and 4.6 % respectively. In terms of industries, fifteen (15) out of the twenty two (22) industry groups (as per 2- digit NIC-2004) in the manufacturing sector have shown negative growth during the month of February 2017 as compared to the corresponding month of the previous year.

(Source: Website of Ministry of Statistics and Programme Implementation)

The Foreign Direct Investment (FDI) was USD 45.15 Billion in FY 2014-15 and USD 55.56 Billion in FY 2015-16 and USD 60.08 Billion during April, 2016 to March, 2017 in FY 2016-17 as per provisional figures by RBI. The cumulative amount of FDI Inflows from April, 2000 to March, 2017 stood at USD 484.35 Billion.

(Source: Website of Department of Industrial Policy and Promotion)

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF). The Government of India has forecasted that the Indian economy will grow by 7.1 per cent in FY 2016-17. As per the Economic Survey 2016-17, the Indian



## **Cosboard Industries Limited**

economy should grow between 6.75 and 7.5 per cent in FY 2017-18. The improvement in India's economic fundamentals has accelerated in the year 2015 with the combined impact of strong government reforms, Reserve Bank of India's (RBI) inflation focus supported by benign global commodity prices.

India's consumer confidence index stood at 136 in the fourth quarter of 2016, topping the global list of countries on the same parameter, as a result of strong consumer sentiment, according to market research agency, Nielsen.

Moody's has affirmed the Government of India's Baa3 rating with a positive outlook stating that the reforms by the government will enable the country perform better compared to its peers over the medium term.

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

### **MARKET SIZE**

India's gross domestic product (GDP) grew by 7 per cent year-on-year in October-December 2016 quarter, which is the strongest among G-20 countries, as per Organisation for Economic Co-operation and Development (OECD) Economic Survey of India, 2017. According to IMF World Economic Outlook Update (January 2017), Indian economy is expected to grow at 7.2 per cent during FY 2016-17 and further accelerate to 7.7 per cent during FY 2017-18.

The tax collection figures between April 2016 and January 2017 show an increase in Net Indirect taxes by 16.9 per cent and an increase in Net Direct Taxes by 10.79 per cent year-on-year, indicating a steady trend of healthy growth. The total number of e-filed Income Tax Returns rose 21 per cent year-on-year to 42.1 million in 2016-17 (till 28.02.17), whereas the number of e-returns processed during the same period stood at 43 million.

Corporate earnings in India are expected to grow by over 20 per cent in FY 2017-18 supported by normalisation of profits, especially in sectors like automobiles and banks, while GDP is expected to grow by 7.5 per cent during the same period, according to Bloomberg consensus.

India has retained its position as the third largest startup base in the world with over 4,750 technology startups, with about 1,400 new start-ups being founded in 2016, according to a report by NASSCOM.

India's labour force is expected to touch 160-170 million by 2020, based on rate of population growth, increased labour force participation, and higher education enrolment, among other factors, according to a study by ASSOCHAM and Thought Arbitrage Research Institute.

India's foreign exchange reserves stood at US\$ 366.781 billion as on March 17, 2017 as compared to US\$ 360 billion by end of March 2016, according to data from the RBI.

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

### **PAPER INDUSTRY IN INDIA**

The paper industry in India has become more promising as the domestic demand is on the rise. Increasing population and literacy rate, growth in GDP, improvement in manufacturing sector and lifestyle of individuals are expected to account for the growth in the paper industry of India. BILT and ITC are among the largest producers of paper and paperboard in India. Many of the existing players are increasing their capacity to meet the growing demand. The focus of paper industry is now shifting towards more eco-friendly products and technology. Government of India has established rules and regulations to control the population and degradation of forest. These measures taken by the government has brought the significant changes in the paper industry of India.





## **Cosboard Industries Limited**

According to “India Paper Industry Forecast & Opportunities, 2017” the paper industry in India is expected to grow at the CAGR of around 9.6% during 2012-2017, which will make the revenues of paper industry of India to reach up to USD 11.83 Billion by 2017. About 70% of the total installed capacity of paper production in India is accounted by Gujarat, West Bengal, Orissa, Andhra Pradesh, Karnataka and Maharashtra. Uttar Pradesh, Tamil Nadu, Haryana, Kerala, Bihar and Assam together account for about 25% of the total paper production in India.

Source : <https://www.techsciresearch.com/report/india-paper-industry-forecast-and-opportunities-2017/314.html>

### **SUMMARY OF OUR BUSINESS**

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

During the financial year 1994-1995, the Company came up with an Initial Public offer of 29,85,700 Equity Shares of Rs. 10 each at a price of Rs. 14 per share including a premium of Rs. 4 per shares and the Shares of the Company got listed at the Stock Exchange and the Company installed machine of 6600 tons per annum to manufacture media Kraft paper with the project appraisal from IFCI.

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

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



Our Work plant is situated at New Industrial Estate, Phase II Jagatpur, Cuttack, 754021, Orissa



## Cosboard Industries Limited

Our installed Paper manufacturing capacity and production details for Fiscals 2017, 2016 and 2015 have been set out below.

	Fiscal 2017		Fiscal 2016		Fiscal 2015	
	Installed	Utilized	Installed	Utilized	Installed	Utilized
Total Plant	45000 M.T.		23100 M.T		23100 M.T	
Grey /Duplex Board	6000 M.T.	Not in operation	3300 M.T.	Not in operation	3300 M.T.	Not in operation
Kraft /High Bf Kkraft Paper	24000	4625.430 M.T.	6600 M.T.	2746.45 M.T	6600 M.T.	653.705 M.T
Writing,Printing & News Print Paper	15000	13730.670 M.T.	13200M.T	13095.121 M.T	13200 M.T.	12718.986 M.T



Our Company's total revenue as restated in Fiscal 2017, Fiscal 2016 and Fiscal 2015 is Rs. 7735.41 lacs, 6287.66 lacs and 4160.63 lacs respectively. Our Company's profit after tax as restated in Fiscal 2017, Fiscal 2016 and Fiscal 2015 is Rs. 27.10 lacs, Rs. 175.63 lacs and Rs. 229.57 lacs, respectively.

### Competitive Strengths

We believe that the following are our core competitive strengths.

#### ***Strategic location of our manufacturing facility***

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

#### ***Availability and access to raw materials***

The materials are abundantly available and nearby to the four connecting sources as mentioned Andhra Pradesh, West Bengal, Chhattisgarh and Bihar. The second main raw material coal is also available nearby





## ***Cosboard Industries Limited***

about 150 kilometer from the site and the electricity is supplied by CESCO. Labours is locally available. The company has also received necessary clearance from the pollution control board to run the unit.

### ***Strong Sales and Marketing Network***

The company has a very good marketing network. The cities of Cuttack and Bhubaneswar are sufficient to consume the production of the plant. The company has also tie up with local packaging units for purchase of its products. There is no such competitor in the surrounding of 200 Kms.

### ***Proven and experience management team***

We believe that we have a strong management team led by persons with significant experience and expertise in the paper industry. Our Board comprises Directors who have extensive experience in the paper industry setting up and managing companies in the paper industries. In addition, we also have a management team of qualified professionals, who have expertise and experience in the paper industry. Our management team comprises skilled and capable professionals, who assist the Board in implementing our business strategies and identifying new opportunities for furthering the growth of our Company. For further details of our Board of Directors and our Key Managerial Personnel please see the chapter entitled 'Our Management' on page 102 of this Draft Letter of Offer.

### ***Strong and experienced Promoter***

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

### ***Business Strategies***

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

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

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

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

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

- **Optimizing cost of operations**

We expect to reduce our operating costs as a percentage of top-line via efficient implement and optimal utilization of our resources. This will be enabled by leveraging on our existing fixed costs



## ***Cosboard Industries Limited***

while simultaneously increasing our business and manpower productivity. We believe that this can be done through domestic presence and economies of scale. Increasing our penetration in existing regions with new range of products, will enable us to penetrate into new catchment areas within these regions and optimize our efficiency. As a result of these measures, our Company will be able to increase its market share and profitability.



## Cosboard Industries Limited

### SUMMARY OF FINANCIAL INFORMATION STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. In Lacs)

Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
<b>Equity &amp; Liabilities</b>					
<b>Shareholders' Funds</b>					
Share Capital	429.38	429.38	429.38	429.38	429.38
Reserve & Surplus	(251.13)	(225.91)	(0.86)	164.13	191.53
<b>Total (A)</b>	<b>178.25</b>	<b>203.47</b>	<b>428.52</b>	<b>593.51</b>	<b>620.91</b>
<b>Non Current Liabilities</b>					
Share Application Money	-	-	-	-	-
Long Term Borrowings	452.16	2179.57	3135.62	3915.34	4404.40
Deferred Tax Liabilities (Net)	-	-	-	-	-
Long Term Provision	68.19	74.61	85.15	104.60	111.46
<b>Total (B)</b>	<b>520.35</b>	<b>2254.18</b>	<b>3220.77</b>	<b>4019.95</b>	<b>4515.87</b>
<b>Current Liabilities</b>					
Short Term Borrowings	414.45	566.78	1342.64	2432.79	3035.25
Trade Payables	772.16	621.62	231.17	350.58	860.74
Other Current Liabilities	527.02	289.10	202.80	223.51	564.83
Short Term Provisions	5.95	4.33	4.87	4.47	23.83
<b>Total (C)</b>	<b>1719.60</b>	<b>1481.83</b>	<b>1781.49</b>	<b>3011.35</b>	<b>4484.6501</b>
<b>Total (D=A+B+C)</b>	<b>2418.19</b>	<b>3939.47</b>	<b>5430.78</b>	<b>7624.81</b>	<b>9621.43</b>
<b>Assets</b>					
<b>Fixed Assets:</b>					
Tangible Assets	372.36	341.61	306.48	279.21	2968.82
Intangible Assets	-	-	-	-	-
Long Term Loans & Advances	41.58	43.10	42.27	37.27	37.35
Non Current Investments	0.75	0.75	0.88	1.88	14.38
Deferred Tax Assets (Net)	211.19	212.83	210.34	206.81	155.15
<b>Capital Work in progress</b>	<b>105.84</b>	<b>1531.31</b>	<b>2658.23</b>	<b>2960.18</b>	<b>110.13</b>
<b>Total (E)</b>	<b>731.71</b>	<b>2129.60</b>	<b>3218.20</b>	<b>3485.35</b>	<b>3285.83</b>
<b>Current Assets:</b>					
Current Investments					
Inventories	353.30	290.57	789.16	961.02	980.88
Trade Receivables	1192.17	1227.50	1273.50	2938.86	4989.67
Cash & Bank Balances	7.58	95.42	86.81	91.13	192.22
Short Term Loans & Advances	58.64	121.55	61.87	143.93	165.71
Other Current Assets	74.79	74.83	1.23	4.52	7.12
<b>Total (F)</b>	<b>1686.48</b>	<b>1809.87</b>	<b>2212.57</b>	<b>4139.46</b>	<b>6335.60</b>
<b>Total (G=E+F)</b>	<b>2418.19</b>	<b>3939.47</b>	<b>5430.78</b>	<b>7624.81</b>	<b>9621.43</b>



**Cosboard Industries Limited**

**STATEMENT OF PROFIT AND LOSS, AS RESTATED**

(Rs. In Lacs)

Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
<b>Income</b>					
Revenue from Operations	2232.48	3422.54	4151.08	6278.04	7726.22
Increase in Stock of Finished Goods and Stock in Progress	-	-	-	-	
Other Income	6.92	6.00	9.55	9.62	9.19
<b>Total</b>	<b>2239.40</b>	<b>3428.54</b>	<b>4160.63</b>	<b>6287.66</b>	<b>7735.41</b>
<b>Expenditure</b>					
Cost of Goods Sold	1453.62	2037.39	2603.38	4340.26	5127.77
Purchase of stock-in-trade					
Changes in inventories of finished goods, traded goods and work-in-progress	(100.74)	104.62	(103.32)	(101.30)	(8.33)
Purchase of trade Goods					
Employee benefit expenses	155.70	162.18	163.76	180.19	181.37
Finance costs	0.66	27.22	128.79	475.65	725.33
Depreciation and amortization expense	34.10	31.22	33.04	34.07	275.30
Other Expenses	687.25	1040.61	1102.93	1171.62	1336.67
<b>Total Expenses (B)</b>	<b>2230.59</b>	<b>3403.23</b>	<b>3928.57</b>	<b>6100.50</b>	<b>7638.11</b>
<b>Profit before tax</b>	<b>8.81</b>	<b>25.31</b>	<b>232.06</b>	<b>187.16</b>	<b>97.30</b>
Prior period items (Net)					
<b>Profit before exceptional, extraordinary items and tax (A-B)</b>	<b>8.81</b>	<b>25.31</b>	<b>232.06</b>	<b>187.16</b>	<b>97.30</b>
Exceptional items					
<b>Profit before extraordinary items and tax</b>	<b>8.81</b>	<b>25.31</b>	<b>232.06</b>	<b>187.16</b>	<b>97.30</b>
Extraordinary items					
<b>Profit before tax</b>	<b>8.81</b>	<b>25.31</b>	<b>232.06</b>	<b>187.16</b>	<b>97.30</b>
Tax expense :					
(i) Current tax	(1.68)	0.00	0.00	(8.00)	(18.55)
(ii) Deferred tax (Asset)/Liability	(10.95)	1.64	(2.49)	(3.53)	(51.65)
<b>Total Tax Expense</b>	<b>(12.63)</b>	<b>1.64</b>	<b>(2.49)</b>	<b>(11.53)</b>	<b>(70.20)</b>
<b>Profit for the year</b>	<b>(3.82)</b>	<b>26.95</b>	<b>229.57</b>	<b>175.63</b>	<b>27.10</b>



## Cosboard Industries Limited

### STATEMENT OF CASH FLOW, AS RESTATED

(Rs. In Lacs)

Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Net profit before taxes	8.81	25.31	232.06	187.16	97.30
Adjustment for:					
Add: Depreciation	34.10	31.22	33.04	34.07	275.30
Add: Interest & Finance Charges	0.66	27.22	128.79	475.65	725.33
Interest Income	(1.00)	(1.54)	(6.49)	(6.31)	(6.02)
Sundry balance written back	(2.88)	-	-	-	-
DRI Time share W/off	0.27	-	-	-	-
Bad Debts	-	-	-	-	-
Sundry balance written off	-	1.57	-	-	-
<b>Operating Profit before Working capital changes</b>	<b>39.97</b>	<b>83.77</b>	<b>387.40</b>	<b>690.58</b>	<b>1,091.91</b>
Adjustments for:					
Decrease (Increase) in Trade & Other Receivables	(329.52)	(99.81)	87.28	(1,745.71)	(2,075.26)
Decrease (Increase) in Short Term Loans & Advances	-	-	-	-	-
Decrease (Increase) in Inventories	(23.26)	62.73	(498.59)	(171.86)	(19.86)
Decrease (Increase) in Other Current Assets	-	-	-	-	-
Increase (Decrease) in Trade Payables & Other	250.17	(541.14)	299.66	54.68	841.73
Increase (Decrease) in Other Current Liabilities	-	-	-	-	-
<b>Net Changes in Working Capital</b>	<b>(102.61)</b>	<b>(578.21)</b>	<b>(111.66)</b>	<b>(1,862.89)</b>	<b>(1,253.39)</b>
Cash Generated from Operations	(62.64)	(494.44)	275.74	(1,172.31)	(161.49)
Taxes	(1.59)	(20.95)	(128.79)	(475.65)	(732.35)
<b>Net Cash Flow from Operating Activities (A)</b>	<b>(64.24)</b>	<b>(515.39)</b>	<b>146.95</b>	<b>(1,647.96)</b>	<b>(893.83)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Sale /(Purchase) of Fixed Assets	(94.14)	(1,427.68)	(1,129.35)	(309.83)	(115.93)
Sale of Fixed assets	-	-	-	-	-
Decrease (Increase) in Investments	-	-	0.70	(1.00)	(12.50)
Interest Received	0.95	1.50	6.49	6.31	6.02
Decrease (Increase) in Other Non Current Assets	-	-	-	-	-
<b>Net Cash Flow from Investing Activities (B)</b>	<b>(93.19)</b>	<b>(1,426.18)</b>	<b>(1,122.16)</b>	<b>(304.53)</b>	<b>(122.41)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Issue of share capital and Proceeds / (Refund) from Share Application Money	-	-	-	-	-
Proceed from other Borrowing	173.99	2,288.62	1,438.39	2,236.30	1,426.55
Repayment of long term Borrowing	(17.91)	(259.21)	(471.79)	(279.50)	(309.22)
Repayment of long term Borrowing	-	-	-	-	-
Increase / (Repayment) of Short Term Borrowings	-	-	-	-	-
<b>Net Cash Flow from Financing Activities (C)</b>	<b>156.09</b>	<b>2,029.41</b>	<b>966.59</b>	<b>1,956.80</b>	<b>1,117.33</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	<b>(1.34)</b>	<b>87.84</b>	<b>(8.61)</b>	<b>4.32</b>	<b>101.09</b>
Cash and cash equivalents at the beginning of the year / Period	8.92	7.58	95.42	86.81	91.13
Cash and cash equivalents at the end of the year/ Period	7.58	95.42	86.81	91.13	192.22





## THE ISSUE

This Issue has been authorised by way of a resolution passed by our Board on 30<sup>th</sup> August, 2017 pursuant to Section 62 of the Companies Act, 2013. The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the chapter titled “**Terms of the Issue**” on page 178 of this Draft Letter of Offer.

Equity Shares proposed to be issued by our Company	42,93,800 Equity Shares
Rights Entitlement	1 (One) Equity Share for every 1 (one) Equity Shares held on the Record Date
Record Date	[●]
Issue Price per Equity Share	Rs. [●]. The Issue Price has been arrived at in consultation between the Issuer and the Lead Manager.
Issue Size	[●] Lacs
Equity Shares outstanding prior to the Issue (Paid up Equity Share Capital)	42,93,800 Equity Shares of Rs. 10/- each
Equity Shares outstanding after the Issue, assuming full subscription (Paid up Equity Share Capital)	85,87,600 Equity Shares of Rs. 10/- each
Objects of the Issue	Please refer to section “Objects of the Issue” on page 68 of the Draft Letter of Offer

For more information on the payment terms, refer to the Chapter titled “Terms of the Issue” on page 178 of the Draft Letter of Offer.





## Cosboard Industries Limited

### GENERAL INFORMATION

Our Company was originally incorporated as “Central Orissa Straw board Private Limited” in Cuttack Orissa as a Private Limited Company under the provisions of the Companies Act, 1956 vide certificate of incorporation dated 30<sup>th</sup> December, 1980 and the constitution of the company has been changed to a limited company vide fresh certificate of incorporation dated 20<sup>th</sup> May, 1993 and name of company was changed to “Cosboard Industries Limited”. Our Company operates in reportable business segment mainly manufacturing in wood and Wood products, Furniture, Paper & Paper products.

Pursuant to a resolution passed under Section 62(1)(a) of the Companies Act, 2013 by our Board in its meeting held on 30<sup>th</sup> August, 2017, it has been decided to make the following Offer to the Eligible Equity Shareholders, with a right to renounce:

**ISSUE OF 42,93,800 EQUITY SHARES OF FACE VALUE OF RS. 10 EACH (“EQUITY SHARES”) OF COSBOARD INDUSTRIES LIMITED (“COSBOARD” OR THE “COMPANY” OR THE “ISSUER”) FOR CASH AT A PRICE OF RS. [●] (INCLUDING SHARE PREMIUM OF RS. [●]) PER EQUITY SHARE (“ISSUE PRICE”) FOR AN AGGREGATE AMOUNT NOT EXCEEDING RS. [●] LACS TO THE ELIGIBLE EQUITY SHAREHOLDERS ON RIGHTS BASIS IN THE RATIO OF 1 (ONE) EQUITY SHARE FOR EVERY 1 (ONE) EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, I.E. [●] (THE “ISSUE”). THE ISSUE PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES.**

For further details please refer to the section titled “*Terms of the Issue*” on page 178 of this DLOO.

#### ***Name, Registered & Corporate office of our Company***

Registered Office	Corporate Office
Phase II, New Industrial Estate, Jagatpur, Cuttack, Orissa, 754021, India. Tel: +91-671-2491966 Fax: +91-671-2490944, 2491295	411/412 No.127/1 2 <sup>nd</sup> Floor Srikrupa Market Malakpet Hyderabad 500 036 Tel: 040 64515 015 Fax: 04024555528

Website: [www.cosboard.com](http://www.cosboard.com)

Company Identification No: L21015OR1980PLC000916

#### ***Address of the Registrar of Companies:***

**Registrar of Companies, Cuttack, Orissa**  
Corporate Bhawan, 3<sup>rd</sup> Floor, Plot No. 9 (P),  
Sector:1, CDA, Cuttack-753014.

**Designated Stock Exchange:** BSE Limited, The Equity Shares of our Company are listed on The BSE Limited (BSE), Mumbai.

#### ***Board of Directors of our Company***

Our Board of Directors as on the date of filing this Draft Letter of Offer with SEBI is as follows:

Sr.No	Name of the Director	Designation	DIN	Nature of Directorship
1.	Mr. Shiv Shankar Taparia	Managing Director	00566650	Executive director



## **Cosboard Industries Limited**

Sr.No	Name of the Director	Designation	DIN	Nature of Directorship
2.	Mr. Anil Kumar Gilra	Whole time Director	00883125	Executive director
3.	Mr. Suresh Babu Chava	Director	02161692	Non-Executive, Non-Independent Director
4.	Mr. Akram abu	Director	07823398	Independent Director
5.	Mr. Inder Pal Singh Pasricha	Director	00016273	Independent Director
6.	Mrs. Rekha Bhawsinka	Director	06625873	Independent Director

*For more details regarding our Directors refer to the chapter titled “Our Management” beginning on page no 102 of this Draft Letter of Offer.*

### **Company Secretary and Compliance Officer**

Ms. Alka Jain  
ACS No: 50528  
Phase II, New Industrial Estate,  
Jagatpur, Cuttack,  
Orissa, 754021, India  
Tel No : +91-671-2491966  
Fax: +91-671-2490944, 2491295  
E-mail id: [cs@cosboard.com](mailto:cs@cosboard.com)

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

### **Chief Financial officer**

Mr. Ashok Kumar Jena  
Phase II, New Industrial Estate,  
Jagatpur, Cuttack,  
Orissa, 754021, India  
Tel No : +91-671-2491966  
Fax: +91-671-2490944, 2491295  
E-mail id: [cs@cosboard.com](mailto:cs@cosboard.com)

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

#### **RMA LEGAL**

Ms. Meenakshi Acharya  
Partner  
39, Mittal Chambers  
Nariman Point, Mumbai  
Tel No : +91-22-43470063  
Website: [www.rmalegal.net](http://www.rmalegal.net)



## **Cosboard Industries Limited**

### **Bankers to our Company**

**Mr. Balaguruswamy**

**Assistant General Manager**

**Cosmos Co-operative Bank Limited**

**Andhra Pradesh Regional Office,**

**3-5-798, Prarthima Schalass**

**House No.248, Street No.8**

**Hyderabad-500029**

**Tel: +91 - 08886666020**

**E.mail : [balaguru.vaddmani@cosmosbank.in](mailto:balaguru.vaddmani@cosmosbank.in)**

**Website: <https://www.cosmosbank.com>**

### **Lead Manager to the Issue**

#### **NAVIGANT CORPORATE ADVISORS LIMITED**

**423, A Wing, Bonanza, Sahar Plaza Complex,**

**J B Nagar, Andheri Kurla Road, Andheri East,**

**Mumbai-400 059**

**Tel No. +91-22-6560 5550**

**Email Id- [navigant@navigantcorp.com](mailto:navigant@navigantcorp.com)**

**Investor Grievance Email: [info@navigantcorp.com](mailto:info@navigantcorp.com)**

**Website: [www.navigantcorp.com](http://www.navigantcorp.com)**

**SEBI Registration Number: INM000012243**

**Contact Person: Mr. Sarthak Vijlani**

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

### **Experts**

Except for the "Financial Statements" and the "Statement of Tax Benefits" as certified by the Statutory Auditors, beginning on pages 120 and 76 respectively of this Draft Letter of Offer, the Company has not obtained any expert opinions under the Companies Act.

### **Bankers to the Issue**

[•]

### **Refund Banker to the Issue**

[•]

### **Auditors of our Company**

**M/s B R R & Associates, Chartered Accountants,**

**FRN 013012S**

**H No. 1-387/17, Flat No. 101,**



## **Cosboard Industries Limited**

Jaysree Sadan Apartment, Gandhi Nagar,  
Hyderabad-500080  
Tel: +91-: 9963108932  
Email: bairneniravi@gmail.com  
Contact Person: Mr. B. Ravinder Rao

### **PEER REVIEW AUDITORS**

#### **RAMANAND & ASSOCIATES**

Chartered Accountants  
6/C, Ostwal Park Building No.4 CHSL,  
Near Jesal Park Jain Temple,  
Bhayander (East), Thane-401105  
Tel : +91-22-28171199  
Fax : +91-22-28171199  
Firm Regn. No.: 117776W  
Contact Person: Mr. Ramanand G. Gupta  
Membership No. 103975  
Email Id: [rg@caramanandassociates.com](mailto:rg@caramanandassociates.com)

### **REGISTRAR TO THE ISSUE**

#### **BIGSHARE SERVICES PRIVATE LIMITED**

1<sup>st</sup> Floor, Bharat Tin Works Building,  
Opp. Vasanat Oasis, Makwana Road,  
Marol, Andheri (E), Mumbai - 400 059  
Tel: +91-22-6263 8200;  
Fax: +91-22-6263 8299  
Website: [www.bigshareonline.com](http://www.bigshareonline.com)  
E-Mail: [ashok@bigshareonline.com](mailto:ashok@bigshareonline.com)  
Contact person: Mr. Ashok Shetty  
SEBI Regn No: INR000001383

### ***Self Certified Syndicate Banks (SCSBs)***

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is provided on <http://www.sebi.gov.in>. Details relating to designated branches of SCSBs collecting the ASBA application forms are available at the above mentioned link.

### ***Inter-se Allocation of Responsibilities***

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

### ***Credit rating***

This being a rights issue of Equity Shares, no credit rating is required.

### ***IPO Grading***

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



## **Cosboard Industries Limited**

### ***Trustee***

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

### ***Monitoring Agency***

There is no requirement for a monitoring agency in terms of Regulation 16(1) of the SEBI (ICDR) Regulations, 2009. The audit committee of our Board would monitor the utilization of the proceeds of the Issue. For details please refer to chapter titled 'Objects of the Issue' on page 68 of this Draft Letter of Offer.

### ***Appraising Agency***

The issue has not been appraised.

### ***Underwriting / Standby Support***

Our Company has not entered into any underwriting / standby agreement.

### ***Issue Schedule***

<b>Issue Opens on</b>	<b>[●]</b>
<b>Last date for requests for Split Application Forms</b>	<b>[●]</b>
<b>Issue Closes on</b>	<b>[●]</b>

The Board of Directors or a duly authorized 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 be kept open in excess of 30 (thirty) days from the Issue Opening Date.

### ***Minimum Subscription***

If we do not receive the minimum subscription of 90% in this Issue or if our Board fails to dispose off the unsubscribed Equity Shares in the manner as permitted under Section 62(1)(a)(iii), subject to receipt of requisite regulatory approvals, if any, after the Issue Closing Date or the subscription level falls below 90% after the Issue Closing Date on the account of cheques being returned unpaid or withdrawal of applications, we shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If the subscription amount is not refunded within 15 days from the Issue Closing date, we shall be liable to pay interest for the period of delay, after such aforesaid 15 days, in accordance with the provisions of the Companies Act, 2013 and SEBI ICDR Regulations.



## CAPITAL STRUCTURE

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

(Rs. in Lacs, except share data)			
Sr. No	Particulars	Aggregate value at face value	Aggregate value at Issue Price
A.	<b>Authorized Share Capital</b>		
	1,20,00,000 Equity Shares of face value of Rs.10 each	1200.00	1200.00
B.	<b>Issued, subscribed and paid-up Equity Share Capital before the Issue</b>		
	42,93,800 Equity Shares of face value of Rs. 10 each	429.38	[•]
C.	<b>Present Issue in terms of the Letter of Offer</b>		
	Issue of Equity Shares of Rs. 10 each at a price of Rs. 10/- per Equity Share.	429.38	[•]
D.	<b>Equity capital after the Issue</b>		
	Equity Shares of Rs. 10 each	858.76	[•]
E.	<b>Securities Premium Account</b>		
	Before the Issue	119.43	
	After the Issue		[•]

**Note:** Post issue shareholding is based on the assumption that all shareholders (including Promoter and Promoter Group) will subscribe in full to their entire Rights Entitlement.

\*This Issue has been authorized by the Board of Directors pursuant to a Board Resolution 30<sup>th</sup> August, 2017 under section 62 (1)(a) of the Companies Act, 2013.

Our Company has no outstanding convertible instruments as on the date of the Draft Letter of Offer.

### NOTES TO THE CAPITAL STRUCTURE

#### 1. CHANGES IN THE AUTHORIZED SHARE CAPITAL OF OUR COMPANY:

Sr. No.	Particulars of Change*		Date of Shareholders' Meeting	Meeting AGM/EGM
	From	To		
1	-	50,00, 000 Equity Shares of Rs. 10 each	As on 29 <sup>th</sup> November, 1994*	-
2	50,00, 000 Equity Shares of Rs. 10 each	12,00,00,000 Equity Shares of Rs. 10 each	28-09-2016	AGM

\* Our Company has records relating to capital formation from Financial year 1995-1996 onwards, appropriate information has been taken from the Prospectus issued by the Company for the Initial Public Offer during financial year 1994-1995.



## 2. EQUITY SHARE CAPITAL HISTORY OF OUR COMPANY

Date of/ issue allotment of Shares	No. of Equity Shares Issued	Face value (Rs)	Issue price (Rs.)	Consideration (cash, bonus, consideration on other than cash)	Nature of allotment (Bonus, swap etc.)	Cumulative no. of Equity Shares	Cumulative paid-up share capital (Rs.)	Cumulative share premium (Rs.)
30-12-1980	21	100	100	Cash	Subscription to MOA	21	2100	----
30-01-1982	2650	100	100	Cash	Further Allotment	2671	267100	----
11-08-1982	4005	100	100	Cash	Further Allotment	6,676	667600	----
27-09-1982	2310	100	100	Cash	Further Allotment	8986	898600	----
30-06-1983	5130	100	100	Cash	Further Allotment	14116	1411600	----
09-09-1983	1000	100	100	Cash	Further Allotment	15116	15,30,500	----
22-10-1983*	410	100	100	Cash	Further Allotment	15526	15,71,500	----
09-07-1985	4744	100	100	Cash	Further Allotment	20270	2,045,900	----
				The equity shares of our Company were split from face value of Rs. 100 per equity share to Re.10 per equity share.		202700	2,045,900	
22-03-1994*	405400	10	Nil	Consideration on other than cash	Bonus Issue	608100	6099900	----
23-03-1995	2985700	10	14	Cash	Initial Public Offer	3593800	35938000	119,42,800
19-12-2001	700000	10	10	Cash	Further Allotment	4293800	42938000	119,42,800

\* Our Company has records relating to capital formation from financial year 1995-1996 onwards, appropriate information has been taken from the Prospectus issued by the Company for the Initial Public Offer during financial year 1994-1995.

## 3. Capital Build-up of Existing Shareholding of Promoters

Set forth below are the details of the build-up of shareholding of our Promoters



## Cosboard Industries Limited

MR. ANIL KUMAR GILRA							
Date of Allotment / Transfer	Consideration	No. of Equity Shares	Face value per Share (Rs.)	Issue /Acquisition/ Transfer price (Rs.)	Nature of Transactions	Pre-Issue Capital (%)	Post-Issue Capital (%)
11-08-1982	Cash	160	100	100	Further allotment		
27-09-1982	Cash	120	100	100	Further allotment		
30-06-1983	Cash	80	100	100	Further allotment		
09-07-1985	Cash	200	100	100	Further allotment		
	N.A.	5600	The equity shares of our Company were split from a face value of Rs. 100 per equity share to Re.10 per equity share		Split		
22-03-1994	Other than Cash	11200	10	Nil	Bonus Share		
23.02.1995*	Cash	2000	10	10	Further allotment*		
31.08.2000	Cash	10000	10	Market Price	Open Market Transfer		
15.02.2002	Cash	1800	10	Market Price	Open Market Transfer		
05.03.2002	Cash	11000	10	Market Price	Open Market Transfer		
05.06.2004	Cash	40000	10	Market Price	Open Market Transfer		
08.10.2010	Cash	3100	10	Market Price	Open Market Transfer		
04.02.2011	Cash	(2000)	10	Market Price	Open Market Transfer		
11.03.2011	Cash	(2273)	10	Market Price	Open Market Transfer		
10.04.2015	Cash	824000	10	Market Price	Open Market Transfer		
22.05.2015	Cash	37660	10	Market Price	Open Market Transfer		
Note <sup>1</sup>	Note <sup>1</sup>	4100	10	Note <sup>1</sup>	Note <sup>1</sup>		
<b>Total</b>		<b>9,46,187*</b>				<b>22.04</b>	<b>22.04</b>

Note<sup>1</sup>: \* There is difference of 4,100 equity shares as per the current shareholding and Company do not have complete records relating to Capital build up by Mr. Anil Kumar Gilra.





## Cosboard Industries Limited

Mr. Shivshankar Taparia							
Date of Allotment / Transfer	Consideration	No. of Equity Shares	Face value per Share (Rs.)	Issue /Acquisition/ Transfer price (Rs.)	Nature of Transactions	Pre-Issue Capital (%)	Post-Issue Capital (%)
16.11.2012	Cash	500	10	Market Price	Open Market Transfer		
17.07.2015	Cash	9	10	Market Price	Open Market Transfer		
24.07.2015	Cash	128	10	Market Price	Open Market Transfer		
31.07.2015	Cash	128	10	Market Price	Open Market Transfer		
07.08.2015	Cash	259	10	Market Price	Open Market Transfer		
13.11.2015	Cash	40000	10	Market Price	Open Market Transfer		
18.12.2015	Cash	18963	10	Market Price	Open Market Transfer		
08.01.2016	Cash	9037	10	Market Price	Open Market Transfer		
03.06.2016	Cash	(10000)	10	Market Price	Open Market Transfer		
28.10.2016	Cash	65300	10	Market price	Open Market Transfer		
23.12.2016	Cash	100	10	Market Price	Open Market Transfer		
03.02.2017	Cash	265	10	Market Price	Open Market Transfer		
12.05.2017	Cash	90	10	Market Price	Open Market Transfer		
Note <sup>1</sup>	Note <sup>1</sup>	21	10	Note <sup>1</sup>	Note <sup>1</sup>		
<b>Total</b>		<b>124779</b>				<b>2.91</b>	<b>2.91</b>

\* There is difference of 21 equity shares as per the current shareholding and Company do not have complete records relating to Capital build up by Mr. Shivshankar Taparia.



***Cosboard Industries Limited***

**THIS PAGE IS LEFT BLANK INTENTIONALLY**



## Cosboard Industries Limited

### 4. Shareholding Pattern as on date of Draft Letter of offer

Table I - Summary of Shareholding Pattern

Category of sharehold (I)	Category of shareholder (II)	Nos. of share holders (III)	No. of fully paid up equity shares held (IV)	No. of Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities* (IX)		No. of Shares Underlying Outstanding and convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No of Voting Rights	Total as a % of (A+B+C2)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
								Class X	Total							
								2025050	2025050							
(A)	Promoter and Promoter Group	18	2025050	-	-	2025050	47.16	2025050	47.16	-	47.16	-	-	1279524	63.18	2024650
(B)	Public	4422	2268750	-	-	2268750	52.84	2268750	52.84	-	52.84	-	-	-	-	1560775
(C-)	Non Promoter Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



## Cosboard Industries Limited

Category (I)	Category of shareholder (II)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	No. of Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII)	Shareholding as a % of (A+B+C2) (A+B+C)	Number of Voting Rights held in each class of securities* (IX)			No. of Shares Underlying Outstanding and convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities as a percentage of diluted share capital (XI) = (VII)+(X) As a % of (A+B+C2)	Number of Locked shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
									No of Voting Rights	Class X	Class Y	Total		No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
(C-1)	Shares Underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C-2)	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	4440	42,93,800	-	-	42,93,800	100	100	4293800	4293800	-	100	-	-	-	1279524	29.80	3585425



## Cosboard Industries Limited

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

Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of share holder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C 2) (VIII)	Number of Voting Rights held in each class of securities (IX)		No. of Shares Underlying Outstanding convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
									No of Voting Rights	Total as a % of Total Voting Rights		No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
(1)	Indian								Class X	Class Y	Total					
(a)	Individual / Hindu Undivided Family	-	17	1829100	-	-	1829100	42.60	1829100	-	1829100	-	-	1083574	59.24	1828700



## Cosboard Industries Limited

Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of share holder (III)	No. of fully paid up equity shares held (IV)	Partly paid up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C 2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
									No of Voting Rights				Total as a % of Total Voting Rights	No.	As a % of total Shares held (b)	No.	
				Class X	Class Y	Total											
	MAHESH PERIWAL	-	1	50,720	-	-	50,720	1.18	50,720	-	50,720	1.18	-	-	-	-	50,720
	SUMAN AGI WAL	-	1	2,500	-	-	2,500	0.06	2,500	-	2,500	0.06	-	-	-	-	2,500
	RAM KISHORE TAPARIA	-	1	72,087	-	-	72,087	1.68	72,087	-	72,087	1.68	-	-	72,087	100.00	72,087
	SHIV SHANKAR TAPARIA	-	1	1,24,800	-	-	1,24,800	2.91	1,24,800	-	1,24,800	2.91	-	-	65,300	52.32	1,24,800



## Cosboard Industries Limited

Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of share holder (III)	No. of fully paid up equity shares held (IV)	Partly paid up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C 2) (VIII)	Number of Voting Rights held in each class of securities (IX)			Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
									No of Voting Rights		Total as a % of Total Voting Rights	No. of Shares Underlying Outstanding convertible securities (as a percentage of diluted share capital) (X)		No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
									Class X	Class Y	Total							
	SANGEETA MANOJ BIYANI	-	1	42,000	-	-	42,000	0.98	42,000	-	42,000	-	0.98	-	-	-	-	42,000
	SARLA TAPARIA	-	1	2,39,146	-	-	2,39,146	5.57	2,39,146	-	2,39,146	-	5.57	-	-	-	-	2,39,146
	MANJU DEVI TAPARIA	-	1	69,190	-	-	69,190	1.61	69,190	-	69,190	-	1.61	-	-	-	-	69,190
	SITARAM MALPANI	-	1	2,500	-	-	2,500	0.06	2,500	-	2,500	-	0.06	-	-	-	-	2,500
	RATAN KUMAR GILRA	-	1	930	-	-	930	0.02	930	-	930	-	0.02	-	-	-	-	730



## Cosboard Industries Limited

Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of shareholder (III)	No. of fully paid up equity shares held (IV)	Partly paid up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
									No of Voting Rights				Total as a % of Total Voting Rights	No.	As a % of total Shares held (b)	No.	
				Class X	Class Y	Total											
	SARITA AGARWAL	-	1	2,500	-	-	2,500	0.06	2,500	-	2,500	0.06	-	-	-	-	2,500
	ANIL KUMAR GILRA	-	1	9,46,187	-	-	9,46,187	22.04	9,46,187	-	9,46,187	22.04	-	-	9,46,187	100.00	9,46,187
	SURESH BABU CHAVA	-	1	200	-	-	200	0.00	200	-	200	0.00	-	-	-	-	
	ANJU PERIWAL	-	1	56,150	-	-	56,150	1.31	56,150	-	56,150	1.31	-	-	-	-	56,150





## Cosboard Industries Limited

Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of share holder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
									No of Voting Rights				Total as a % of Total Voting Rights	No.	As a % of total Shares held (b)	No.	
									Class X	Class Y	Total						
	SUNDEEP PERIWAL	-	1	44,200	-	-	44,200	1.03	44,200	-	44,200	1.03	-	-	-	-	44,200
	KRISHNA PERIWAL	-	1	28,190	-	-	28,190	0.66	28,190	-	28,190	0.66	-	-	-	-	28,190
	SUMITRA DEVI GILRA	-	1	77,800	-	-	77,800	1.81	77,800	-	77,800	1.81	-	-	-	-	77,800
	MANISHA GILRA	-	1	70,000	-	-	70,000	1.63	70,000	-	70,000	1.63	-	-	-	-	70,000
(b)	Central Government/ State	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



## Cosboard Industries Limited

Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of shareholder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
									No of Voting Rights			Total as a % of Total Voting Rights		No.	As a % of total Shares held (b)	No.	As a % of total Shares held (b)	
									Class X	Class Y	Total							
	Government(s)																	
(c.)	Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Any Other (Company / LLP)																	
	HARISHANKAR PAPER PRODUCTS (P) LTD	---	1	195950	-	-	195950	4.56	195950	-	195950	4.56	-	-	-	195950	100.00	195950
	Sub Total (A-1)		18	2025050	-	-	2025050	47.16	2025050	-	2025050	47.16	-	-	-	1279	63.18	2024650



## Cosboard Industries Limited

Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of shareholder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
									No of Voting Rights			Total as a % of Total Voting Rights		No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
									Class X	Class Y	Total							
(2)	Foreign															524		
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b)	Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c.)	Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



## Cosboard Industries Limited

Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of shareholder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares underlying Depository receipts held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			Total as a % of Total Voting Rights (X)	No. of Shares Underlying Outstanding convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
									No of Voting Rights			Total as a % of Total Voting Rights		No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
									Class X	Class Y	Total							
(d)	Foreign Portfolio Investor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub Total (A-2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	-	18	2025050	-	-	2025050	47.16	2025050	-	2025050	47.16	-	-		1279524	63.18	2024650



## Cosboard Industries Limited

Table III - Statement showing Shareholding Pattern of the Public shareholder

Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of shareholder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)	No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % assuming conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
												No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
									No of Voting Rights	Tot as a % of Total Voting Rights						
									Class X	Class Y	Total					
(1)	Institutions															



## Cosboard Industries Limited

Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of share holder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
									No of Voting Rights			Tot al as a % of Total Voting Rights			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
									Class X	Class Y	Total								
			3	17000	-	-	17000	0.40	17000	-	17000	0.40	-	0.40	-	-	-	-	-
(b)	Venture Capital Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c.)	Alternate Investment Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	Foreign Portfolio Investors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(f)	Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



## Cosboard Industries Limited

Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of share holder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
									No of Voting Rights	Class X	Class Y	Total		No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
(g)	Insurance Companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(h)	Provident Funds/ Pension Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(i)	Any Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	---	---	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (B)(1)</b>	-	3	17000	-	-	17000	0.40	17000	17000	-	17000	0.40	-	-	-	-	-
(2)	Central Government/ State Government(s)/ President of India	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



## Cosboard Industries Limited

Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of share holder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
									No of Voting Rights					No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
									Class X	Class Y	Total							
(3)	Sub-Total (B)(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(a)	Non-institutions																	
	i. Individual shareholders holding nominal share capital up to Rs. 2 lacs.	N.A.	4144	1600689	-	-	1600689	37.28	1600689	-	1600689	-	37.28	-	-	-	-	1155914
	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lacs	N.A.	7	201978	-	-	201978	4.70	201978	-	201978	-	4.70	-	-	-	-	201978





## Cosboard Industries Limited

Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of share holder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+(VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
									No of Voting Rights	Class X	Class Y	Total		No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
	SHRIRAM TIBREWALA	-	1	51113	-	-	51113	1.19	51113	51113	-	1.19	-	-	-	-	-	51113
(b)	NBFCs registered with RBI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c.)	Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Overseas Depositories (holding DRs) (balancing figure)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	Any Other (Companies / LLPs)																	
	Bodies	-	77	117976	-	-	117976	2.75	11797	11797	-	2.75	-	-	-	-	-	1085



## Cosboard Industries Limited

Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of share holder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+(VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
									No of Voting Rights	Class X	Class Y	Total			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
	Corporate								6		976								76
	Clearing Members	-	18	50162	-	-	50162	1.17	50162	-	50162	-	1.17	-	-	-	-	-	50162
	Employees	-	19	2000	-	-	2000	0.05	2000	-	2000	-	0.05	-	-	-	-	-	-
	NRI – Non-Repat NRI	-	10	12800	-	-	12800	0.30	12800	-	12800	-	0.30	-	-	-	-	-	12800
		-	144	266145	-	-	266145	6.20	266145	-	266145	-	6.20	-	-	-	-	-	31345
	RAJESH KUMAR SHANKAR KIRPALANI	-	1	49400	-	-	49400	1.15	49400	-	49400	-	1.15	-	-	-	-	-	-
	Sub-Total (B)(3)	-	4419	2251750	-	-	2251750	52.44	2251	-	22	-	52.4	-	-	-	-	-	1560



## Cosboard Industries Limited

Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of share holder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+(VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
									No of Voting Rights	Class X	Class Y	Total		No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
										750		51750						775
	Total Public Shareholding (B)= (B)(1)+(B)(2)+(B)(3)	-	4422	2268750	-	-	2268750	52.84		2268750	-	2268750			52.84	-	-	1560775



## Cosboard Industries Limited

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

Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of share holder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)	Number of equity shares held in dematerialized form (XIV)		
									No of Voting Rights		Total as a % of Total Voting Rights	No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as assuming conversion of convertible securities (as a percentage of diluted share capital) (XI)	No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)
									Class X	Class Y	Total						
(1)	Custodian/DR Holder																
(a)	Name of DR Holder (if available)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub total (C)(1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(2)	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

64



5. None of our Directors or Key Managerial Personnel holds Equity Shares in our Company, other than as follows:

Name	No. of Equity Shares	Pre-Issue percentage Shareholding
Anil Kumar Gilra	9,46,187	22.04
Shivshankar Taparia	1,24,689	2.90
Suresh Babu Chava	200	0.00

**6. EQUITY SHARES HELD BY TOP TEN SHAREHOLDERS**

As on date of Draft Letter of offer:

S.No	Name of Shareholders	No of shares	% age of Pre-Issue Capital
1	ANIL KUMAR GILRA	946187	22.04
2	SARLA TAPARIA	239146	5.57
3	HARISHANKAR PAPER PRODUCTS (P) LTD	195950	4.56
4	SUMITRA DEVI GILRA	77800	1.81
5	RAM KISHORE TAPARIA	72087	1.68
6	MANISHA GILRA	70000	1.63
7	MANJU DEVI TAPARIA	68895	1.60
8	SHIVSHANKAR TAPARIA	65300	1.52
9	SHIV SHANKAR TAPARIA	59500	1.39
10	ANJU PERIWAL	56150	1.31
<b>TOTAL</b>		<b>1851015</b>	<b>43.11</b>

As on 10 days prior to the date of the Draft Letter of Offer is as follows:

S.No	Name of Shareholders	No of shares	% age of Pre-Issue Capital
1	ANIL KUMAR GILRA	946187	22.04
2	SARLA TAPARIA	239146	5.57
3	HARISHANKAR PAPER PRODUCTS (P) LTD	195950	4.56
4	SUMITRA DEVI GILRA	77800	1.81
5	RAM KISHORE TAPARIA	72087	1.68
6	MANISHA GILRA	70000	1.63
7	MANJU DEVI TAPARIA	68895	1.60
8	SHIVSHANKAR TAPARIA	65300	1.52
9	SHIV SHANKAR TAPARIA	59500	1.39
10	ANJU PERIWAL	56150	1.31
<b>TOTAL</b>		<b>1851015</b>	<b>43.11</b>



Two years prior to date of the Draft Letter of Offer are as under:

S.No	Name of Shareholders	No of shares	% age of Pre-Issue Capital
1	ANIL KUMAR GILRA	946187	22.04
2	SARLA TAPARIA	239146	5.57
3	HARISHANKAR PAPER PRODUCTS (P) LTD	195950	4.56
4	HELIUM TRADERS PRIVATE LIMITED	81758	1.90
5	RUPESH KUMAR SONI	78593	1.83
6	SUMITRA DEVI GILRA	77800	1.81
7	RAM KISHORE TAPARIA	72087	1.68
8	MANISHA GILRA	70000	1.63
9	SHRIRAM TIBREWALA	68943	1.61
10	MANJU DEVI TAPARIA	67545	1.57
<b>TOTAL</b>		<b>1898009</b>	<b>44.20</b>

#### **7. Subscription to the Issue by the Promoters and Promoter Group**

Our Promoters i.e. Mr. Anil Kumar Gilra and Mr. Shivshankar Taparia, Promoters of our Company, have confirmed, on behalf of the Promoter Group, vide their letter dated September 01, 2017 have informed that they may not subscribe to their Rights Entitlement in full under the Rights Issue and may also consider renouncing their Rights Entitlement. In such an event of non-subscription by the Promoters and Promoters Group, their shareholding in our company may accordingly modified. Further, in case of any under subscription in the Issue, the Promoters and Promoters Group may not subscribe for additional Equity Shares.

8. Our Promoter Group and any one of the Directors and their immediate relatives have not sold or purchased any shares of our Company during the period of six months preceding the date of this Draft Letter of Offer except that 670 Equity Shares have been purchased by the Promoter/Promoter Group in the last Six Months.
9. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into Equity Shares as on the date of the Draft Letter of Offer. We have no partly paid up equity shares or call in arrears as on the date of the Draft Letter of Offer.
10. None of the shares were issued by our Company during the last 12 months at a price lower than the Issue Price.
11. None of the Equity Shares of our Company are locked-in as on the date of the Draft Letter of Offer.
12. Except 12,79,524 Equity shares, which have been pledged by the promoter/Promoter group constituting 63.18% of the shares held by them which is equivalent to 29.80% of total Share Capital of Company, none of the Equity Shares of our Company held by the Promoter is subject to pledge or encumbrance as on the date of the Draft Letter of Offer except
13. The present Issue being a rights issue, pursuant to Regulation 34 of the SEBI ICDR Regulations, the requirements of Promoters' contribution and lock-in are not applicable.
14. There will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Draft Letter of Offer with the Stock Exchanges until the Equity Shares to be issued pursuant to the Issue have been listed.



15. If we do not receive the minimum subscription of 90% in this Issue or if our Board fails to dispose off the unsubscribed Equity Shares in the manner as permitted under Section 62(1)(a)(iii), subject to receipt of requisite regulatory approvals, if any, after the Issue Closing Date or the subscription level falls below 90% after the Issue Closing Date on the account of cheques being returned unpaid or withdrawal of applications, we shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If the subscription amount is not refunded within 15 days from the Issue Closing date, we shall be liable to pay interest for the period of delay, after such aforesaid 15 days, in accordance with the provisions of the Companies Act, 2013 and SEBI ICDR Regulations.
16. The ex-rights price of the Equity Shares as per Regulation 10(4)(b) of the SEBI Takeover Regulations is Rs. [●].
17. The directors or the merchant banker have not entered into any buy back arrangements for purchase of the specified securities of the issuer, other than the arrangements, if any, entered for safety net facility as permitted in the Regulations.
18. Our Company has not raised any bridge loans that shall be payable from issue proceeds.
19. The Equity Shares of our Company are fully paid up and there are no partly paid up Equity Shares as on the date of this Draft Letter of Offer.
20. Our Company has not revalued its fixed assets from since incorporation except as detailed below:

Particulars	Event date	Remarks
4,05,400 number of equity shares issued as Bonus issue through revaluation of assets capitalizing Rs. 40,50,400/-	22-03-1994	Bonus issue in the ratio of 2:1

21. Our Company, Directors, Promoters or Promoter Group shall not make any payments direct or indirect, discounts, commissions, allowances or otherwise under this Issue.
22. There shall be only one denomination of Equity Shares, unless otherwise permitted by law. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
23. As of June 30, 2017, the total number of holders of Equity Shares is 4440.
24. We have not made any issue of equity shares during the preceding one year from the date of filing of this Draft Letter of Offer.
25. As on the date of the Draft Letter of Offer, the lead manager and its associates hold Nil Equity Shares of our Company.





## OBJECTS OF THE ISSUE

The proceeds of the Issue are proposed to be utilized by us for financing the following objects:

1. Site Development and Purchase of Equipment for up- gradation of Existing Plant and Machinery;
2. Repayment of Unsecured Loan;
3. General corporate purposes; and
4. Issue related Expenses.

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

***Our requirement of funds and means of finance are as under:***

### **Fund Requirement:**

The intended use of the proceeds of the Issue is as under: -

S. No.	Objects of the Issue	Total Estimated Cost (in lacs)
1	Site Development and Purchase of Equipment for up-gradation of Existing Plant and Machinery	289.86
2	Repayment of Unsecured Loan	1100.00
3	General corporate purposes	[●]
4	Issue related Expenses	[●]
	<b>Total</b>	<b>[●]</b>

### **Means of Finance:**

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

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

### **Details of the objects of the Issue:**

#### **1. Site Development and Purchase of New Plant and Machinery :**

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

Currently, We have four paper plants with combined capacity of 45000 MT, Out of which, three plants are in operation and in order to utilize the maximum capacity of plants and to start production in grey board plant (fourth plant). We intend to utilise Rs.209.86 Lacs towards Purchase of Equipment for up- gradation of Existing Plant and Machinery.



The Company intends to deploy the funds from the issue to development the concrete foundation so as to maintain the goods properly and save the life of people (dengue) and to develop the boundary walls for protection of theft & other losses.

We intend to utilise Rs. 289.86 Lacs from the Net Proceeds towards Site Development including Construction of concrete platform, Boundary Wall raising and Fencing and Purchase of Equipments for upgradation of Quality.

Sr. No.	Description	Amount (In Lacs)
a.	Concrete Platform <sup>1</sup>	60.00
b.	Boundary wall raising and Fencing <sup>1</sup>	20.00
c.	Purchase of Equipment for up- gradation of Existing Plant and Machinery <sup>2</sup>	209.86
	<b>Total</b>	<b>289.86</b>

**- DETAILS OF EQUIPMENTS FOR UP GRADATION OF QUALITY**

**Cost for Equipments to be used in All plants**

**Equipments For Up Gradation Of Plant I to IV**

**PLANT -I - PAPER BOARD**

Details of Equipment	Numbers	Amount (in Lacs)
DRYER ( SIZE-1830 MM X 1220 MM )	4 NOS	24.00
ROLL AND STAND	4 NOS	4.00
PAPTEQ - TURBO 600	1 NOS	1.00
EXPENDER ROLL	2 NOS	3.50
SONI ROLLER		4.00
<b>Total</b>		<b>36.50</b>

**Cost for Equipments to be used in Plant II to IV**

Equipment for Plant and Machinery	Amount (in Lacs)
Rewinder	22.00
Sheet cutter	3.00
Rope system	7.00
Control pannel drive	24.00
Press rolls	17.00
Deinking plant modification	5.50
<b>Total</b>	<b>78.50</b>

Pollution Equipments	Amount (in Lacs)
Back filter	16.00
Diffusers system and others	5.00
<b>Total</b>	<b>21.00</b>

Building Construction and Repairing:	Amount (in Lacs)
HUSK SHED (SIZE-6250 Sq.ft X Rs. 600 Per Sq.ft)	37.50
TIME OFFICE (SIZE-1000 Sq.ft X Rs. 600 Per Sq.ft)	6.00
RAWMATERIAL SHED (SIZE- 5060 Sq.ft X Rs. 600 Per Sq.ft)	30.36
<b>Total</b>	<b>73.86</b>



## Cosboard Industries Limited

The company intends to deploy part of the net proceeds in rewinder and sheet cutter for the upgrading of the quality of the finish product and control panel driver for saving electricity cost, Press roll and other rolls are required for dynamic balancing and the modification of denking plant by adding plc system for control of pulp loss.

These equipments enhance the quality of air and disposal water which is required as per the policy defined by the Central and State pollution Control Board for the clean air and disposal of waste water.

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

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

Particular of Plant	Equipment	Name of Supplier	Date of Letter of Intent	Amount In Lacs
Plant and Machinery Detail	Rewinder & Sheet cutter	Guru Nanak Industries,	07.04.2017 & 09.04.2017	25
		The Globe Radio Company,	07.05.2017	28
		Hardayal engineering works (pvt) ltd	20.04.2017	31
	Rope system	H&T Engineering	15.04.2017	7
		pulp & Paper Care Machine	07.05.2017	8
	Control panel drive	Narayan Technology	07.04.2017	26
		Samhita Technology	24.04.2017	28
		Ishhane Electronics	09.07.2017	24
	Press rolls	Hardayal engineering works (pvt) ltd	09.04.2017	18.42
		Modinagar rolls (p ) ltd	04.05.2017	17
	Deinking plant modification	Key stone	11.04.2017	5.50
		Narayan Technology	07.04.2017	6
Samhita Technology		24.04.2017	7	
Pollution equipments	Back filter	Paper care machine	07.05.2017	17
		Shells Engineering (p) ltd	07.05.2017	18
		Energy Tech Boiler	07.05.2017	16
	Diffusers system and others	Paper care Machine	07.05.2017	5
		Shells engineering (p) ltd	07.05.2017	7
PLANT -I (PAPER BOARD) MODIFICATION	Dryer and Roll and stand	Hardayal engineering works (Pvt.) ltd	08.04.2017	28
		Paper Care Machine	07.05.2017	27
		Jmc Paper tech(p) Ltd	15.03.2017	28
	turbo 600	Shells engr (p) ltd	07.05.2017	1.20
		Jmc Paper tech(p) Ltd	15.03.2017	1.2
		Papteq	02.06.2017	1
	Expendor roll	Arvind rub-web	03.02.2017	3.50
		Paper Care Machine	07.05.2017	4
	Soni roller	Soni rollers (p) ltd	09.05.2017	4
Building Construction	Husk Shed, Time Office & Raw material Shed	Ashok Kumar Pardia	25.05.2017	73.86
		Sidharth Guru	23.05.2017	98.48
		Mahalaxmi Steel Industries	20.05.2017	92.32



Particular of Plant	Equipment	Name of Supplier	Date of Letter of Intent	Amount In Lacs
	Boundary wall raising & fencing and concrete platform	Ashok Kumar Parida	25.05.2017	80
		Sidharth Guru	23.05.2017	85

**Note: We have obtained multiple quotations in respect of Equipment of Plant & Machinery and Construction work.**

## **2. Repayment of Unsecured Loan:**

Our Company has entered into certain unsecured financing arrangements with our Directors and other lenders. As of March 31, 2017, the total outstanding borrowings of our Company, including short term and long term borrowings were Rs 7295.92 lacs. Our Company proposes to utilize an estimated amount of Rs. 1100.00 lacs from the Net Proceeds towards repayment, in full or in part, of certain unsecured borrowing(s) availed by our Company, without any obligation to any particular bank or financial institution. The selection and extent of loans proposed to be prepaid and / or repaid from our Company's loan facilities in Fiscal 2018, is also, and will be, based on various commercial considerations including, amongst others, the amount of the loan outstanding and the remaining tenor of the loan and applicable law governing such borrowing(s).

Our Company believes that such prepayment and / or repayment will help reduce its outstanding indebtedness, debt servicing costs and our Company's debt-equity ratio, thereby resulting in an enhanced equity base, assisting our Company in maintaining a favorable debt-equity ratio in the near future and enabling utilization of our Company's accruals for further investment in our business growth and expansion. In addition, our Company believes that this would improve our ability to raise further resources in the future to fund our potential business development opportunities. The amounts outstanding against the loans disclosed below may vary from time to time, in accordance with the amounts drawn down and the prevailing interest rates. Accordingly, the amounts proposed to be prepaid and / or repaid against each facility is indicative and our Company may utilise the Net Proceeds to prepay and / or repay the facilities disclosed below in accordance with commercial considerations, including amounts outstanding at the time of prepayment and / or repayment. The details of the outstanding loans proposed to be prepaid and / or repaid from the Net Proceeds are set out below:

Name of the Lender	Nature of the Loan	Amount Sanctioned ( in lakhs)	Date of Agreement / Sanction letter	Rate Of Interest	Terms of Repayment
Anil Kumar Gilra	Unsecured	63.87	01-04-2016	Nil	50 Lakh on or before 31-12-2017 and 13.86 lakhs on 31-12-2020
Rashi paper house (p) Ltd	Unsecured	200.00	01-04-2016	Nil	31-03-2020
Abhishek Enterprises	Unsecured	45.00	01-04-2016	Nil	31-12-2020
Shiv Shankar Taparia	Unsecured	80.00	01-04-2016	Nil	60 lakh on or before 31-12-2017 and 20 lakh on 31-12-2020
Yash Commercial	Unsecured	50.00	01-04-2016	Nil	31-12-2017
Harishankar Paper Products Private Limited	Unsecured	477.00	21.06.2010, 20.06.2010, 31.03.2014, 31.03.2016	Nil	Rs. 400.00 on or before 31.12.2017 and Rs. .77 on 31.12.2020
Tirupati Kagads Pvt Ltd	Unsecured	540.00	31.03.2014, 31.10.2014, 31.03.2016	Nil	Rs. 540 lacks on or before 31.12.2017
		<b>1455.87</b>			



### 3. General Corporate Purposes :

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

\* Will be incorporated at the time of filing of the Letter of Offer.

### 4. Expenses for the Issue :

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

Particulars	Estimated Expenses (Rs. in Lacs)*	% of Estimated Issue size*	% of Estimated Issue expenses*
Fees payable to intermediaries including Lead Manager and Registrar to the Issue	[●]	[●]	[●]
Advertising, travelling and marketing expenses	[●]	[●]	[●]
Printing and stationery expenses			
Other expenses (including but not limited to legal counsel fees, SEBI fees, listing charges, depository fees, auditor fees, commission, brokerage, out of pocket reimbursements, etc.	[●]	[●]	[●]
<b>Total</b>	<b>[●]</b>	<b>[●]</b>	<b>[●]</b>

\* Will be incorporated at the time of filing of the Letter of Offer.

### Estimated Schedule of Deployment of Funds:

As estimated by our management, the entire proceeds received from the issue would be utilized a under:  
(Rs in Lacs)

Particulars	Funds already deployed (upto June 30, 2017)	2017-18	Total
Site Development and Purchase of Equipment for upgrading of Existing Plant and Machinery	-	289.86	289.86
Repayment of Unsecured Loan	-	1100.00	1100.00
General corporate purposes	-	[●]	[●]



Particulars	Funds already deployed (upto June 30, 2017)	2017-18	Total
Issue related Expenses	5.175	[•]	[•]

**Deployment of Funds towards the Objects of the Issue**

We have incurred Rs. 5.175 lacs upto June 30th, 2017 towards the Objects of the Issue which has been certified by Mr. B. Ravinder Rao, B R R & Associates, Chartered Accountants, vide his certificate dated September 01, 2017. The same has been incurred towards issue related expenses and have been financed through internal accruals/ working capital.

**Interim Use of Proceeds**

Our Company, in accordance with the policies formulated by our Board from time to time, will have flexibility to deploy the Issue Proceeds. Pending utilization of the Issue Proceeds for the purposes described above, our Company may use the proceeds in lowering the availment in cash credit facilities with the Bank and / or temporarily invest the Proceeds in deposits in one or more Scheduled Commercial Banks included in the Second Schedule of Reserve Bank of India Act, 1934 as may be approved by our Board.

**Bridge Financing Facilities**

Our Company has not raised any bridge loans from any bank or financial institution as on the date of this Draft Letter of Offer, which are proposed to be repaid from the Issue Proceeds.

**Monitoring of Utilization of Funds**

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

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

No proceeds from the Issue are proposed to be paid to the Promoters of our Company except the repayment of unsecured loan to promoter group for an amount not exceeding Rs. 477.00 and Rs. 540.00 to M/s Harishankar Paper Products Private Limited and M/s Tirupati Kagads Pvt Ltd respectively forming part of Objects of the Issue.



### **BASIS FOR ISSUE PRICE**

The Issue Price has been determined in consultation with the Lead Manager to the Issue considering following qualitative and quantitative factors. Investors should also refer to the section/chapter titled “*Risk Factors*” and “*Financial Statements*” beginning on page 12 and 120 respectively to get more informed review before making the investment decision.

#### **QUALITATIVE FACTORS**

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

- Diversified Variety of readily available Paper Products and diversified Customer Base
- In-house Logistics
- Experienced Senior Management Team

For further details regarding the above mentioned factors, which form the basis for computing the Issue Price, please see “*Our Business - Competitive Strengths*” on page 84 of this Draft Letter of Offer respectively.

#### **QUANTITATIVE FACTORS**

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

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

Year ended	EPS (Rs.)	Weight
March 31, 2015	5.35	1
March 31, 2016	4.09	2
March 31, 2017	0.63	3
<b>Weighted average</b>	<b>2.57</b>	

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

##### **2. Price to Earnings (P/E) ratio in relation to Issue Price per Equity Share of Rs. [●] each fully paid up.**

Particulars	P/E Ratio at Issue Price
P/E based on EPS - Basic & Diluted for the year ended March 31, 2017	[●]
P/E based on Weighted average EPS - Basic & Diluted	[●]
<b>*Industry P/E</b>	
Lowest	5.63
Highest	22.37
Average	14.00

\*Source: <http://www.indiainfoline.com>



### 3. Return on Net worth (RoNW)

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

Year Ended	RoNW (%)	Weight
March 31, 2015	0.54	1
March 31, 2016	0.30	2
March 31, 2017	0.04	3
<b>Weighted Average</b>	<b>0.21</b>	

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

### 4. Minimum Return on Total Net Worth post issue needed to maintain Pre Issue EPS for the year ended March 31, 2017 : [•]

### 5. Net Asset Value per Equity Shares (NAV)

Particulars	Amount (In Rs.)
Net Asset Value per Equity Share as of 31st March, 2017	14.46
Net Asset Value per Equity Share after the Issue	[•]
Issue Price per equity share	[•]

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

### 6. Comparison with other listed peer group companies

Companies	Financial year Ending	EPS	PE Ratio	RoNW %	NAV (Per Share)	Face Value (Rs. Per share)	Income from Operations (Rs. In Crores)	PAT (Profit for the year) (Rs. In Crores)
Cosboard Industries Limited	March, 2017	0.63	19.31	0.04	14.46	10.00	77.26	00.27
<b>Peer Group*</b>								
JK Paper Limited	March, 2017	3.61	11.74	12.32	84.76	10.00	2790.48	162.83
Ballarpur Industries Ltd	March, 2017	-7.18	-1.90	-28.08	127.81	2.00	223.07	470.54

On the basis of the above quantitative and qualitative parameters, the Company and the Lead Manager are of the opinion that the Issue Price of Rs. [•] per Equity Share is justified. Investors should also see –Risk Factors and–Financial Statements, on pages 12 and 120, respectively, including important profitability and return ratios, to have a more informed view. The trading price of the Equity Shares of our Company could decline due to the factors mentioned in –Risk Factors on page 12, and you may lose all or part of your investments.





**STATEMENT OF TAX BENEFITS**

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

**The Board of Directors,**  
Cosboard Industries Limited  
Phase II, New Industrial Estate, Jagatpur, Cuttack, Orissa, 754021, India

Dear Sirs,

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

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

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

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

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

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

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

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

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

**B. Ravinder Rao**  
**M. No. 221298**  
**Partner**  
**Date: 31<sup>st</sup> August, 2017, Place: Cuttack**



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

**SPECIAL TAX BENEFITS**

**I. Benefits available to the Company**

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

**II. Benefits available to the Shareholders**

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

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

**B. Ravinder Rao  
M. No. 221298  
Partner  
Date: 31<sup>st</sup> August, 2017  
Place: Cuttack**



## **SECTION IV: ABOUT OUR COMPANY**

### **Industry Overview**

#### **Global Outlook of Economy**

Global economic activity remained subdued. Growth in emerging market and developing economies—while still accounting for over 70 percent of global growth—declined for the fifth consecutive year, while a modest recovery continued in advanced economies. Three key transitions continue to influence the global outlook: (1) the gradual slowdown and rebalancing of economic activity in China away from investment and manufacturing toward consumption and services, (2) lower prices for energy and other commodities, and (3) a gradual tightening in monetary policy in the United States in the context of a resilient U.S. recovery as several other major advanced economy central banks continue to ease monetary policy. Overall growth in China is evolving broadly as envisaged, but with a faster-than-expected slowdown in imports and exports, in part reflecting weaker investment and manufacturing activity. These developments, together with market concerns about the future performance of the Chinese economy, are having spillovers to other economies through trade channels and weaker commodity prices, as well as through diminishing confidence and increasing volatility in financial markets. Manufacturing activity and trade remain weak globally, reflecting not only developments in China, but also subdued global demand and investment more broadly—notably a decline in investment in extractive industries. In addition, the dramatic decline in imports in a number of emerging market and developing economies in economic distress is also weighing heavily on global trade. Global growth is projected at 3.6 percent in 2017.

Growth in emerging market and developing economies is projected to increase from 4 percent in 2015—the lowest since the 2008-09 financial crisis—to 4.3 and 4.7 percent in 2016 and 2017, respectively.

- Growth in China is expected to slow to 6.3 percent in 2016 and 6.0 percent in 2017, primarily reflecting weaker investment growth as the economy continues to rebalance. India and the rest of emerging Asia are generally projected to continue growing at a robust pace, although with some countries facing strong headwinds from China's economic rebalancing and global manufacturing weakness.
- Aggregate GDP in Latin America and the Caribbean is now projected to contract in 2016 as well, albeit at a smaller rate than in 2015, despite positive growth in most countries in the region. This reflects the recession in Brazil and other countries in economic distress.
- Higher growth is projected for the Middle East, but lower oil prices, and in some cases geopolitical tensions and domestic strife, continue to weigh on the outlook.
- Emerging Europe is projected to continue growing at a broadly steady pace, albeit with some slowing in 2016. Russia, which continues to adjust to low oil prices and Western sanctions, is expected to remain in recession in 2016. Other economies of the Commonwealth of Independent States are caught in the slipstream of Russia's recession and geopolitical tensions, and in some cases affected by domestic structural weaknesses and low oil prices; they are projected to expand only modestly in 2016 but gather speed in 2017.
- Most countries in sub-Saharan Africa will see a gradual pickup in growth, but with lower commodity prices, to rates that are lower than those seen over the past decade. This mainly reflects the continued adjustment to lower commodity prices and higher borrowing costs, which are weighing heavily on some of the region's largest economies (Angola, Nigeria, and South Africa) as well as a number of smaller commodity exporters.

<http://www.imf.org/external/pubs/ft/weo/2016/update/01/>

#### **Indian Economy**

The Indian economy is the fourth largest economy in the world by purchasing power parity with an estimated GDP of approximately USD 8.721 trillion in 2016. (Source: CIA World Factbook) India's GDP will continue to expand at the fastest pace among major economies, with growth forecast at 7.6 % in 2016-17. India's economy has benefited from the large terms of trade gain triggered by lower commodity prices, and inflation has declined more than expected. Positive policy actions, structural reforms, including the introduction of an important tax reform and formalization of the inflation targeting framework and improved confidence are expected to support consumer



demand and investment. Important policy actions toward the implementation of the goods and services tax have been taken, which will be positive for investment and growth.

(Source: International Monetary Fund - World Economic Outlook - October 2016).

As per the latest estimates available on the Index of Industrial Production (IIP), the General Index for the month of February 2017 stands at 182.30, which is 1.2% lower as compared to the level in the month of February 2016. The cumulative growth during April-February 2016-17 over the corresponding period of the previous year stands at 0.40%. The Indices of Industrial Production for the Mining, Manufacturing and Electricity sectors for the month of February 2017 stand at 140.6, 190.1 and 182.5 respectively, with the corresponding growth rates of 3.3%, (-) 2.0 % and 0.3 % as compared to February 2016. The cumulative growth in these three sectors during April-February 2016-17 over the corresponding period of 2015-16 has been 1.6 %, (-) 0.3 % and 4.6 % respectively. In terms of industries, fifteen (15) out of the twenty two (22) industry groups (as per 2- digit NIC-2004) in the manufacturing sector have shown negative growth during the month of February 2017 as compared to the corresponding month of the previous year.

(Source: Website of Ministry of Statistics and Programme Implementation)

The Foreign Direct Investment (FDI) was USD 45.15 Billion in FY 2014-15 and USD 55.56 Billion in FY 2015-16 and USD 60.08 Billion during April, 2016 to March, 2017 in FY 2016-17 as per provisional figures by RBI. The cumulative amount of FDI Inflows from April, 2000 to March, 2017 stood at USD 484.35 Billion.

(Source: Website of Department of Industrial Policy and Promotion)

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF). The Government of India has forecasted that the Indian economy will grow by 7.1 per cent in FY 2016-17. As per the Economic Survey 2016-17, the Indian economy should grow between 6.75 and 7.5 per cent in FY 2017-18. The improvement in India's economic fundamentals has accelerated in the year 2015 with the combined impact of strong government reforms, Reserve Bank of India's (RBI) inflation focus supported by benign global commodity prices.

India's consumer confidence index stood at 136 in the fourth quarter of 2016, topping the global list of countries on the same parameter, as a result of strong consumer sentiment, according to market research agency, Nielsen.

Moody's has affirmed the Government of India's Baa3 rating with a positive outlook stating that the reforms by the government will enable the country perform better compared to its peers over the medium term.

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

## **MARKET SIZE**

India's gross domestic product (GDP) grew by 7 per cent year-on-year in October-December 2016 quarter, which is the strongest among G-20 countries, as per Organisation for Economic Co-operation and Development (OECD) Economic Survey of India, 2017. According to IMF World Economic Outlook Update (January 2017), Indian economy is expected to grow at 7.2 per cent during FY 2016-17 and further accelerate to 7.7 per cent during FY 2017-18.

The tax collection figures between April 2016 and January 2017 show an increase in Net Indirect taxes by 16.9 per cent and an increase in Net Direct Taxes by 10.79 per cent year-on-year, indicating a steady trend of healthy growth. The total number of e-filed Income Tax Returns rose 21 per cent year-on-year to 42.1 million in 2016-17 (till 28.02.17), whereas the number of e-returns processed during the same period stood at 43 million.

Corporate earnings in India are expected to grow by over 20 per cent in FY 2017-18 supported by normalisation of profits, especially in sectors like automobiles and banks, while GDP is expected to grow by 7.5 per cent during the same period, according to Bloomberg consensus.

India has retained its position as the third largest startup base in the world with over 4,750 technology startups, with about 1,400 new start-ups being founded in 2016, according to a report by NASSCOM.



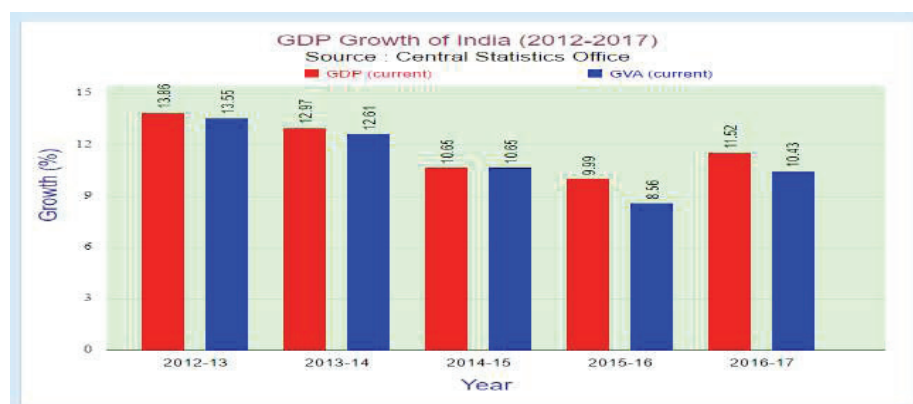
India's labour force is expected to touch 160-170 million by 2020, based on rate of population growth, increased labour force participation, and higher education enrolment, among other factors, according to a study by ASSOCHAM and Thought Arbitrage Research Institute.

India's foreign exchange reserves stood at US\$ 366.781 billion as on March 17, 2017 as compared to US\$ 360 billion by end of March 2016, according to data from the RBI.

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

India's real GDP growth will remain between 6.75% and 7.5% in the 2017-2018 financial year, As per governments's Economic Survey. "Even under this forecast, India would remain the fastest growing major economy in the world," the survey said, although the International Monetary Fund earlier this year estimated that China was growing faster than India. In the current financial year, real GDP is projected to grow at about 7%, the survey added, significantly lower than the 7.6% growth the economy registered in 2015-2016. In a rather professorial presentation after the survey was tabled in parliament, India's chief economic advisor, Arvind Subramanian, emphasised that the projections of lower growth weren't only because of the impact of demonetisation. Strengthening oil prices, for example, are also a factor, according to the survey.

The coming financial year won't be particularly easy either. The economy will continue to deal with the effects of demonetisation while also contending with a range of global uncertainties. The biggest international risks to the Indian economy that Subramanian listed out include rising oil prices, trade-related tensions between major economies, and growing protectionism. (<https://qz.com>)



### **Paper Industry Outlook and Overview :**

Global coated paper market size is forecast to be worth more than USD 57 billion by the end of 2024. Fine products, with over 50% of the overall revenue will continue to have strong consumption. These find exclusive applications in offset printing which is accountable for over one-third of all the printed materials.

#### **Brief History**

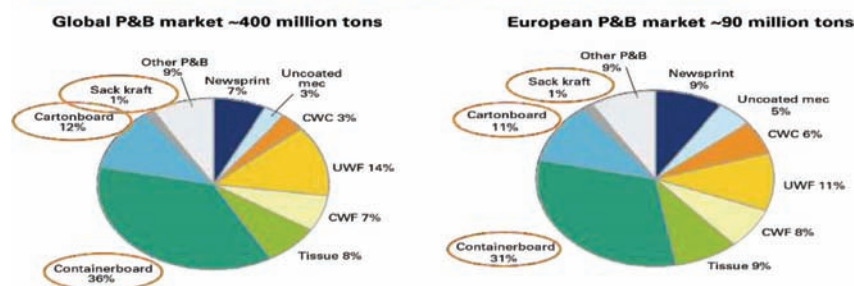
First invented in China around 105 AD, the technology of papermaking did not reach Western Europe for another 900 years and a further 450 years before it reached England. However, paper's unique 'hi-tech' properties - easy to use, lightweight, strong, durable, highly portable, flexible and easy to manufacture in volume - soon led to it becoming the medium of choice for virtually all recording and communication. Even so, it was not until the invention of a mechanized paper manufacturing process that paper's true power was unlocked.

Only with the availability of a mass-produced, inexpensive communication medium available in quantity, was the true potential of mechanised printing realised and with it was born the era of 'mass circulation' newspapers, education for all and the worldwide exchange of knowledge that fuelled the great expansions of the nineteenth and twentieth centuries. Paper has played a key role in shaping almost every aspect of the world we know today.



## Current paper markets in the world

Packaging accounts already for nearly half of the global paper markets.



## PAPER INDUSTRY IN INDIA

The paper industry in India has become more promising as the domestic demand is on the rise. Increasing population and literacy rate, growth in GDP, improvement in manufacturing sector and lifestyle of individuals are expected to account for the growth in the paper industry of India. BILT and ITC are among the largest producers of paper and paperboard in India. Many of the existing players are increasing their capacity to meet the growing demand. The focus of paper industry is now shifting towards more eco-friendly products and technology. Government of India has established rules and regulations to control the population and degradation of forest. These measures taken by the government has brought the significant changes in the paper industry of India.

According to “India Paper Industry Forecast & Opportunities, 2017” the paper industry in India is expected to grow at the CAGR of around 9.6% during 2012-2017, which will make the revenues of paper industry of India to reach up to USD 11.83 Billion by 2017. About 70% of the total installed capacity of paper production in India is accounted by Gujarat, West Bengal, Orissa, Andhra Pradesh, Karnataka and Maharashtra. Uttar Pradesh, Tamil Nadu, Haryana, Kerala, Bihar and Assam together account for about 25% of the total paper production in India.

Source: <https://www.techsciresearch.com/report/india-paper-industry-forecast-and-opportunities-2017/314.html>

### Structure

The following key market segments cover the Indian paper market:

- Printing and writing
- Newsprint
- Paperboard and industrial packaging
- Specialty

India first machine made paper was manufactured in 1812. During this time there were 15 mills with a total production of lakh tones. In India the Soft wood is the principal raw material used for making paper especially newsprint and high class printing papers. With rise in population and broadening of education the demand for paper has been constantly escalated. Owing to very narrow forest resources wood pulp is in a shortage. As soft woods grow in temperate climate India is in short supply of such woods. Thus, in such circumstances the Bamboo became the major raw materials for the manufacture of paper in the country as it grows very quickly even after cutting.

Paper industry in India is mainly plantation based and is essential that more land must be brought under plantations of eucalyptus and other trees apposite for the making of papers.

The paper industry also requires huge amount of soft water and paper utilized for newspapers is called newsprint. Its requirement is bound to grow noticeably. The Neapanagar Newsprint plant in Madhya Pradesh was set up to meet these aforementioned demands. The capacity of Indian Paper Industry has been raised to 75,000 tones a year. West Bengal and Maharashtra are the leading states for the industry. The total newsprint production has now reached





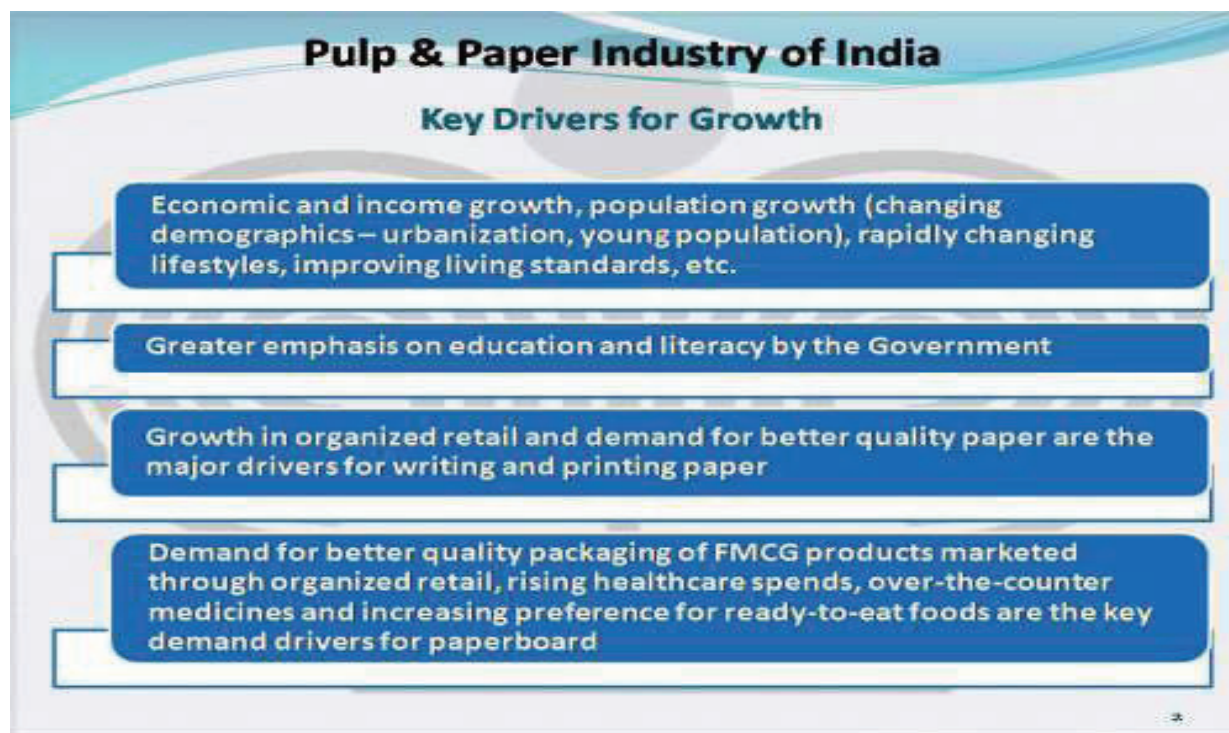
well over 400,000 tones. A large number of expansion programmes & expansion of capacities with an outlay of Rs. 10,000 crores have been announced covering the various sectors like paper, paperboard, newsprint, etc.

Indian paper industry is a vast industry comprising more than 157 paper producing divisions all over India. These 157 functional units manufacture handmade paper worth around Rs.21 cores and provide employment to approximately 10,000 people. Sanganer village is the biggest center in western India humming on the rhythm of the sound of paper making activities.

The Indian paper industry accounts for about 3% of the world's production of paper. The estimated turnover of the industry is INR 50,000 crore (USD 8 billion) approximately and its contribution to the exchequer is around INR 4,500 crore. The industry provides employment to more than 0.5 million people directly and 1.5 million people indirectly.

Most of the paper mills are in existence for a long time and hence present technologies fall in a wide spectrum ranging from oldest to the most modern. The mills use a variety of raw material viz. wood, bamboo, recycled fiber, bagasse, wheat straw, rice husk, etc. In terms of share in total production, approximately 24% are based on wood, 65% on recycled fiber and 11% on agro-residues. The geographical spread of the industry as well as market is mainly responsible for regional balance of production and consumption. The per capita paper consumption in India at a little over 13 kg, is way behind the global average of 57 kg.

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



The total installed capacity of paper production in India is accounted by Gujarat, West Bengal, Orissa, Andhra Pradesh, Karnataka and Maharashtra. Uttar Pradesh, Tamil Nadu, Haryana, Kerala, Bihar and Assam together account for about 25% of the total paper production in India.



## **OUR BUSINESS**

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

During the financial year 1994-1995, the Company came up with an Initial Public offer of 29,85,700 Equity Shares of Rs. 10 each at a price of Rs. 14 per share including a premium of Rs. 4 per shares and the Shares of the Company got listed at the Stock Exchange and the Company installed machine of 6600 tons per annum to manufacture media Kraft paper with the project appraisal from IFCL.

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

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



Our Work plant is situated at New Industrial Estate, Phase II Jagatpur, Cuttack, 754021, Orissa

Our installed Paper manufacturing capacity and production details for Fiscals 2017, 2016 and 2015 have been set out below.

	Fiscal 2017		Fiscal 2016		Fiscal 2015	
	Installed	Utilized	Installed	Utilized	Installed	Utilized
Total Plant	45000 M.T.		23100 M.T		23100 M.T	
Grey /Duplex Board	6000 M.T.	Not in operation	3300 M.T.	Not in operation	3300 M.T.	Not in operation
Kraft /High Bf Kkraft Paper	24000	4625.430 M.T.	6600 M.T.	2746.45 M.T	6600 M.T.	653.705 M.T
Writing,Printing & News Print Paper	15000	13730.670 M.T.	13200M.T	13095.121 M.T	13200 M.T.	12718.986 M.T





Our Company's total revenue as restated in Fiscal 2017, Fiscal 2016 and Fiscal 2015 is Rs. 7735.41 lacs, 6287.66 lacs and 4160.63 lacs respectively. Our Company's profit after tax as restated in Fiscal 2017, Fiscal 2016 and Fiscal 2015 is Rs. 27.10 lacs, Rs. 175.63 lacs and Rs. 229.57 lacs, respectively.

### **Competitive Strengths**

We believe that the following are our core competitive strengths.



### ***Strategic location of our manufacturing facility***

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

### ***Availability and access to raw materials***

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

### ***Strong Sales and Marketing Network***

The company has a very good marketing network. The cities of Cuttack and Bhubaneswar are sufficient to consume the production of the plant. The company has also tie up with local packaging units for purchase of its products. There is no such competitor in the surrounding of 200 Kms.

### ***Proven and experience management team***

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



opportunities for furthering the growth of our Company. For further details of our Board of Directors and our Key Managerial Personnel please see the chapter entitled 'Our Management' on page 102 of this Draft Letter of Offer.

***Strong and experienced Promoter***

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

***Business Strategies***

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

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

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

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

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

- **Optimizing cost of operations**

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

***DETAILS OF OUR BUSINESS OPERATIONS***

**Location Registered Office:**

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

**Location Corporate Office:**

411/412 No.127/1, 2<sup>nd</sup> Floor Srikrupa Market Malakpet Hyderabad 500 036

**Location of the Plant:**

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



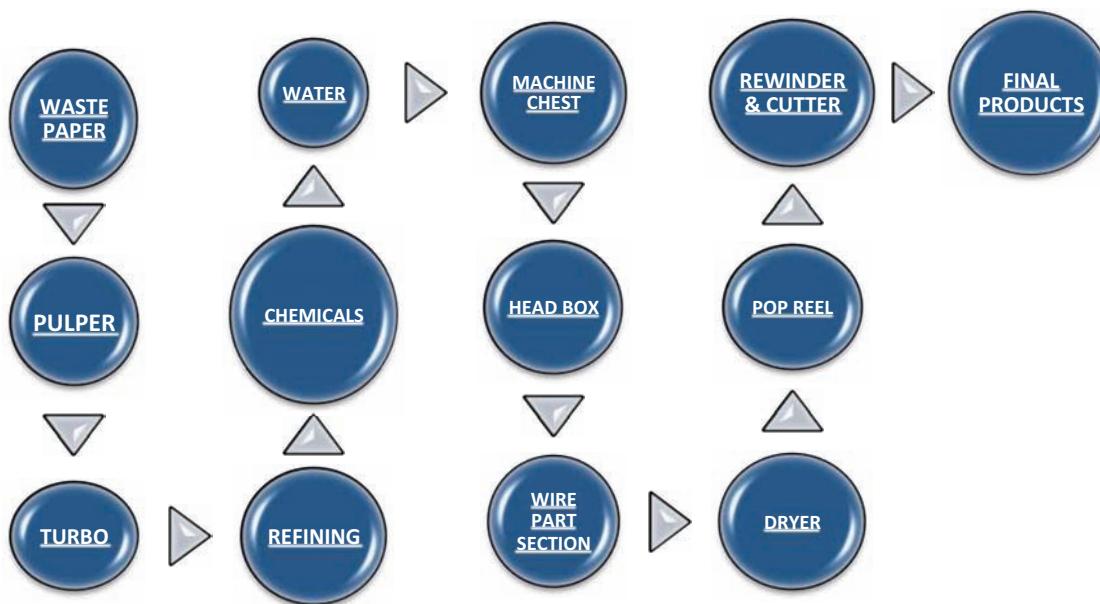
## Product Portfolio and Manufacturing Process

### PLANT - Kraft Paper /Media Manufacturing Process:

For manufacturing of Kraft (unbleached) Paper, sorted waste paper/and imported cartoons would be fed to a pulper to be slushed into brown pulp; the pulp is cleaned in high density cleaners for removal of heavy contraries like metal pins, stones, etc. and thereafter through a turbo-operator for separating plastics and other extraneous matter, The clean pulp is beaten to the desired freeness in the disc refiner and it is passed through centricleaners and a pressure screen for find cleaning. The pulp is then fed to the headbox of the Four drinier paper machine at a low consistency with water as the carrying medium. The water from the paper sheet so formed on the wire mesh is drained off by gravity initially, followed by suction through vacuum. The wet sheet is then pressed between the press rolls before drying further on the dryers and large diameter MG Cylinder which also imparts glaze on one side of the Kraft paper. The sheet is then rolled into Jumbo rolls at the pop reel. The rolls are cut into smaller width reels per orders. The sheets are counted and packed. The reels are packed and weighed.



### Flow Chart Presentation:



### PLANT -Newsprint paper Manufacturing Process

In Newsprint paper Manufacturing process, the Waste Paper are fed into a high consistency pulper through a slat conveyor. These waste papers are treated in this pulper with Chemicals like Sodium Silicate, Sodium Hydroxide, Hydrogen Peroxide,





De-inking Chemicals, etc. Pulping is done here for about 30 minutes at a temperature of 50 degree Celsius for which steam is used.

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

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

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

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



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

This pulp is further bleached and washed in potchets and pumped to blending chest. In this chest Chemicals like Rosin, Alum, Optical Brightening Agent, Loading material, etc. are mixed with the pulp. The pulp is pumped to machine chest from where it is pumped to paper machine for papermaking.

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

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

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

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

#### **PLANT - HIGH BF KRAFT PAPER MANUFACTURING PROCESS**

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

- 1) Pulp section(Fiber Processing)
- 2) Paper Machine Section
- 3) Slitter Rewinding Section
- 4) Packaging and dispatch





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



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

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

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

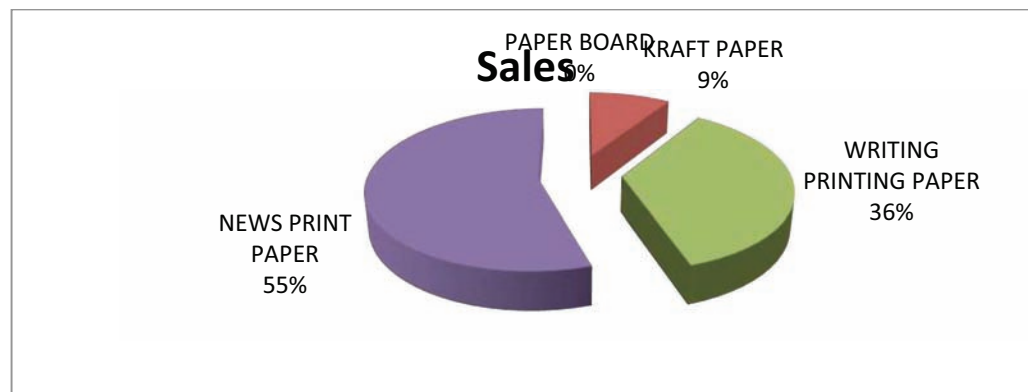
The paper Machine section is further classified into six sections namely:

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

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



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



**Client Base :**

Our Company has a well-diversified customer base catering to various segments. We have consistent retention of key customer segments all over eastern and southern region of India. Our ten largest customers represented around 65.00 % of our net sales in fiscal 2017. Some of our major clients in FY 2017 include Dharitri, Prajantra, Tribhuvan Enterprises, Orissa Paper Products, Orissa Express, Raaz Enterprises, Andhra Prabha Publications, Maruti Trading, Shri Ganapathi Paper Mart, Statesmen, Janpath Samachar.

Sr No	Customer name	Product Detail	% Revenue sharing	Location
1	Ashirbad Prakasan (P) Ltd.	Newsprint Paper	10.15	Cuttack
2	Andhra Prabha Publications Limited (Hyd)	Newsprint Paper	6.07	Hyderabad
3	Dinalipi	Newsprint Paper	1.96	Cuttack
4	Tribhuvan Enterprises	Writing, Printing Paper	3.25	Cuttack
5	The Statesman Limited(Kolkata)	Newsprint Paper	2.12	Bhubaneswar
6	Janapath Samachar	Newsprint Paper	1.84	Bhubaneswar
7	The Statesman Limited(Bhubaneswar)	Newsprint Paper	0.11	Bhubaneswar
8	Raaz Enterprises	Kraft Paper	0.01	Jagatpur, Cuttack
9	Orissa Paper Product	Writing, Printing Paper	0.73	Cuttack
10	M/s Dharitri	Newsprint Paper	38.18	Bhubaneswar

**Exports and Export Obligations**

Company does not have any export and export obligation.

**Marketing Set Up**

We market our products through a dedicated Marketing and Sales Team in coordination with the Inventory and Logistics Department. It is responsible for the entire sales and marketing activities including planning, strategy, product development, product promotion, brand management and advertising. The Team comprises sales and product managers who operate as brand managers to meet the local market and customer requirements.

**Capacity**

The installed capacity of our Plant is 45000 M.T. out of which 39000 M.T Capacity are active and Capacity Utilization of total capacity is 41% .



## Infrastructure Facilities and Utilities

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

### • Paper Materials

We generally procure our paper materials from local paper mills and traders such as Hira Wastage Supply Co., Vikash Enterprises, M.M. Industries, B.Sahoo & Sons . Our Company has long standing association with its suppliers for supply of raw materials i.e. paper materials and hence we do not anticipate any problem in procuring such raw materials. Our Key Supplier are:

Sr No	Supplier Name	Designation	Product Detail	% of purchase	Location
1	Hira Wastage Supply Co	Proprietor	Waste Paper	9.46	Cuttack
2	Vikash Enterprises	Proprietor	Waste Paper	12.96	Cuttack
3	M.M. Industries	Proprietor	Waste Paper	36.45	Bhubaneswar
4	B.Sahoo & Sons	Proprietor	Waste Paper	4.30	Cuttack

### • Power

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

### • Water

Water requirement for the processing facilities is procured from Bore well.

### • Steam Fuel

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

### • Effluent Treatment and Disposal :

- The company has already obtained the consent vide letter dated 16.02.2016 for the existing plant. The effluent treatment plant meeting the requirements of existing plant of CIL. CIL had taken all necessary approval from the state pollution control Board.

### • Human Resources

Our business model requires a mix of skilled, semi-skilled and un-skilled labour. Our Company currently has a size of 177 employees for the operation of its existing facilities.

Particulars	Plant	Registered office	Corporate Office
Senior Management (AGM and above)	—	—	1
Middle Management (Officers to Sr. Manager)	5	14	1
Semi-skilled Staff	66	—	—
Unskilled Labour	87	2	1
<b>Total</b>	<b>158</b>	<b>16</b>	<b>3</b>

## Trade Unions

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




## Insurance

Our production plant is insured against fire, riot, strike and malicious damage risks with underwriters. *Our operations are subject to varied business risks. For details, please refer chapter II, Risk Factors,* beginning on page 12 of this Draft Letter of Offer. We believe that our insurance arrangements are consistent with industry standards for paper manufacturers in India. Our insurance cover is reviewed on a yearly basis.

We have taken insurance policies covering the following:

<b>Coverage</b>	Building Including Boundary Walls, Plant & Machinery, Stocks Of All Types Of Raw Materials, Materials In Process, Finished Goods Of Paper And Paper Products.
<b>Policy no.</b>	61020011170100000002
<b>Agency</b>	The New India Assurance Co. Ltd. , Hyderabad
<b>Sum insured</b>	555400000
<b>Total premium (Rs.)</b>	557424
<b>From</b>	1 <sup>st</sup> April 2017
<b>Valid up to</b>	31 <sup>st</sup> March 2018

## Intellectual Property Rights

Our Company registered logo  under the trade mark registration act has filed an application date 22-03-2017 before the Trade Marks Registry for registration of its logo under Class 18(1).

## Property Details :

Place and Description of Property	Lessor/ Licensor	Date and Instrument/Document executed	Period of the Lease and Area
<b><i>Registered Office and Plant of our Company</i></b>			
New Industrial Estate, Phase II Jagatpur, Cuttack: 754021, Orissa	Industrial Development Corporation Odisha(Idco), Cuttack Division Jagatpur, Cuttack-754021(Odisha)	21.01.1993 04.03.1999 22.03.1999	99 YEARS/5.00 AC 99 YEARS/1.62 AC 99 YEARS/1.998 AC
<b><i>Corporate office of our Company</i></b>			
411/412 No.127/1 2nd Floor Srikrupa Market Malakpet,Hyderabad 500 036	Smt Sarla Taparia,w/o ramshankar taparia H.No. 5-9-46/1st floorNear Kirloskar hospital lane Basheer bagh Telegan	01-07-2017	3 years





## **KEY INDUSTRY REGULATIONS AND POLICIES**

We are subject to a number of central and state legislations which regulate substantive and procedural aspects of the business. Additionally, the operations require sanctions from the concerned authorities, under the relevant Central and State legislations and local bye-laws. The following is an overview of some of the important laws, policies and regulations which are pertinent to the business. The regulations set out below are not exhaustive and are only intended to provide general information to Applicants.

The following description is a summary of various sector-specific laws and regulations in India prescribed by the Gol and various state Governments, which are applicable to our Company. The information contained in this chapter has been obtained from publications in the public domain. The regulations set out below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice.

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

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

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

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

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

### **Laws relating to Employment and Labour**

**Child Labour (Prohibition and Regulation) Act, 1986**

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

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

The “Gratuity Act” establishes a scheme for the payment of gratuity to employees engaged in every factory, mine, oil field, plantation, port and railway company, every shop or establishment in which ten or more persons are employed or were employed on any day of the preceding twelve months and in such other establishments in



which ten or more employees are employed or were employed on any day of the preceding twelve months, as notified by the Central Government from time to time. Penalties are prescribed for non-compliance with statutory provisions.

#### **The Workmen Compensation Act, 1923 (“WCA”)**

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

#### **The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (“SHWW Act”)**

The “SHWW Act” provides for the protection of women and prevention of sexual harassment at work place.

#### **Contract Labour (Regulation and Abolition) Act, 1970:**

This is an Act to regulate the employment of contract labour in certain establishments and to provide for its abolition in certain circumstances and for matters connected therewith. The said Act, inter alia, mandates registration of establishments employing contract labour, revocation of such registration in prescribed cases, effects of non registration, prohibition of employment of contract labour, licensing of contractors etc.

#### **The Industrial Employment Standing Orders Act, 1946**

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

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

The “ESI Act”, provides for certain benefits to employees in case of sickness, maternity and employment injury. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. In addition, the employer is also required to register itself under the ESI Act and maintain prescribed records and registers.

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

The “EPF Act” applies to factories employing over 20 employees and such other establishments and industrial undertakings as notified by the Government of India from time to time. It requires all such establishments to be registered with the State provident fund commissioner and requires such employers and their employees to contribute in equal proportion to the employees’ provident fund the prescribed percentage of basic wages and dearness and other allowances payable to employees. The EPF Act also requires the employer to maintain registers and submit a monthly return to the State provident fund commissioner.

#### **The Payment of Bonus Act, 1965**

An Act to provide for the payment of bonus to persons employed in certain establishments on the basis of profits or on the basis of production or productivity and for matters connected therewith

#### **Payment of Wages Act, 1936**

This is an Act to regulate the payment of wages to certain classes of employed persons.



### **The Maternity Benefit Act, 1961 ("Maternity Act")**

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

### **The Equal Remuneration Act, 1976 ("ER Act")**

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

### **Tax related legislation**

#### **Income-Tax Act, 1961 ("IT Act")**

The "IT Act" is applicable to every company, whether domestic or foreign whose income is taxable under the provisions of this Act or Rules made there under depending upon its "Residential Status" and "Type of Income" involved. The IT Act provides for the taxation of persons resident in India on global income and persons not resident in India on income received, accruing or arising in India or deemed to have been received, accrued or arising in India. Every company assessable to income tax under the IT Act is required to comply with the provisions thereof, including those relating to Tax Deduction at Source, Advance Tax, Minimum Alternative Tax and the like. Every such company is also required to file its returns by September 30 of each assessment year depending on company to company.

#### **The Central Goods and Services Tax Act, 2017**

GST is a single tax on the supply of goods and services, right from the manufacturer to the consumer. Credits of input taxes paid at each stage will be available in the subsequent stage of value addition, which makes GST essentially a tax only on value addition at each stage. The final consumer will thus bear only the GST charged by the last dealer in the supply chain, with set-off benefits at all the previous stages.

### **Laws relating to Intellectual Property**

#### **The Trademarks Act, 1999 ("TM Act"), Trade Marks Act 1999 (as amended till date), Trademarks (Amendment) Act, 2010**

The "TM Act" provides for the application and registration of trademarks in India. The purpose of the Trade Marks Act is to grant exclusive rights to marks such as a brand, label and heading and to obtain relief in case of infringement for commercial purposes as a trade description the registration of a trademark is valid for a period of 10 years, and can be renewed in accordance with the specified procedure.

### **Property related laws**

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

#### **The Indian Registration Act, 1908 ("Registration Act")**

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



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

The law relating to easements and licenses in property is governed by the “IE Act”. The right of easement has been defined under the Easements Act to mean a right which the owner or occupier of any land possesses over the land of another for beneficial enjoyment of his land. Such right may allow the owner of the land to do and continue to do something or to prevent and continue to prevent something being done, in or upon any parcel of land which is not his own. Easementary rights may be acquired or created by (a) an express grant; or (b) a grant or reservation implied from a certain transfer of property; or (c) by prescription, on account of long use, for a period of twenty years without interruption; or (d) local customs.

### **Environmental Laws**

#### **Indian Forest Act, 1927**

This is an act to consolidate the law relating to forests, the transit of forest produce and the duty leviable on timber and other forest produce.

#### **The Forest (Conservation) Act, 1980**

This is an Act to provide for the conservation of forests and for matters connected therewith or incidental thereto. This Act has been enacted with a view to check further development which ultimately results in ecological imbalance. With this object in mind, this Act, inter alia, makes it mandatory that no state Government or any authority shall without the prior approval of the Central Government give any order directing (i) any reserved forest shall cease to be reserved (ii) any forest land may be used for non forest purpose (iii) any forest land be assigned by way of lease or otherwise to any private person or to any authority, corporation, agency or any other organization not owned, managed or controlled by Government and (iv) that any forest land may be cleared of trees which have grown naturally in that land, for the purpose of using it for re-afforestation.

#### **The Forest (Conservation) Rules, 2003**

This Rule has been framed for effectuating the provision of the Forest (Conservation) Act, 1980.

#### **National Forest Policy, 1988**

This set of policies were enunciated, inter alia, for the maintenance of environment stability through preservation and restoration of ecological balance, conserving the natural heritage of the country, checking soil erosion and increasing the productivity of forest to meet national needs.

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

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

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

Pursuant to the provisions of the Air Act, any person, establishing or operating any industrial plant within an air pollution control area, must obtain the consent of the relevant State Pollution Control Board prior to establishing or operating such industrial plant. The State Pollution Control Board is required to grant consent within a period of four months of receipt of an application, but may impose conditions relating to pollution control equipment to



be installed at the facilities. No person operating any industrial plant in any air pollution control area is permitted to discharge the emission of any air pollutant in excess of the standards laid down by the State Pollution Control Board. The penalties for the failure to comply with the provisions of the Air Act include imprisonment of up to six years and the payment of a fine as may be deemed appropriate.

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

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

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

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

**Foreign Instrument Regime**

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

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

**The Foreign Trade (Development & Regulation) Act, 1992**

The Foreign Trade (Development & Regulation) Act, 1992, provides for the development and regulation of foreign trade by facilitating imports into and augmenting exports from India and for matters connected therewith or incidental thereto.



### **Laws with respect to Factories**

**The Factories Act, 1948 (the “Factories Act”), Orissa Factories Rules, 1950, Orissa Factories (Control of Major Accident Hazard) Rules 2001.**

State governments prescribe rules with respect to the prior submission of plans, their approval for the establishment of factories and the registration and licensing of factories. The Factories Act provides that the occupier of a factory (defined as the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors) shall ensure the health, safety and welfare of all workers while they are at work in the factory, especially in respect of safety and proper maintenance of the factory such that it does not pose health risks, the safe use, handling, storage and transport of factory articles and substances, provision of adequate instruction, training and supervision to ensure workers' health and safety, cleanliness and safe working conditions.

### **Boilers Act, 1923**

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

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

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

### **Important General Laws**

#### **The Companies Act, 1956**

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

#### **The Companies Act, 2013**

The Companies Act, 2013, has been introduced to replace the existing Companies Act, 1956 in a phased manner. The Ministry of Corporate Affairs vide its notification dated September 12, 2013 has notified 98 sections of the Companies Act, 2013 and the same are applicable from the date of the aforesaid notification. Further 183 sections have been notified on March 26, 2014 and have become applicable from April 1, 2014. The Ministry of Corporate Affairs, has also issued rules complementary to the Companies Act, 2013 establishing the procedure to be followed by companies in order to comply with the substantive provisions of the Companies Act, 2013.

#### **The Securities and Exchange Board of India Act, 1992**

An Act to provide for the establishment of a Board to protect the interests of investors in securities and to promote the development of, and to regulate, the securities market and for matters connected therewith or incidental thereto.





### **The Indian Contract Act, 1872 (“Contract Act”)**

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

### **The Negotiable Instruments Act, 1881 (“NI Act”)**

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

### **The Competition Act, 2002**

The Competition Act, 2002 prohibits anti competitive agreements, abuse of dominant positions by enterprises and regulates “combinations” in India. The Competition Act also established the Competition Commission of India (the “CCI”) as the authority mandated to implement the Competition Act. The provisions of the Competition Act relating to combinations were notified recently on March 4, 2011 and came into effect on June 1, 2011. Combinations which are Likely to cause an appreciable adverse effect on competition in a relevant market in India are void under the Competition Act.

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

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



## **HISTORY AND CERTAIN CORPORATE MATTERS**

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

During the financial year 1994-1995, the Company came up with an Initial Public offer of 29,85,700 Equity Shares of Rs. 10 each at a price of Rs. 14 per share including a premium of Rs. 4 per shares and the Shares of the Company got listed at the Stock Exchange and the Company installed machine of 6600 tons per annum to manufacture media Kraft paper with the project appraisal from IFCL.

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

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

Our Work plant is situated at New Industrial Estate, Phase II Jagatpur, Cuttack, 754021, Orissa

### **Major events in the history of our Company:**

<b>YEAR</b>	<b>MAJOR EVENTS</b>
1980	Incorporation of our Company and commencement of Business Activities
1984	Board Paper Plant Installed
1993	Change of name from Central Orissa Straw Board (P) Ltd to Cosboard Industries Ltd
1994	Initial Public Offering of company and installed kraft paper plant with installed capacity of 6000 Tons Per Annum
1995	Kraft Paper Plant Installed
1999	Availed term loan from state bank of india for upgradation cum expansion of Plant-I
2000	News print paper plant installed with capacity of 15000 Tons Per Annum
2004	the Company filed a reference with BIFR U/S 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 vide Form - A .
2010	Revocation of shares from the Designated Exchange “BSE”
2011	The DRS has been sanctioned by BIFR for necessary revival of the company
2013	Company came out from BIFR
2016	High B.F Kraft Paper Plant installed with capacity of 18000 Tones Per Annum

### **Main Objects of our Company**

The main object of our Company is as follows:

1. To Manufacture, and produce paper and paper products of all varieties including Newsprint, Straw Boards, Card Boards, Hard Boards, Straw Papers, Paper Boards, Mill Boards, Grey Boards and other varieties of Boards, packing materials, Paper pulp, wood pulp, bamboo pulp and all other products, goods and substances connected therewith.
2. To establish, undertake acquire, manage, and carry on business as agents or importers, exporters, dealers in paper and paper products manufactured by the Company or by other in the capacity of





## Cosboard Industries Limited

wholeseller, retailer, or otherwise and for the purpose, to enter into, if necessary, agreement written or oral otherwise with the others.

### Changes in Registered Office of our Company

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

### Amendments to the Memorandum of Association

Following are details of amendment as under:

DATE OF SHAREHOLDERS' RESOLUTION	NATURE OF AMMENDMENT
19-05-1993	Change of name our company from Central Orissa Straw Board Private Limited to Cosboard Industries Limited
*Date Not Available	Clause V of the Memorandum of Association was amended to reflect the increase in authorized share capital of our Company to Rs 500,00,000 divided into 50,00,000 Equity Shares of Rs 10 each
28-09-2016	Clause V of the Memorandum of Association was amended to reflect the increase in authorized share capital of our Company from Rs 5,00,00,000 divided into 50,00,000 Equity Shares of Rs 10 each to Rs 120,00,000 divided into 120,00,000 Equity Shares of Rs 10 each

*\* Our Company has records relating to capital formation from Financial year 1995-1996 onwards, appropriate information has been taken from the Prospectus issued by the Company for the Initial Public Offer during financial year 1994-1995.*

### Time and Cost Overrun

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

### Subsidiaries

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

### Joint Ventures

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

### Shareholders' Agreement

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

### Other Agreements

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



**Financial Partners**

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

**Strategic Partners**

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

Except as above and “Material Contracts and Documents for Inspection” mentioned on page 235 of the Draft Letter of Offer, there are no other material agreements or contracts, which have been entered into by us within a period of 2 years prior to the date of the Draft Letter of Offer, and which are subsisting as on date.



## OUR MANAGEMENT

As per our Articles of Association we cannot have less than three and more than twelve directors. Currently, we have six directors on our Board. Our Managing Director Mr. Shiv Shankar Taparia and Whole Time Director, Mr. Anil Gilra manage our day to day operations under the supervision, direction and control of our Board of Directors. The constitution of our Board of Directors meets the requirements of corporate governance, as it comprises of 3 independent directors, which accounts for half of the strength of the Board.

### Board of Directors

The details of the Directors of our Company are given below:

Name, Designation, Father's Name, Occupation, Term, Nationality, Age and DIN No.	Date of Appointment as Director	Residential Address	Other Directorships/Partnership firms
<b>Shiv Shankar Taparia</b> <i>Designation: Managing Director</i> <i>Occupation: Business</i> <i>Term: 5 Years</i> <i>DIN No: 00566650</i> <i>Nationality : Indian</i> <i>Age: 47 yrs</i>	07.01.2013	AT: 5-9-46 2 <sup>ND</sup> Floor, Sri Sai Queenston Palace, Basheerbagh Hyderabad	Sri. Sant Krupa Overseas (P) Ltd.  Harishankar Paper Products (P) Ltd.
<b>Inder Pal Singh Pasricha</b> <i>Designation: Additional Independent Non Executive Director</i> <i>Occupation: Professional</i> <i>Term: Next Annual General meeting.</i> <i>DIN No: 00016273</i> <i>Nationality : Indian</i> <i>Age: 62 yrs</i>	29.05.2017	H-378, Vikas Puri 110027	PMC consultants Private Limited;  I. P. Pasricha & Co Consultants Private Limited;  Adigranth Housing Scheme private limited;  Ahi-View Constructions private Limited



## Cosboard Industries Limited

Name, Designation, Father's Name, Occupation, Term, Nationality, Age and DIN No.	Date of Appointment as Director	Residential Address	Other Directorships/Partnership firms
<b>Anil Kumar Girda</b> <i>Designation: Whole Time Director</i> <i>Occupation: Business</i> <i>Term: 5 years</i> <i>DIN No: 0883125</i> <i>Nationality : Indian</i> <i>Age : 48</i>	01.07.16	Bajrakabati Road, Cuttack: 753001	Atcom Metaliks Ltd.
<b>Chava Suresh Babu</b> <i>Designation: Non Independent and Executive Director</i> <i>Occupation: Business</i> <i>Term: Retire By Rotation</i> <i>DIN No: 02161692</i> <i>Nationality: Indian</i> <i>Age : 51</i>	13.11.2013	H.NO.40-27-94/4 PATAMATA, Nirmala Convent, Vijayawada, Andhra Pradesh Pin: 520001	Uma Real Consultants(India) Pvt. Ltd. , Pruthvi Avenues (P) Ltd., Uma Gardens (P) Ltd.
<b>Rekha Bhawsinka</b> <i>Designation: Independent Non Executive Director</i> <i>Occupation: Business</i> <i>Term: 5 years</i> <i>DIN No:06625873</i> <i>Nationality :Indian</i> <i>Age : 47 Years</i>	13.02.2015	W/O. OM P. Bhawsinka, Cantonment Road, Cuttack, Odisha	NIL
<b>Akram Abu</b> <i>Designation: Additional Independent Non Executive Director</i> <i>Occupation: Professional</i> <i>Term: Next Annual General meeting</i> <i>DIN No: 07823398</i> <i>Nationality : Indian</i> <i>Age : 63 Yrs</i>	29.05.2017	12-2-785/1-307, Sidhartha Aswani Apartment Midway Colony, Retibowli, Mehdipatnam Hyderabad 500028	NIL



Note: None of the above mentioned Directors are on the RBI list of willful defaulters as on date.

#### **BRIEF PROFILE OF OUR DIRECTORS:**

**Mr. Shiv Shankar Taparia**, aged 47 years is the Managing Director & Promoter of the Company. He has more than 25 years of experience in the field of paper and related activities. He holds bachelor degree. He looks after day-to-day routine operational activities of our Company. With his multifunctional experience, He guides company in its growth strategies. He has been on the board of Company since December, 2009.

**Mr. Anil Kumar Girda** aged 48 years is the Whole Time Director & Promoter of our Company. He is bachelor and Master in Commerce and he is also a law graduate from Utkal University Bhubaneswar. He is having more than 26 years in Production, marketing and finance in the Paper and Board Industry. He has been on the board of Company since July, 2006.

**Mr. Inder Pal Singh Pasricha**, aged 62 years is Non Executive and Independent Director of our Company. He is Chartered Accountant. He has rich experience in Audit and Assurance, Indirect taxes and corporate financing related matters. He has been on the board of Company since May, 2017..

**Mr. Chava Suresh Babu**, aged 51 years is the Non Executive Director of our Company, He is having experience of business operation and marketing in Finance field. He has been on the board of Company since November, 2013. .

**Mrs. Rekha Bhawsinka**, aged 47 years is the Non Executive Director. She is having 5 year experience in paper industry. She has been on the board of Company since February, 2015.

**Mr. Akram abu** aged 63 years is the Non executive Independent Director of our Company. He is Practicing Senior Advocate in financial sector .He is B.com, LL.B, MBA, MA. M.phil. He has been on the board of Company since May, 2017..

#### **BORROWING POWERS OF BOARD OF DIRECTORS**

Pursuant to a special resolution passed at the Annual General Meeting of our Company held on September 26, 2014, our Board is authorized to borrow money(s) on behalf of our Company in excess of the paid up share capital and the free reserves of our Company from time to time, pursuant to the provisions of Section 293 (1) (d) of the Companies Act, subject to a maximum amount not exceeding Rs. 7000 lacs. For further details of the provisions of our Articles of Association regarding borrowing powers, please refer to the section titled 'Articles of Association of our Company' beginning on page 216 of this Draft Letter of Offer.

#### **TERMS OF APPOINTMENT & COMPENSATION OF MANAGING DIRECTOR**

##### **Remuneration and Compensation of Executive Director**

<b>Name</b>	Mr. Anil Kumar Gilra
<b>Designation</b>	Whole Time Director
<b>Period</b>	With effect from July 01, 2016 to June 30, 2021 for the period of 5 years
<b>Date of Board Meeting for appointment.</b>	28.05.2016
<b>Remuneration paid in FY 2017</b>	Nil
<b>Exiting Remuneration</b>	Salary: Rs. 2.40 Lacs per annum and other benefits as per the rules of our Company.



## **Non - Executive Directors**

Non-Executive Directors are paid sitting fees of Rs. 250 per meeting of the Board and of Committees of the Board.

## **SHAREHOLDING OF OUR DIRECTORS**

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

<b>Sr. No</b>	<b>Name of the Directors</b>	<b>No. of Equity Shares</b>
1	Shiv Shankar Taparia	1,24,689
2	Mr. Anil kumar Gilra	9,46,187
3	Mr. Chava Suresh Babu	200

None of our Directors or key managerial personnel is related to each other.

## **INTERESTS OF DIRECTORS**

Except as stated in "Related Party Transactions" on page 118 of this Draft Letter of Offer, and to the extent of shareholding, remuneration / fees, if any, payable to them, for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration paid in their professional capacity and / or reimbursement of expenses, if any, payable to them and the shares held by them in our Company.

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

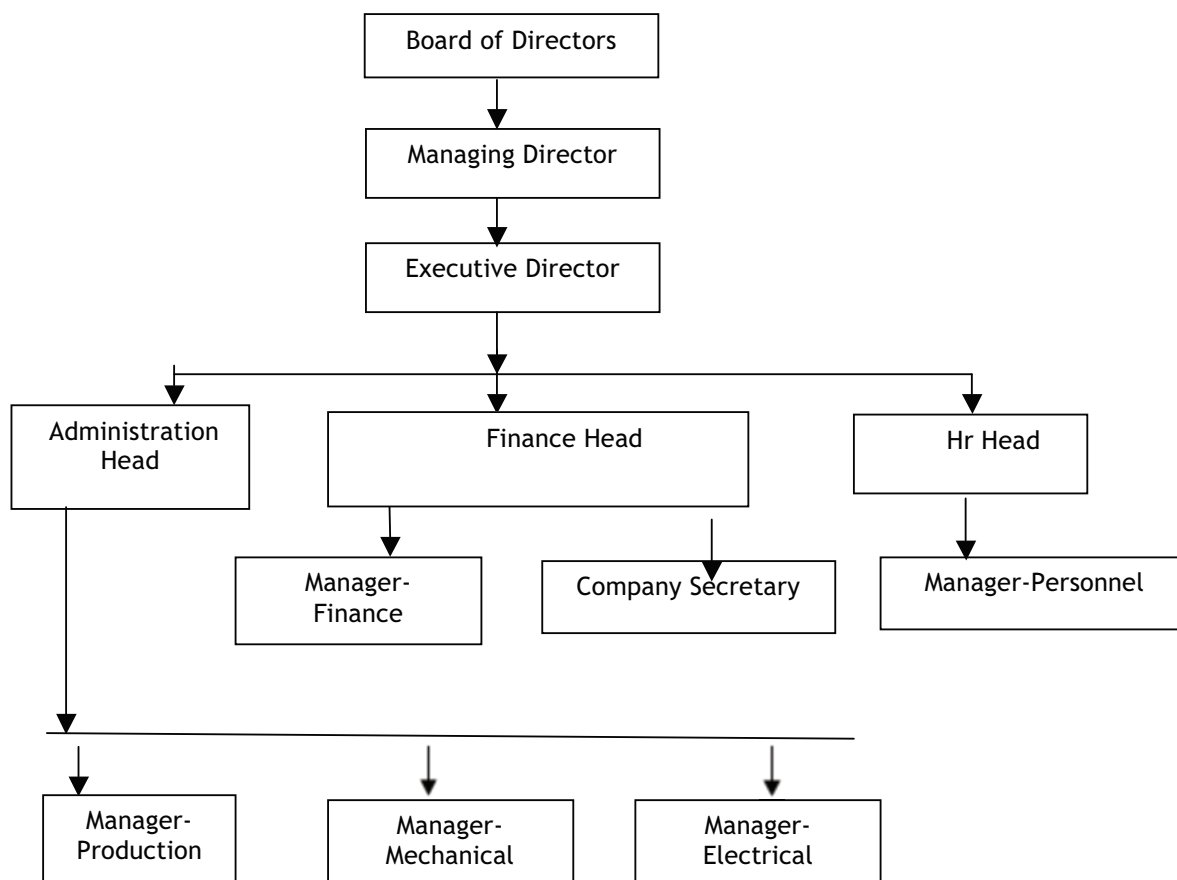
Except as stated otherwise, in this Draft Letter of Offer, our Company has not entered into any contract, agreement or arrangement during the preceding two years from the date of the Draft Letter of Offer in which the directors are interested directly or indirectly and no payments have been made to them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

## **CHANGES IN THE DIRECTORS IN THE LAST THREE YEARS**

<b>Name</b>	<b>Date Of Appointment</b>	<b>Date of Change/ Cessation</b>	<b>Reason</b>
Mr Akram abu	29-05-2017	-	Appointment
Mr. Inder Pal Singh Pasricha	29-05-2017	-	Appointment
Mr. Mahadev Rathi	-	29-05-2017	Resignation as Director
Mr. Lalit Narayan Sarda	-	29-05-2017	Resignation as Director



## MANAGEMENT ORGANIZATION CHART



## CORPORATE GOVERNANCE

Corporate Governance involves the building of a set of relationships between the Company, its Board, the management, the shareholders and other stakeholders by putting in place a structure and a system through which the established goals of the Company may be achieved. It denotes the process through which the Board of Directors oversees what the management does. Good governance is integral to the existence of a Company. It inspires and strengthens investor confidence by ensuring Company's commitment to higher growth and profits. Your Company's management and Board of Directors are committed to ensure good corporate governance in its operations. The Company has complied with the Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## SEBI (PROHIBITION OF INSIDER TRADING) CODE

Our Company has adopted the code of conduct for prevention of insider trading pursuant to the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015. Ms. Alka Jain our Company Secretary, is the Compliance Officer under this code.

## COMMITTEES

We have constituted the following committees of the Board, that is, Audit Committee, Nomination and Remuneration committee and Stakeholders Relationship Committee, in accordance with the said provisions.



## AUDIT COMMITTEE

Our Audit Committee comprises of three directors. The constitution of Audit Committee is as follows:

Name of the Directors	Designation	Nature of Directorship
Mr. Akram Abu	Chairman	Independent Non Executive Director
Mr. Inder Pal Singh Pasricha	Member	Independent Non Executive Director
Mr. Shiv Shankar Taparia	Member	Managing Director

The terms of reference of the Audit Committee are given below:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.
5. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
6. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
7. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
8. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub section (3) of section 134 of the Companies Act, 2013.
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft audit report.
9. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
10. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
11. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
12. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
13. Discussion with internal auditors any significant findings and follow up there on.
14. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
15. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
16. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.





17. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
18. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
19. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
20. Mandatorily reviews the following information:
  - a. Management discussion and analysis of financial condition and results of operations;
  - b. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
  - c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
  - d. Internal audit reports relating to internal control weaknesses; and
  - e. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee
21. Review the Financial Statements of its subsidiary company, if any.
22. Review the composition of the Board of Directors of its Subsidiary Company, if any.
23. Review the Vigil mechanism (whistle blowing) policy.
24. Review the use/application of funds raised through an issue (public issues, right issues, preferential issues etc.) on a quarterly basis as a part of the quarterly declaration of financial results. Further, review on annual basis statements prepared by the Company for funds utilized for purposes other than those stated in the offer document.

In addition, to carry out such other functions/powers as may be delegated by the Board to the Committee from time to time.

#### **STAKEHOLDERS RELATIONSHIP COMMITTEE**

The Stakeholders Relationship Committee comprises of three directors. The constitution of Investor Grievance Committee is as follows:

<b>Name of the Directors</b>	<b>Designation in the Committee</b>	<b>Nature of Directorship</b>
Mr. Akram Abu	Chairman	Independent Non Executive Director
Mr. Inder Pal Singh Pasricha	Member	Independent Non Executive Director
Mr. Anil kumar Gilra	Member	Whole Time Director

#### **Functions of the Stakeholders Relationship Committee:**

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

#### **NOMINATIN AND REMUNERATION COMMITTEE**

Our Company has constituted a Nomination and Remuneration Committee. The Committee currently comprises of three (3) Directors. Mr. Akram Abu is the Chairman of the Nomination and Remuneration Committee.

<b>Name of the Directors</b>	<b>Designation</b>	<b>Nature of Directorship</b>
Mr. Akram Abu	Chairman	Independent Non Executive Director
Mr. Inder Pal Singh Pasricha	Member	Independent Non Executive Director
Mr. Suresh Babu Chava	Member	Non Executive Director



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

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

#### **KEY MANAGERIAL PERSONNEL**

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

Sr. No	Name	Age (Years)	Date of joining	Designation	Qualification	Experience	Remuneration received in last fiscal (Rs)	Previous Employment	Functional responsibility
1	D.N Biswal	58	01.05.2017	General Manager	M.A, LLB	35	N.A.	NA	Administration Incharge
2	Mr. Ashok kumar Jena	50	28.05.2016	Chief Financial Officer	B.COM	25	360000 Rs.	NA	Finance Incharge
3.	Ms. Alka Jain	26	01.06.2017	Company Secretary	B.Com, C.S.	02	N.A.	NA	Company law and SEBI Matter Incharge
4.	Mr. Pradip Kumar Nath	54	01.12.1986	Manager Personal	M.A	30	121160 Rs.	NA	Human Resource Incharge
5	Mr. S.K Mahawar	53	01.09.1999	Manager	B.com,LLB, CA-Inter	28	181254 Rs.	Coastal Synthetics (P) Ltd, Balesore	Finance and Compliance matter
6	Mr.Meghanad biswal	54	20.09.1995	Manager	Matric,ITI (electrical)	29	165358 Rs.	Khurana Papers Ltd	In charge for Electrical works
7	Mr.Rakesh Bahukhandi	46	05.04.2017	Manager (mechanical)	Senior Secondary, ITI(mechanical)	20	N.A.	NA	Incharge for Mechanical works
8	Mr.D.K Singh	52	01.05.2017	Manager (production)	Bsc, Diploma (paper tech)	32	N.A.	Ram paper Mill Ltd, UP	Production Incharge

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

**Shareholding of Key Managerial Personnel in our Company**

Except as mentioned below, None of the key managerial personnel holds any shares of our company.

Sr. No	Name of the Directors	No. of Equity Shares
1	Mr. Shiv Shankar Taparia	1,24,689
2	Mr. Anil kumar Gilra	9,46,187
3	Mr. D.N Biswal	200

**Interest of key managerial personnel**

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

**Employees**

We believe that a motivated and empowered employee base is integral to our competitive advantage. Our Company has 177 employees as on date of this Draft Letter of Offer.

**Loans to key managerial personnel**

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

**Bonus or Profit sharing Plan for the Key Managerial Personnel**

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

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

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

**Changes in the Key managerial personnel during the last three years**

Name	Designation	Date of Appointment
Mr. Akram Abu	Independent Director	29.05.2017
Mr. Inder Pal Singh Pasricha	Independent Director	29.05.2017
Mr. Ashok Kumar Jena	Chief Financial Officer	28.05.2016
Ms. Alka Jain	Company Secretary	01.06.2017
Mr. D.N Biswal	General Manager	01.05.2017
Mr. D.K Singh	Manager (production)	01.05.2017
Mr. Rakesh Bahukhandi	Manager (Mechanical)	05.04.2017

**Payment or Benefits to Officers of our Company**

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


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


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



## OUR PROMOTERS

Our Company is promoted by Mr. Shiv Shankar Taparia and Mr. Anil kumar Gilra.

	<b>Mr. Shiv Shankar Taparia</b> , aged 47 years is the Managing Director & Promoter of the Company. He has more than 25 years of experience in the field of paper and related activities. He holds bachelor degree. He looks after day-to-day routine operational activities of our Company. With his multifunctional experience, He guides company in its growth strategies. He has been on the board of Company since December, 2009.
<b>Name</b>	Mr. Shiv Shankar Taparia
<b>Voter ID</b>	XQK0005108
<b>Driving License</b>	9117/RRD/1991
<b>IT PAN</b>	ABJPT1454F
<b>Bank Account Details</b>	03005010152 ,The Cosmos Co-op Bank Ltd, King Koti Branch, Hyderabad
<b>Passport Number</b>	P5893394

	<b>Mr. Anil Kumar Gilra</b> aged 48 years is the Whole Time Director & Promoter of our Company. He is bachelor and Master in Commerce and he is also a law graduate from Utkal University Bhubneshwar. He is having more than 26 years in Production, marketing and finance in the Paper and Board Industry. He has been on the board of Company since July, 2006.
<b>Name</b>	Mr. Anil Kumar Gilra
<b>Voter ID</b>	YNY0493189
<b>Driving License</b>	OR-05 19840297895
<b>IT PAN</b>	ADQPG1809A
<b>Bank Account Details</b>	State Bank of India, Bajrakabati Road, Cuttack: SB A/C NO.51037613325
<b>Passport Number</b>	K0997981

### Declaration:

The Permanent Account Number, Bank Account Number, Driving License and Passport Number of the individual Promoter have been submitted to the stock exchange on which securities are proposed to be listed at the time of filing of this Draft Letter of Offer with them.

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

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



### **Common Pursuits**

Except our Promoter Group Companies/Entities namely Harishankar Paper Products (P) Ltd., Tirupati Kagadas Pvt Ltd, Abhishek Enterprises and Yash Commercial Corporation which are in the same/similar line of business, none of Our Promoters and our Promoter Group have equity interests /investments in the said entities. For further details on these companies, please refer to the chapter titled “Our Promoter Group Entities” beginning on page 113 of this Draft Letter of Offer.

There may be conflicts of interest in addressing business opportunities and strategies where other companies in which our Promoter or our Promoter Group have equity interests are also involved. We shall adopt the necessary procedures and practices as permitted by law to address any conflict situations, as and when they may arise. For further details on the related party transactions, to the extent of which our Company is involved, please refer to the chapter titled “Financial Statements” beginning on page 120.

### **Interest of our Promoter**

Our Promoters shall be deemed as interested to the extent of Equity Shares held by them or by the companies / firms / ventures promoted by him/them, if any and dividend or other distributions payable to him in respect of the said Equity Shares. Except as stated above and in the section titled “Financial Statements” on page 120 of the Draft Letter of Offer, and to the extent of shareholding in our Company, our Promoters does not have any other interest in our business.

### **Interest in the property of Our Company**

Our Promoter do not have any interest in any property acquired by our Company within the two years preceding the date of this Draft Letter of Offer or proposed to be acquired by our Company. For further details please refer to chapter title “Our Business” on page no 83 of this Draft Letter of Offer.

### **Payment of benefits to our Promoter during the last two years**

Except as stated in the chapter titled “Financial Statements” beginning on page 120, there has been no payment of benefits to our Promoters during the last two years from the date of filing of this Draft Letter of Offer.

### **Related Party Transactions**

For details on the related party transactions, please refer to the chapter titled “Related Party Transactions” beginning on page 118.

### **Litigation details pertaining to our Promoter**

For details on litigations and disputes pending against the Promoter and defaults made by the Promoter, please refer to the chapter titled “Outstanding Litigations and Material Developments” on page 146 of this Draft Letter of Offer.



## OUR PROMOTER GROUP/ GROUP COMPANIES/ ENTITIES

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

### PROMOTER GROUP INDIVIDUALS

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

#### Relatives of Promoters:

Relationship	Shiv Shankar Taparia	Anil Kumar Gilra
Spouse	Manju Taparia	Manisha Gilra
Father	Hariprasad Taparia	Ratan Kumar Gilra
Mother	Rameshwari Devi Taparia	Sumitra Devi Gilra
Brother	Ramkishore Taparia	Ajay Kumar Gilra
Sister	Vijay Laxmi Sarda, Vinita Malani	Anita Sarda
Sister	Raju Devi Rathi, Sangeeta Biyani	-
Son	Vipul Taparia	Yash Vardhan Gilra & Harsh Vardhan Gilra
Daughter	Malaika, Bhavna	-
Spouse' Father	Kanhaiyalal Karwa	Om Prakash Bajaj
Spouse' Mother	Shanti Devi Karwa	Late Satya Bhama Bajaj
Spouse' Brother	Dilip Karwa, Lalit Karwa	Ritesh Bajaj & Krishna Bajaj
Spouse' Sister	Chandrakala Rathi, Suman Lakhani	-
Spouse' Sister	Santosh Lakhotia	-

### PROMOTER GROUP COMPANIES AND ENTITIES

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

Nature of Relationship	Entity
Any Body corporate in which ten percent or more of the equity share capital is held by the promoters or an immediate relative of the promoters or a firm or HUF in which the promoter or any one or more of his immediate relative is a member	Harishankar paper products (p) ltd. Tirupati kagads pvt ltd
Any Body Corporate in which a body corporate as provided above holds ten percent or more of the equity share capital	Nil
Any Subsidiary or Holding Company of our Promoter Company	Nil
Anybody corporate in which a group of individuals or companies or combinations thereof which hold twenty percent. or more of the equity share capital in that body corporate also holds twenty percent. or more of the equity share capital of the issuer .	Nil
Any HUF or firm in which the aggregate shareholding of the promoter and his immediate relatives is equal to or more than ten percent of the total	Abhishek enterprises Yash commercial corporation



**A. DETAILS OF LISTED ENTITIES WITHIN THE PROMOTER GROUP.**

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

**B. DETAILS OF UNLISTED ENTITIES WITHIN THE PROMOTER GROUP.**

**1. HARISHANKAR PAPER PRODUCTS (P) LTD.**

**Brief History:**

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

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

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

**PAN: AAACH4932K**

**CIN: U21012TG1996PTC024764**

**Nature of Business**

The Company is engaged in Trading and Distribution of paper and paper products.

**Board of Directors**

Name	Designation
Mr. Ram Kishore Taparia	Managing Director
Mr. Shiv Shankar Taparia	Director
Ms. Manju Taparia	Director

**Shareholding Pattern**

The shareholding pattern of this company as on March 31, 2017 is as under:

Sr. No	Name of Shareholder	No. of Equity Shares Held	In %
1.	Promoter	154589	22.74%
2.	Public	525411	77.26%
	<b>Total</b>	<b>680000</b>	<b>100.00%</b>

**Financial Performance**

Particulars	For the Financial Year ended (Rs. In Lacs)		
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015	31 <sup>st</sup> March, 2014
	(Audited )	(Audited)	(Audited)
Total Income	16768.97	15312.00	12484.32
Profit/(loss) after Tax	37.28	37.72	29.67
Share Capital (Equity)	680.00	680.00	600.00
Reserves and Surplus (excluding revaluation reserve)	233.27	195.03	137.46
Earnings Per share(in Rs.)	0.54	0.55	0.49
Book Value per equity share (inRs.)	134.16	128.68	122.91
Face Value per Share (in Rs.)	100	100	100

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

**2. TIRUPATI KAGADS PVT LTD****Brief History:**

Tirupati Kagads Pvt Ltd (TKPL) was established in the year 2000 involved in trading of paper and Jute goods, they are having well managed customer network and extremely harmonious relations held with both the suppliers and the buyers. Mr. Shiv Shankar Taparia & Mrs. Sarla Devi Taparia are the director of the Company.

**PAN: AABCT3521B**

**CIN: U21012TG2000PTC034983**

**Nature of Business**

The Company is engaged in Trading and Distribution of paper and paper products.

**Board of Directors**

Name	Designation
Mr. Shiv Shankar Taparia	Director
Mrs. Sarla Devi Taparia	Director

**Shareholding Pattern**

The shareholding Pattern of Tirupati Kagads Pvt Ltd (TKPL) as on date of this Draft letter of offer:

Sr. No	Name of Shareholder	No. of Equity Shares Held	In %
1.	Promoter	2366300	56.90
2.	Public	1792200	43.10
	<b>Total</b>	<b>4158500</b>	<b>100.00</b>

**Financial Performance**

Particulars	For the Financial Year ended (in lacs)
-------------	--





	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015	31 <sup>st</sup> March, 2014
	(Audited )	(Audited)	(Audited)
Total Income	808	428	321
Profit/(loss) after Tax	7.00	11.00	15.00
Share Capital (Equity)	415.85	105.00	105.00
Reserves and Surplus (excluding revaluation reserve)	61.32	45.40	33.90
Earnings Per Share (in Rs.)	0.38	1.10	0.69
Book Value per equity share (in Rs.)	11.47	14.32	13.23
Face Value per Share (in Rs.)	10	10	10

### 3. Partnership Firms:

#### A. ABHISHEK ENTERPRISES

##### Brief History:

The Partnership firm in the name of Abhishek Enterprises was established by Mr. Mahadev rathi and Mrs. Manju Taparia by executing a Partnership Deed on 6<sup>th</sup> April, 2009. The firm is engaged in the business of trading and manufacturing of note books, long books and trading paper and paper related products and binding works.

**PAN: AAQFA7582F**

##### Interest of the Promoter

Sr.No.	Name of the Partner	Profit or loss sharing ratio
1.	Mr. Mahadev Rathi	50%
2.	Smt. Manju Taparia	50%
	<b>Total</b>	<b>100%</b>

##### Financial Performance

Particulars	For the Financial Year ended (in Lacs)		
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015	31 <sup>st</sup> March, 2014
	(Audited )	(Audited)	(Audited)
Capital Account	397.53	175.73	101.17
Gross Income	232.64	179.63	181.21
Net Surplus	15.94	10.62	10.19

#### B. YASH COMMERCIAL CORPORATION

##### Brief History:

The Partnership in the name of Yash Commercial Corporation was established by Mr. Manisha Gilra Vandana Gilra by executing a Partnership Deed on 01.04.2003. The firm is engaged in the business of trading of paper and paper products.

**PAN: AAIFY4271H**



**Interest of the Promoter**

Sr.No.	Name of the Partner	Profit or loss sharing ratio
1	Mrs Manisha Gilra	50%
2	Vandana Gilra	50%
	<b>Total</b>	<b>100%</b>

**Financial Performance**

Particulars	For the Financial Year ended (in lacs)		
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015	31 <sup>st</sup> March, 2014
	(Audited )	(Audited)	(Audited)
Capital Account	59.43	59.15	54.39
Gross Income	138.38	217.99	101.12
Net Surplus	1.18	1.97	0.09



**RELATED PARTY TRANSACTIONS**

We have related party transactions with our associates, Group Companies, Promoter, Key Management Personnel and entities under significant influence. For details, see “Financial Statements” on page 120.



## **DIVIDEND POLICY**

The declaration and payment of dividends on our Equity Shares are recommended by our board of directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, cash flows, capital expenditure, capital requirements and overall financial condition. We have no stated dividend policy.

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



**SECTION V: FINANCIAL STATEMENTS**

**Report of the Independent Auditor on the Summary of Restated Standalone Financial Statements**

**Independent Auditors' Report**

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

Dear Sirs,

We have examined the Financial Information of Cosboard industries Limited (the Company') described below and annexed to this report for the purpose of inclusion in the offer document. The Financial Information has been prepared in accordance with the requirements of paragraph B (1) of Part II of Schedule II to the Companies Act, ('the Act'), The Securities and Exchange Board of India (SEBI) - Issue of Capital and Disclosure Requirements Regulations, 2009 ('ICDR Regulations') notified on 26th August, 2009, the Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India (ICAI) and in terms of the engagement agreed upon by us with the Company.

The Financial Information has been approved by its Board of Directors.

Audit for the financial year ended 31st March, 2013 was conducted by M/s. L.N. More & Co., Chartered Accountants, Audit for the year ended 31st March, 2014 , 2015 , 2016 & 2017 was conducted by M/s. B.R.R & Associates, Chartered Accountants, and accordingly reliance has been placed on the financial information examined by them for the said years. The financial report included for these years are based solely on the report submitted by them.

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

**A. Financial Information as per Audited Financial Statements:**

We have examined:

- a. the attached Statement of Assets and Liabilities, as Restated as at year ended March 31,2013, 2014, 2015,2016 and 2017 (Annexure 1);
- b. the attached Statement of Profits and Losses, as Restated for the year ended March 31,2013, 2014, 2015,2016 and 2017(Annexure 2);
- c. the attached Statement of Cash Flows, as Restated for the year ended March 31,2013, 2014, 2015,2016 and 2017(Annexure 3);
- d. the significant accounting policies adopted by the Company and notes to the Restated Financial Statements along with adjustments on account of audit qualifications / adjustments / regroupings. (Annexure 4);

(Collectively hereinafter referred as "Restated Financial Statements")



- The Restated Financial Statements have been extracted from audited Financial Statements of the Company for the year ended March 31 2013, 2014, 2015, 2016 and 2017 which have been approved by the Board of Directors.
- Based on our examination and in accordance with the requirements of the Act, ICDR Regulations, we state that:
- Restated Statement of Assets and Liabilities of the Company as at March 31, 2013, 2014, 2015, 2016 and 2017 are as set out in Annexure 1, which are after making such material adjustments and regroupings as, in our opinion are appropriate, and are to be read with the significant accounting policies and notes thereon in Annexure 4;
- Restated Statement of Profits and Losses of the Company for the year ended March 31, 2013, 2014, 2015, 2016 and 2017 are as set out in Annexure 2, which have been arrived at after making such material adjustments and regroupings to the audited financial statements as, in our opinion are appropriate, and are to be read with the significant accounting policies and notes thereon in Annexure 4;
- Restated Statement of Cash Flows of the Company for the year ended March 31, 2013, 2014, 2015, 2016 and 2017 are as set out in Annexure 3 after making such material adjustments and regroupings;
- Adjustments for any material amounts in the respective financial years have been made to which they relate; and
- There are no Extra-ordinary items that need to be disclosed separately in the Restated Summary Statements or Auditor's qualification requiring adjustments.
- Adjustments in Financial Statements have been made in accordance with the correct accounting policies.
- There was no change in accounting policies, which needs to be adjusted in the "Restated Financial Statements".
- There are no revaluation reserves, which need to be disclosed separately in the "Restated Financial Statements".
- There are no audit qualifications in the "Restated Financial Statements" except the fact that Statutory Auditor of the Company has reported non compliance of Accounting Standard-15 issued by the Institute of Chartered Accountants of India.

**B. Other Financial Information:**

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

1. Statement of Details of Reserves & Surplus as at March 31, 2013, 2014, 2015, 2016 and 2017 as set out in Annexure 5 to this report.
2. Statement of Accounting Ratios for the year ended on March 31, 2013, 2014, 2015, 2016 and 2017 as set out in Annexure 6 to this report.
3. Capitalization Statement as at 31st March, 2017 as set out in Annexure 7 to this report.
4. Statement of Tax Shelters for the year ended on March 31, 2013, 2014, 2015, 2016 and 2017 as set out in Annexure 8 to this report.
5. Statement of Long Term Borrowings for the year ended on March 31, 2013, 2014, 2015, 2016 and 2017 as set out in Annexure 9 to this report.
6. Statement of Short Term Borrowings for the year ended on March 31, 2013, 2014, 2015, 2016 and 2017 as set out in Annexure 10 to this report.



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

In our opinion, the "Restated Financial Statements" and "Other Financial Information" mentioned above contained in Annexure 1 to 20 of this report have been prepared in accordance with Part II of Schedule II to the Act, the SEBI Guidelines and the Guidance Note on the reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India (ICAI).

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

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

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

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

**For Ramanand & Associates.**

**Chartered Accountants**

**Firm Registration No.-117776W**

**Sd/-**

**Ramanand Gupta**

**Partner**

**Membership No. 103975**

**Place: Mumbai**

**Date: 5<sup>th</sup> September, 2017**



**ANNEXURE-01**

**STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED**

(Rs. In Lacs)

Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
Equity & Liabilities					
Shareholders' Funds					
Share Capital	429.38	429.38	429.38	429.38	429.38
Reserve & Surplus	(251.13)	(225.91)	(0.86)	164.13	191.53
Total (A)	178.25	203.47	428.52	593.51	620.91
Non Current Liabilities					
Share Application Money	-	-	-	-	-
Long Term Borrowings	452.16	2179.57	3135.62	3915.34	4404.40
Deferred Tax Liabilities (Net)	-	-	-	-	-
Long Term Provision	68.19	74.61	85.15	104.60	111.46
Total (B)	520.35	2254.18	3220.77	4019.95	4515.87
Current Liabilities					
Short Term Borrowings	414.45	566.78	1342.64	2432.79	3035.25
Trade Payables	772.16	621.62	231.17	350.58	860.74
Other Current Liabilities	527.02	289.10	202.80	223.51	564.83
Short Term Provisions	5.95	4.33	4.87	4.47	23.83
Total (C)	1719.60	1481.83	1781.49	3011.35	4484.6501
Total (D=A+B+C)	2418.19	3939.47	5430.78	7624.81	9621.43
Assets					
Fixed Assets:					
Tangible Assets	372.36	341.61	306.48	279.21	2968.82
Intangible Assets	-	-	-	-	-
Long Term Loans & Advances	41.58	43.10	42.27	37.27	37.35
Non Current Investments	0.75	0.75	0.88	1.88	14.38
Deferred Tax Assets (Net)	211.19	212.83	210.34	206.81	155.15
Capital Work in progress	105.84	1531.31	2658.23	2960.18	110.13
Total (E)	731.71	2129.60	3218.20	3485.35	3285.83
Current Assets:					
Current Investments					
Inventories	353.30	290.57	789.16	961.02	980.88
Trade Receivables	1192.17	1227.50	1273.50	2938.86	4989.67
Cash & Bank Balances	7.58	95.42	86.81	91.13	192.22
Short Term Loans & Advances	58.64	121.55	61.87	143.93	165.71
Other Current Assets	74.79	74.83	1.23	4.52	7.12
Total (F)	1686.48	1809.87	2212.57	4139.46	6335.60
Total (G=E+F)	2418.19	3939.47	5430.78	7624.81	9621.43





**ANNEXURE-02**

**STATEMENT OF PROFIT AND LOSS, AS RESTATED**

(Rs. In Lacs)

Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
Income					
Revenue from Operations	2232.48	3422.54	4151.08	6278.04	7726.22
Increase in Stock of Finished Goods and Stock in Progress	-	-	-	-	
Other Income	6.92	6.00	9.55	9.62	9.19
Total	2239.40	3428.54	4160.63	6287.66	7735.41
Expenditure					
Cost of Goods Sold	1453.62	2037.39	2603.38	4340.26	5127.77
Purchase of stock-in-trade					
Changes in inventories of finished goods, traded goods and work-in-progress	(100.74)	104.62	(103.32)	(101.30)	(8.33)
Purchase of trade Goods					
Employee benefit expenses	155.70	162.18	163.76	180.19	181.37
Finance costs	0.66	27.22	128.79	475.65	725.33
Depreciation and amortization expense	34.10	31.22	33.04	34.07	275.30
Other Expenses	687.25	1040.61	1102.93	1171.62	1336.67
Total Expenses (B)	2230.59	3403.23	3928.57	6100.50	7638.11
Profit before tax	8.81	25.31	232.06	187.16	97.30
Prior period items (Net)					
Profit before exceptional, extraordinary items and tax (A-B)	8.81	25.31	232.06	187.16	97.30
Exceptional items					
Profit before extraordinary items and tax	8.81	25.31	232.06	187.16	97.30
Extraordinary items					
Profit before tax	8.81	25.31	232.06	187.16	97.30
Tax expense :					
(i) Current tax	(1.68)	0.00	0.00	(8.00)	(18.55)
(ii) Deferred tax (Asset)/Liability	(10.95)	1.64	(2.49)	(3.53)	(51.65)
Total Tax Expense	(12.63)	1.64	(2.49)	(11.53)	(70.20)
Profit for the year	(3.82)	26.95	229.57	175.63	27.10



**ANNEXURE-03**

**STATEMENT OF CASH FLOW, AS RESTATED**

(Rs. In Lacs)

Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Net profit before taxes	8.81	25.31	232.06	187.16	97.30
Adjustment for:					
Add: Depreciation	34.10	31.22	33.04	34.07	275.30
Add: Interest & Finance Charges	0.66	27.22	128.79	475.65	725.33
Interest Income	(1.00)	(1.54)	(6.49)	(6.31)	(6.02)
Sundry balance written back	(2.88)	-	-	-	-
DRI Time share W/off	0.27	-	-	-	-
Bad Debts	-	-	-	-	-
Sundry balance written off	-	1.57	-	-	-
Operating Profit before Working capital changes	39.97	83.77	387.40	690.58	1,091.91
Adjustments for:					
Decrease (Increase) in Trade & Other Receivables	(329.52)	(99.81)	87.28	(1,745.71)	(2,075.26)
Decrease (Increase) in Short Term Loans & Advances	-	-	-	-	-
Decrease (Increase) in Inventories	(23.26)	62.73	(498.59)	(171.86)	(19.86)
Decrease (Increase) in Other Current Assets	-	-	-	-	-
Increase (Decrease) in Trade Payables & Other	250.17	(541.14)	299.66	54.68	841.73
Increase (Decrease) in Other Current Liabilities	-	-	-	-	-
Net Changes in Working Capital	(102.61)	(578.21)	(111.66)	(1,862.89)	(1,253.39)
Cash Generated from Operations	(62.64)	(494.44)	275.74	(1,172.31)	(161.49)
Taxes	(1.59)	(20.95)	(128.79)	(475.65)	(732.35)
Net Cash Flow from Operating Activities (A)	(64.24)	(515.39)	146.95	(1,647.96)	(893.83)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Sale / (Purchase) of Fixed Assets	(94.14)	(1,427.68)	(1,129.35)	(309.83)	(115.93)
Sale of Fixed assets	-	-	-	-	-
Decrease (Increase) in Investments	-	-	0.70	(1.00)	(12.50)
Interest Received	0.95	1.50	6.49	6.31	6.02
Decrease (Increase) in Other Non Current Assets	-	-	-	-	-
Net Cash Flow from Investing Activities (B)	(93.19)	(1,426.18)	(1,122.16)	(304.53)	(122.41)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Issue of share capital and Proceeds / (Refund) from Share Application Money	-	-	-	-	-
Proceed from other Borrowing	173.99	2,288.62	1,438.39	2,236.30	1,426.55
Repayment of long term Borrowing	(17.91)	(259.21)	(471.79)	(279.50)	(309.22)
Repayment of long term Borrowing	-	-	-	-	-
Increase / (Repayment) of Short Term Borrowings	-	-	-	-	-
Net Cash Flow from Financing Activities (C)	156.09	2,029.41	966.59	1,956.80	1,117.33
Net Increase / (Decrease) in Cash & Cash Equivalents	(1.34)	87.84	(8.61)	4.32	101.09
Cash and cash equivalents at the beginning of the year / Period	8.92	7.58	95.42	86.81	91.13
Cash and cash equivalents at the end of the year / Period	7.58	95.42	86.81	91.13	192.22



**Annexure-04**

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

**A. SIGNIFICANT ACCOUNTING POLICIES:**

**1. Basis of Preparation of Financial Statements**

- a. The Restated Financial Information for the year ended March 31, 2013, 2014, 2015, 2016 and 2017 has been extracted by the management of the Company from the audited financial statements of the company for the year ended March 31 2013, 2014, 2015, 2016 and 2017.
- b. The Restated Financial Information are after making adjustments/ restatements and regrouping as necessary in accordance with paragraph B(1) of Part II of Schedule II of The Companies Act and SEBI Regulations.
- c. The Financial Statements have been prepared under Historical Cost conventions and in accordance with the Generally Accepted Accounting Principles ('GAAP') applicable in India, Companies (Accounting Standard) Rules, 2006 notified by Ministry of Company Affairs and Accounting Standards issued by the Institute of Chartered Accountants of India as applicable and relevant provisions of the Companies Act, 1956 & 2013.
- d. The company generally follows the mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

**2. Use of Estimates**

The preparation of Financial Statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful lives of fixed assets and intangible assets, provision for doubtful debts / advances, future obligations in respect of retirement benefit plans, etc. Actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized. Management believes that the estimates used in preparation of financial statements are prudent and reasonable.

**3. Fixed Assets and Depreciation**

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

**4. Revenue Recognition**

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

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

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



## **5. Investments**

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

## **6. Impairment of Assets**

As on Balance Sheet date, the Company reviews the carrying amount of Fixed Assets to determine whether there are any indications that those assets have suffered "Impairment Loss". Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life.

## **7. Borrowing Costs**

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

## **8. Taxation**

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

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

## **9. Leases**

### **Finance Lease**

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

### **Operating Lease**

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

## **10. Preliminary Expenses**

Preliminary expenses are amortized as per AS-26 issued by ICAI.



## **11. Earnings per Share**

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

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

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

## **12. Contingent Liabilities & Provisions**

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

Contingent Liability is disclosed for:

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

## **13. Foreign Exchange Transactions**

- i. Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.
- ii. Monetary items denominated in foreign currencies at the yearend are restated at year-end rates. In case of items, which are covered by forward exchange contracts, the difference between the yearend rate and rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract.
- iii. Non Monetary foreign currency it ensures carried at cost.
- iv. In respect of branches, which are integral foreign operations, all transactions are translated at rates prevailing on the date of transaction or that approximates the actual rate at the date of transaction. Branch monetary assets and liabilities are restated at the year-end rates.
- v. Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Profit and loss account except in case of long-term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

## **B. CHANGES IN ACCOUNTING POLICIES IN THE YEARS COVERED IN THE RESTATED FINANCIALS.**

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



**C. NOTES ON RESTATED FINANCIAL STATEMENTS**

**NOTES ON RESTATEMENTS MADE IN THE RESTATED FINANCIALS**

(Rs. in Lacs)

Financial Year ended	March, 31st 2013	March, 31st 2014	March, 31st 2015	March, 31st 2016	March, 31st 2017
Profit after tax as per Audited Statement of Account(A)	(3.82)	26.95	229.57	175.63	27.10
Adjustments :	-	-	-	-	-
Profit after tax as per Restated Profit & Loss(A)	(3.82)	26.95	229.57	175.63	27.10

**(III) OTHER NOTES**

**General**

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

**2. Contingent liabilities**

There are no contingent liabilities

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

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

**4. Segment Reporting**

The company operates only in one reportable business segment mainly manufacturing in wood and Wood products, Furniture, Paper & Paper products. Hence, there are no reportable segments under Accounting Standard -17. The conditions prevailing in India being uniform no separate geographical disclosures are considered necessary.

5. In the opinion of the Board, subject to the debts considered doubtful, Current Assets and Loans and Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.

**6. Earnings per Share**

The details of Earnings Per Share as per AS-20 are provided in Annexure 06.

**7. Related Party Transactions:**

The details of Related Party Transactions as per AS-18 are provided in Annexure 21.

8. The figures in the Restated Financials are stated in Lacs and rounded off to two decimals and minor rounding off difference is ignored.



**Annexure- 05**  
**STATEMENT OF DETAILS OF RESERVES & SURPLUS, AS RESTATED**

(Rs. In Lacs)

Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
Profit / (Loss) Brought Forward	(414.44)	(417.41)	(390.46)	(164.32)	1.75
Add: Profit / (Loss) for the Year	(3.82)	26.95	229.57	175.63	27.10
(Less)/Add:Tax Adjustments	0.84	0.00274	(3.43)	(9.55)	1.38
Profit / (Loss) Carried Forward (A)	(417.41)	(390.46)	(164.32)	1.75	30.24
Revaluation Reserve					
Opening balance	13.19	11.45	9.72	8.63	7.55
Less: Withdrawn	1.74	1.74	1.08	1.08	1.08
Closing Balance (B)	11.45	9.72	8.63	7.55	6.47
State Investment Subsidy	35.40	35.40	35.40	35.40	35.40
Share Premium	119.43	119.43	119.43	119.43	119.43
Total (C)	154.82	154.82	154.82	154.82	154.82
Reserves & Surplus (A+B+C)	(251.13)	(225.92)	(0.87)	164.13	191.54

**Annexure- 06**

**STATEMENT OF ACCOUNTING RATIOS**

(Rs. In Lacs, except per share data)

Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
Net Worth ( A )	178.25	203.46	428.51	593.51	620.92
Net Profit after Tax ( B )	(3.82)	26.95	229.57	175.63	27.10
No. of Shares outstanding at the end [F.V Rs.10] ( C )	4293800	4293800	4293800	4293800	4293800
Weighted average number of shares [F.V Rs.10] ( D )	4293800	4293800	4293800	4293800	4293800
Earnings per Share (EPS) (B / D) (Rs.)	(0.09)	0.63	5.35	4.09	0.63
Return on Net Worth (B / A)	(0.02)	0.13	0.54	0.30	0.04
Net Assets Value per Share (A / D)	4.15	4.74	9.98	13.82	14.46

**Definitions of key ratios:**

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

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

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

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



**Annexure -07  
CAPITALIZATION STATEMENT**

(Rs. In Lacs)

Particulars	Pre-issue as at 31.03.2017	Post Issue *
Borrowing		
Short - Term Debt	3035.25	
Long - Term Debt	4404.41	
Total Debt	7439.66	
Shareholders' Funds		
Share Capital		
- Equity	429.38	
Less: Calls - in - arrears	0	
- Preference	0	
Reserves & Surplus	191.54	
Less: Preliminary Expenses / Pre Operative Expenses	0	
Total Shareholders' Funds	620.92	
Long - Term Debt / Shareholders Fund	7.09	
Short - Term Debt / Shareholders Fund	4.89	

\* The Post Issue Capitalization will be determined only after the completion of the allotment of equity shares.

**Annexure- 08**

**STATEMENT OF TAX SHELTERS**

(Rs. In Lacs)

Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
Profit before tax as per Restated P/L	8.81	25.31	232.06	187.16	97.30
Applicable Corporate Tax Rate	30.90%	30.90%	30.90%	30.90%	30.90%
Tax at Notional Rate	2.72	7.82	71.71	57.83	30.07
Adjustments	-	-	-	-	-
Difference between Tax Depreciation and Book Depreciation	(1.82)	(3.32)	(8.07)	(11.43)	167.16
Brought forward Loss/ Depreciation adjusted	38.44	17.69	239.56	217.22	757.73
Exempted Income	-	-	-	-	-
Disallowance	(27.81)	10.94	0.57	(18.63)	-8.92
Items Chargeable at special rates	-	-	-	-	-
Other Items	-	-	-	-	-
Net Adjustments	8.81	25.31	232.06	187.16	915.97
Tax Saving thereon	2.72	7.82	71.71	57.83	283.03
Tax Saving to the extent of Tax at Notional Rate	2.72	7.82	71.71	57.83	283.03
Tax Payable [A]	-	-	-	-	(252.97)
Tax Payable on items chargeable at	-	-	-	-	-





Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
special rates [B]					
Total Tax Payable [C=A+B]	-	-	-	-	(252.97)
Tax Rebates / Credits [D]	-	-	-	-	-
Tax Payable [E=C-D]	-	-	-	-	(252.97)
Tax Payable u/s 115 JB of Income Tax Act [F]	-	-	-	8.49	17.99
Final Tax Payable (Higher of [E] & [F])	-	-	-	8.49	17.99

**Annexure - 09**

**STATEMENT OF DETAILS OF LONG TERM BORROWINGS**

(Rs. In Lacs)

Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
Secured:-					
Secured From the cosmos co op bank Ltd.	-	665.46	1843.31	2310.46	2804.79
Unsecured:-					
Loan from Shareholders / Directors	317.82	803.02	1,053.02	1,455.88	1,455.88
Other Loans	122.17	711.10	239.30	149.01	143.73
Deffered Sales Tax	12.17				
Total	452.16	2179.57	3135.63	3915.35	4404.41

\* Secured by Term loan Land Industrial structures at Jagatpur, Khaira Village, of IDCO, Phase II, Cuttack, Dist., Orissa.

**Annexure - 10**

**STATEMENT OF DETAILS OF SHORT TERM BORROWINGS**

(Rs. In Lacs)

Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
Secured:-					
Advance from parties	414.45	5.00			
Secured from cosmos co op bank ltd*	-	561.78	1342.64	2432.79	3035.25
Unsecured:-					
Loan from Shareholders / Directors	-	-	-	-	-
Other Loans : Inter Corporate Loans	-	-	-	-	-
Total	414.45	566.78	1342.64	2432.79	3035.25

\* Secured by hypothecation of of Raw material, Finished Goods, Stores & Spares and consumables



**Annexure - 11**

**STATEMENT OF DETAILS OF CURRENT LIABILITIES AND PROVISIONS**

(Rs. In Lacs)

Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
Current Liabilities					
Trade Payables and Other Current Liabilities					
Trade Payable	772.16	621.62	231.17	350.58	860.74
Liabilities for Expense	197.68	204.39	202.80	211.13	223.44
Current Maturities of long term Debts	253.50	12.16	-	-	-
Sundry Debtors	6.84	47.56	-	12.38	341.38
Security Deposits from Dealers	69.00	25.00	-	-	-
Sub Total (A)	1299.19	910.73	433.97	574.09	1425.57
Provisions					
Gratuity	68.19	74.61	85.15	104.60	111.46
Provision for Income Tax	1.68	-	-	-	18.55
Proposed Dividend	4.27	4.33	4.87	4.47	5.29
Sub Total (B)	74.14	78.94	90.02	109.07	135.29
Total (A+B)	1373.33	989.67	523.99	683.16	1560.86

**Annexure - 12**

**STATEMENT OF DETAILS OF TANGIBLE ASSETS**

(Rs. In Lacs)

Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
land & Site Dev.	68.43	68.43	68.43	68.43	68.43
Building	204.93	191.74	180.00	168.25	575.00
Plant & Machinery	91.22	72.61	50.71	35.39	2,318.68
Vehicle	1.17	0.84	0.73	0.62	0.51
Furniture & Fixture	-	-	0.04	0.03	0.46
Office Equipment	6.40	7.80	6.54	6.45	5.69
Fixed Assets	0.22	0.19	0.04	0.04	0.04
DRI Time share	-	-	-	-	
Total	372.36	341.61	306.48	279.21	2,968.82



**Annexure - 13**

**STATEMENT OF DETAILS OF TRADE RECEIVABLES**

(Rs. In Lacs)

Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
(A)Unsecured, Considered good outstanding for a period Less than six months					
Others	666.43	1087.62	1223.55	2315.38	3398.43
Amount due from Promoter/Group Companies and Directors	-	-	-		
(B)Unsecured, Considered good outstanding for a period more than six months					
Others	525.73	139.88	49.96	623.48	1591.24
Amount due from Promoter/Group Companies and Directors	-	-	-	-	
Total	1192.17	1227.50	1273.50	2938.86	4989.67

**Annexure - 14**

**STATEMENT OF DETAILS OF SHORT TERM LOANS AND ADVANCES**

(Rs. In Lacs)

Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
Unsecured & Secured Goods					
Capital Advances	34.03	96.14	13.50	39.67	47.57
Balance with income tax	0.08	1.00	1.00	1.00	-
Sundry creditors Debit balance	5.65	11.03	25.46	29.39	9.87
Others					
Advance Against Expense	14.42	3.77	3.53	61.13	83.42
Balance with Excise & Service tax	1.65	5.54	12.72	10.87	23.92
Prepaid expenses	2.38	3.64	5.23	1.44	0.50
Advance to employee	0.43	0.43	0.43	0.43	0.43
Total	58.64	121.55	61.87	143.93	165.71

**Annexure - 15**

**STATEMENT OF DETAILS OF CURRENT INVESTMENTS**

(Rs. In Lacs)

Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
National Saving Certificate	0.75	0.75	0.88	1.88	14.38
Total	0.75	0.75	0.88	1.88	14.38

**Annexure - 16**

**STATEMENT OF DETAILS OF INVENTORIES**

(Rs. In Lacs)

Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
Raw materials	90.13	108.53	384.12	556.07	566.01
Work-in-progress	-	-		-	-
Finished goods	225.31	120.69	224.01	325.31	333.64
Stores & Spares	19.78	33.47	44.15	36.80	31.10
Chemical & Dye	14.22	12.80	13.16	20.48	16.37

**Cosboard Industries Limited**

Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
Packing	1.47	2.83	9.73	6.25	11.11
Coal	2.40	12.25	114.00	16.12	18.72
Husk	0.00	0.00	0.00	0.00	3.92
Total	353.30	290.57	789.16	961.02	980.88

**Annexure - 17****STATEMENT OF DETAILS OF OTHER CURRENT ASSETS****(Rs. In Lacs)**

Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
Preliminary and Pre Operative Expenses:	-	-	-	-	-
Opening Balance	-	-	-	-	-
Add: Incurred during the year	-	-	-	-	-
(Less): Written off during the year	-	-	-	-	-
Others	74.79	74.83	1.23	4.52	7.12
Total	74.79	74.83	1.23	4.52	7.12

**Annexure - 18****STATEMENT OF DETAILS OF REVENUE OF OPERATIONS****(Rs. In Lacs)**

Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
Sale of Products	2232.48	3422.54	4151.08	6278.04	7726.22
Total	2232.48	3422.54	4151.08	6278.04	7726.22

**Annexure - 19****STATEMENT OF DETAILS OF OTHER INCOME****(Rs. In Lacs)**

Particulars	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
Interest Income	1.00	1.54	6.49	6.31	6.02
Commission Income	-	-	-	-	-
Income from Rent	3.00	3.00	3.00	3.00	3.00
Liabilities Written back	2.88	0.66	0.00	0.21	-
Miscellaneous	0.04	0.09	0.06	0.17	-
Insurance	-	0.71	-	-	-
Total	6.92	6.00	9.55	9.31	9.02

**Annexure-20****STATEMENT OF DETAILS OF RELATED PARTY TRANSACTIONS****(Rs. In Lacs)**

Name	Relationship	Nature of Transaction	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
Yash Transport Corpn. Cuttack	Group Entity	Freight Payment	1.96	-	-	-	-



**Cosboard Industries Limited**

Name	Relationship	Nature of Transaction	31.03.13	31.03.14	31.03.15	31.03.16	31.03.17
Yash Commercial Corpn. Cuttack	Group Entity	Security Deposits	48.65	-	-	-	-
		Purchase of Waste Paper	66.33	4.75	69.44	94.96	-
		Unsecured Loan	-	50.00	50.00	50.00	-
Harishankar Paper Products	Group Entity	Unsecured Loan	227.02	277.02	277.02	477.02	-
		Sale /Purchase of Goods & Amount Received	282.31	3.71	192.36	-	-
Abhishek Enterprises	Group Entity	Sale of Goods & Amount Received	0.34	8.05	8.66	68.26	-
		Unsecured Loan	-	-	45.00	45.00	-
Rashi Paper House	Group Entity	Sale of Goods & Amount Received	11.35	-	-	-	-
Tirupati Kagads Pvt. Ltd.	Group Entity	Sale of Goods & Amount Received	95.79	0.36	101.10	0.32	-
		Unsecured Loan	-	290.00	340.00	540.00	-
Shri Ratan Kumar Girda	Group Entity	Travelling Expense Payment	1.18	-	-	-	-
		Unsecured Loan	22.13	22.13	22.13	-	-
Shri Anil Kumar Girda	Director	Unsecured Loan	62.25	63.87	63.87	63.87	-
		Salary Perquisites & Payment	1.02	1.21	0.05	0.04	-
		Tractor Advances hire Charges payment	1.13	0.36	-	-	-
Shri Shiv Shankar Taparia	Director	Unsecured Loan	-	-	-	80.00	-
		Amount Received	-	-	-	42.40	-



## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*The following discussion of our financial condition and results of operations should be read in conjunction with our Restated Financial Statements beginning on page 120, prepared in accordance with the Companies Act, Indian GAAP and the SEBI Regulations, including the schedules, annexure and notes thereto and the reports thereon, included in the section “Financial Statements” beginning on page 120. Unless otherwise stated, the financial information used in this section is derived from the Restated Financial Statements.*

*The degree to which the Indian GAAP financial statements included in this Draft Letter of offer will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices.*

*This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section “Risk Factors” on page 12.*

*In this section, unless the context otherwise requires, a reference to “we”, “us”, “our” or “the Company” is a reference to our Company.*

*Our Fiscal ends on March 31 of each year. Accordingly, all references to a particular Fiscal are to the 12 months ended March 31 of that year.*

### **Overview**

#### **Business overview**

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

During the financial year 1994-1995, the Company came up with an Initial Public offer of 29,85,700 Equity Shares of Rs. 10 each at a price of Rs. 14 per share including a premium of Rs. 4 per shares and the Shares of the Company got listed at the Stock Exchange and the Company installed machine of 6600 tons per annum to manufacture media Kraft paper with the project appraisal from IFCI.

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

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

Our Work plant is situated at New Industrial Estate, Phase II Jagatpur, Cuttack, 754021, Orissa



## **SIGNIFICANT DEVELOPMENTS AFTER MARCH 31, 2017 THAT MAY AFFECT OUR FUTURE RESULTS OF OPERATIONS**

To the knowledge of our Company and except as disclosed herein, since the date of the last financial statements contained in this Draft Letter of Offer, no other circumstances have arisen which would materially and adversely affect or which would be likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 (twelve) months.

## **FACTORS AFFECTING OUR RESULTS OF OPERATIONS**

We are a company engaged in the paper and packaging board manufacturing business produced at our four manufacturing plants. Our results of operations have been, and will continue to be, affected by a number of events and actions, some of which are beyond our control including the performance of the Indian economy and the paper and packaging board industries and the price of raw materials.

However, there are some specific items that we believe have impacted our results of operations, and in some cases, may continue to impact our results of operations on a consolidated level and at our individual projects in future. In this section, we discuss some of the significant factors that we believe have or could have an impact on our revenue and expenditure. Please also see the section titled Risk Factors on page 12.

### ***Cost and availability of raw materials***

The availability, cost and quality of certain raw materials such as hardwood, bamboo and imported pulp are key to our results of operations. Our cost of raw material consumed comprised 67.45% of our total income in the fiscal, 2017, 69.03% of our total income in Fiscal 2016, 62.57% of our total income in Fiscal 2015 and 59.42% in the fiscal 2014. We have no formal commitments for the supply of the bamboo/pulp requirements and procure such requirement from local farmers and the open market.

The raw material required is being procured from farmers / suppliers primarily from the state of Cuttack, Bhubaneswar and in the surrounding areas of our manufacturing unit in order to minimize the transportation cost. Pulp of different varieties are imported from countries such as Indonesia, Sweden, Finland and USA, for manufacturing high strength packaging board. The cost and supply of these raw materials depend on factors which are not under our control including, availability of such raw materials, competition, productivity, transportation costs, foreign exchange fluctuations, and import duties.

### ***Competition***

We compete in different markets and competitors within the paper and packaging board industry on the basis of the quality of our products, customer service, product development activities, price, and distribution. In particular, in the coated paper segment, our primary competitor is Ballarpur Industries Limited. In writing and printing paper segment, our primary competitors are Ballarpur Industries Limited, TNPL, AP Paper Mills, and West Coast Paper Mills, among others. In packaging board segment, ITC Limited is our major competitor.

Further, we face competition from countries such as China, Korea, Indonesia from where lower price coated paper is imported into India. Additionally, the competition in paper industry ranges from large, well-established players to small units in the unorganized segment. Small, unorganized players mainly compete in the low value added segments like cream wove and kraft paper whereas the high value added segments like copier paper, coated paper and high bright maplitho and packaging board are mainly controlled by the larger players.

The sustained demand for our products, our ability to remain competitive in the markets we operate in, and our ability to expand and meet the market demand may have a material impact on our business, operations and financial condition.



### ***Other manufacturing expenses***

Other manufacturing expenses comprise consumption of industrial chemicals, packing material, machine clothing, stores and spares (net of scrap sales). Industrial chemicals comprise lime, caustic soda, chlorine dioxide, hydrogen peroxide, sodium sulphite powder, starch and other chemicals used in the manufacture of coated paper and packaging board, required as raw materials for our manufacturing process. Stores and spares comprise spare parts, replacements which are required for the continued operation and maintenance of the machinery at our manufacturing units.

### ***Compliance with environmental laws and regulations***

We are subject to central and state environmental laws and regulations, which govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from its operations. In case of any change in environmental or pollution laws and regulations, we may be required to incur significant amounts on, among other things, environmental monitoring, pollution control equipments and emissions management. In addition, failure to comply with environmental laws may result in the assessment of penalties and fines against us by regulatory authorities.

### ***Macroeconomic conditions***

Our results of operations may be materially affected by conditions in the global capital markets and the economy generally in India and elsewhere around the world. As widely reported, financial markets in the United States, Europe and Asia, including India, experienced extreme disruption recently, including, among other things, extreme volatility in security prices, severely diminished liquidity and credit availability, rating downgrades of certain investments and declining valuation of others. Performance of global paper and packaging board industry is dependent, among other things, on economic growth and in particular on industrial growth.

## **DISCUSSION ON RESULT OF OPERATION**

The following discussion on results of operations should be read in conjunction with the Audited Financial Results of our Company for the period March, 2017 and financial years ended March 2016 and 2015.

## **OVERVIEW OF REVENUE & EXPENDITURE**

### **Revenues**

#### ***Income from operations:***

Our principal component of income is from Manufacturing and trading of paper.

#### ***Other Income:***

Our other income includes interest income, discount and other Miscellaneous Income.

Particulars	Amount (in Lacs)		
	Till March 31		
	2015	2016	2017
<b>Income</b>			
Revenue from Operations	4151.08	6278.04	7726.22
As a % of Total Revenue	99.77	99.85	99.88
Other Income	9.55	9.62	9.19
As a % of Total Revenue	0.23	0.15	0.12
<b>Total Revenue</b>	<b>4160.63</b>	<b>6287.66</b>	<b>7735.41</b>





## **Expenditure**

Our total expenditure primarily consists of direct expenditure i.e. cost of materials consumed and Freight Expenses, Operational Expenses, Power and Fuel, Repair & Maintenance, finance cost, employee benefit expenses, depreciation and other expenses.

### **Direct Expenditure**

Our Direct expenditure includes Power and Fuel, Insurance Expenses and Packing Expenses.

### **Employee benefits expense**

Our employee benefits expense primarily comprise of Director's remuneration, salaries and wages expenses, labour charges, ex-gratia cost, other employee benefits expense such as staff and labour welfare expenses, bonus charges amongst others.

### **Finance Costs**

Our finance costs include interest on term loan/Working Capital, Bank Processing charges and Commission etc.

### **Depreciation**

Depreciation includes depreciation on tangible assets like building, plant and machinery, vehicles etc.

### **Other Expenses**

Other expenses include manufacturing, administrative and selling expenses such as electricity charges, freight, legal and professional charges, repairs and maintenance costs, security charges etc.

## **Statement of profits and loss**

The following table sets forth, for the fiscal years indicated, certain items derived from our Company's audited restated financial statements, in each case stated in absolute terms and as a percentage of total sales and/or total revenue:

	<i>Amount (in Lacs)</i>		
<b>Particulars</b>	<b>31.03.15</b>	<b>31.03.16</b>	<b>31.03.17</b>
<b>Income</b>			
Revenue from Operations	4151.08	6278.04	7726.22
Increase in Stock of Finished Goods and Stock in Progress	-	-	
Other Income	9.55	9.62	9.19
<b>Total</b>	<b>4160.63</b>	<b>6287.66</b>	<b>7735.41</b>
<b>Expenditure</b>			
Cost of Goods Sold	2603.38	4340.26	5127.77
Purchase of stock-in-trade			
Changes in inventories of finished goods, traded goods and work-in-progress	(103.32)	(101.30)	(8.33)
Purchase of trade Goods			
Employee benefit expenses	163.76	180.19	181.37
Finance costs	128.79	475.65	725.33
Depreciation and amortization expense	33.04	34.07	275.30



Other Expenses	1102.93	1171.62	1336.67
<b>Total Expenses (B)</b>	<b>3928.57</b>	<b>6100.50</b>	<b>7638.11</b>
<b>Profit before tax</b>	<b>232.06</b>	<b>187.16</b>	<b>97.30</b>
Prior period items (Net)			
<b>Profit before exceptional, extraordinary items and tax (A-B)</b>	<b>232.06</b>	<b>187.16</b>	<b>97.30</b>
Exceptional items			
<b>Profit before extraordinary items and tax</b>	<b>232.06</b>	<b>187.16</b>	<b>97.30</b>
Extraordinary items			
<b>Profit before tax</b>	<b>232.06</b>	<b>187.16</b>	<b>97.30</b>
Tax expense :			
(i) Current tax	0.00	(8.00)	(18.55)
(ii) Deferred tax (Asset)/Liability	(2.49)	(3.53)	(51.65)
<b>Total Tax Expense</b>	<b>(2.49)</b>	<b>(11.53)</b>	<b>(70.20)</b>
<b>Profit for the year</b>	<b>229.57</b>	<b>175.63</b>	<b>27.10</b>

**COMPARISON OF FINANCIAL YEAR ENDED MARCH 31, 2017 WITH FINANCIAL YEAR ENDED MARCH 31, 2016**

**INCOME**

**Income from Operations**

(Rs. In lacs)

Particulars	2015-16	2016-17	%
Operating Income	6278.04	7726.22	23.07

The operating income of the Company for the year ending March 31, 2017 is Rs. 7726.22 lacs as compared to Rs. 6278.04 lacs for the year ending March 31, 2016, showing a increase 23.07%. This increase was in line with increase in our business operations.

**Other Income**

Our other income decreased by 4.47% from Rs. 9.62 lacs to Rs. 9.19 lacs. This was due to decrease in interest income, Discounts.

**EXPENDITURE**

**Administrative and Employee Costs**

(Rs. In lacs)

Particulars	2015-16	2016-17	Variance in %
Employee Benefit Expenses	180.19	181.37	0.65
Other Expenses	1171.62	1336.67	14.09

Employee benefit expenses increased from Rs. 180.19 lacs in financial year 2015-16 to Rs. 181.37 lacs in financial year 2016-17 due to increase in salary levels and well as increase in number of employees.

Our other expenses increased by 14.09% from Rs. 1171.62 lacs in financial year 2015-16 to Rs. 1336.67 lacs in financial year 2016-17. The increase was due to increase in freight, rent, advertisement and business promotion expenses.



## Finance Charges

Our finance charges have increased from Rs. 475.65 lacs in financial year 2015-16 to Rs. 725.33 lacs in financial year 2016-17. This shows an increase of 52.49% compared to last financial year. The increased finance cost is contributed by increased borrowings.

## Depreciation

Depreciation expenses for the Financial Year 2016-2017 have increased to Rs. 275.30 lacs as compared to Rs. 34.07 lacs for the Financial Year 2015-2016 showing a increase of 708.04%. The Increase in depreciation was majorly due to purchase of Fixed Assets.

## Profit Before Tax

<i>(Rs. In lakhs)</i>			
Particulars	2015-16	2016-17	Variance in %
Profit Before Tax	187.16	97.3	(48.01)

Profit before tax decreased from Rs. 187.76 lacs in financial year 2015-16 to Rs. 97.30 lacs in financial year 2016-17. The Decrease in profits was due to Increase in depreciation, Increase in Cost of Goods Sold, Increase in finance cost.

## Provision for Tax and Net Profit

<i>(Rs. In lacs)</i>			
Particulars	2015-16	2016-17	Variance in %
Taxation Expenses	(11.53)	(70.20)	508.85
Profit after Tax	175.63	27.1	(84.57)

Tax expenses decreased in Financial Year 2016-17 due to decrease in Net Profit.

## COMPARISON OF FINANCIAL YEAR ENDED MARCH 31, 2016 WITH FINANCIAL YEAR ENDED MARCH 31, 2015

### INCOME

#### Income from Operations

<i>(Rs. In lacs)</i>			
Particulars	2014-15	2015-16	Variance in %
Operating Income	4151.08	6278.04	51.24

The operating income of the Company for the year ending March 31, 2016 is Rs. 6278.04 lacs as compared to Rs. 4151.08 for the year ending March 31, 2015, showing a increase 51.24%. This increase was in line with increase in our business operations.

#### Other Income

Our other income increased by 0.73% from Rs. 9.55 lacs to Rs. 9.62 lacs. This was due to increase in interest income, Discounts.



## EXPENDITURE

### Administrative and Employee Costs

(Rs. In lacs)

Particulars	2014-15	2015-16	Variance in %
Employee Benefit Expenses	163.76	180.19	10.03
Other Expenses	1102.93	1171.62	6.23

Employee benefit expenses increased from Rs. 163.76 lacs in financial year 2014-15 to Rs. 180.19 lacs in financial year 2015-16 due to increase in salary levels and well as increase in number of employees.

Our other expenses increased by 6.23% from Rs. 1102.93 lacs in financial year 2014-15 to Rs. 1171.62 lacs in financial year 2015-16. The increase was due to increase in freight, rent, advertisement and business promotion expenses.

### Finance Charges

Our finance charges have increased from Rs. 128.79 lacs in financial year 2014-15 to Rs. 475.65 lacs in financial year 2015-16. This shows an increase of 269.32% compared to last financial year. The increased finance cost is contributed by increased borrowings.

### Depreciation

Depreciation expenses for the Financial Year 2015-2016 have increased to Rs. 34.07 lacs as compared to Rs. 33.04 lacs for the Financial Year 2014-2015 showing a increase of 3.12%. The Increase in depreciation was majorly due to Increase in fixed Assets.

### Profit Before Tax

(Rs. In lacs)

Particulars	2014-15	2015-16	Variance in %
Profit Before Tax	232.06	187.16	(19.35)

Profit before tax decreased from Rs. 232.06 lacs in financial year 2014-15 to Rs. 187.16 lacs in financial year 2015-16. The decrease in profits was due to Increase in depreciation, Decrease in Finance Cost.

### Provision for Tax and Net Profit

(Rs. In lacs)

Particulars	2014-15	2015-16	Variance in %
Taxation Expenses	(2.49)	(11.53)	363.05
Profit after Tax	229.57	175.63	(23.50)

Tax expenses increase in Financial Year 2015-16 due to increase in Net Profit.

## OTHER MATTERS

### 1. Unusual or infrequent events or transactions

Except as described in this Draft Letter of Offer, during the periods under review there have been no transactions or events, which in our best judgment, would be considered unusual or infrequent.

### 2. Significant economic changes that materially affected or are likely to affect income from continuing operations



Other than as described in the section titled *Risk Factors* beginning on page 12 of this Draft Letter of Offer to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

**3. Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations**

Other than as disclosed in the section titled *Risk Factors* beginning on page 12 of this Draft Letter of Offer to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

**4. Future relationship between Costs and Income.**

Our Company's future costs and revenues will be determined by demand/supply situation, government policies, subsidies available and prices of raw material.

**5. The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased prices.**

Increase in revenue is by and large linked to increases in volume of business activity by the Company.

**6. Total turnover of each major industry segment in which the issuer company operates.**

The Company is operating in fertilizer Industry. Relevant industry data, as available, has been included in the chapter titled *Industry Overview* beginning on page 78 of this Draft Letter of Offer.

**7. Status of any publicly announced new products/projects or business segments**

Our Company has not announced any new projects or business segments, other than disclosed in the Draft Letter of Offer.

**8. The extent to which the business is seasonal**

Our Company's business is not seasonal in nature.

**9. Any significant dependence on a single or few suppliers or customers**

The % of Contribution of our Company's customer and supplier vis a vis the total revenue from operations and raw materials/ finished goods cost respectively as March 31, 2017 is as follows:

	Customers	Suppliers
Top 5 (%)	59.77	63.17
Top 10 (%)	64.42	63.17

**10. Competitive Conditions**

We face competition from existing and potential organised and unorganized competitors which is common for any business. We have, over a period of time, developed certain competitive strengths which have been discussed in section titled *Our Business* on page 83 of this Draft Letter of Offer.



### STOCK MARKET DATA

The Equity shares of our Company are presently listed and traded on BSE. The equity shares are frequently traded at BSE. The share trading data for the equity shares of our Company is as under:

#### Stock Market Data for BSE

The closing market price of the equity shares of our Company on the first business day after the Board approved the Issue i.e. on 30<sup>th</sup> August, 2017 was Rs. 45.40 per equity share on the BSE.

The high and low closing prices and associated volumes of securities traded during last 3 years recorded on BSE is as follows:

Calendar Year	High (Rs.)	Date of high	Volume on date of high (No. of Shares)	Low (Rs.)	Date of Low	Volume on date of low (No. of Shares)	Weighted Average Price (Rs.)
2016	52.65	3 <sup>rd</sup> Nov, 2016	68022	11.40	10 <sup>th</sup> May, 2016	300	52.46
2015	16.64	31 <sup>st</sup> Dec, 2015	100	6.37	6 <sup>th</sup> Feb, 2015	100	11.50
2014	14.20	16 <sup>th</sup> Jan, 2014	5150	7.15	16 <sup>th</sup> Dec, 2014	580	13.48

The high and low price, and associated volume of securities traded during the last 6 months on BSE is as follows:

Period	High (Rs.)	Date of high	Volume on date of high (No. of Shares)	Low (Rs.)	Date of Low	Volume on date of low (No. of Shares)	Weighted Average Price (Rs.)
July, 2017	41.00	10 <sup>th</sup> July, 2017	2693	35.50	3 <sup>rd</sup> July, 2017	71038	35.70
June, 2017	40.00	1 <sup>st</sup> June, 2017	1538	33.35	27 <sup>th</sup> June, 2017	7757	34.45
May, 2017	46.10	26 <sup>th</sup> May, 2017	30446	38.10	30 <sup>th</sup> May, 2017	32706	41.95
April, 2017	48.40	17 <sup>th</sup> Apr, 2017	74012	33.00	3 <sup>rd</sup> Apr, 2017	2730	47.85
March, 2017	37.05	8 <sup>th</sup> Mar, 2017	9279	32.70	30 <sup>th</sup> Mar, 2017	10658	34.72
Feb, 2017	38.80	21 <sup>st</sup> Feb, 2017	2505	32.00	15 <sup>th</sup> Feb, 2017	9736	33.39



## SECTION VII: LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as stated in this section, there are no (i) outstanding criminal proceedings involving our Company, Directors, Promoters or Group Companies; (ii) actions taken by statutory or regulatory authorities against our Company, Directors, Promoters, or Group Companies; and (iii) outstanding claims involving our Company, Directors, Promoters, - or Group Companies for any direct and indirect tax liabilities; (iv) inquiries, inspections or investigations initiated or conducted under the Companies Act against our Company, Pending or taken during the last five years immediately preceding the year of this Draft letter of offer; (v) prosecutions filed (whether pending or not); (vi) fines imposed or compounding of offences by our Company in the last five years immediately preceding the year of this Draft letter of offer; (vii) pending defaults or non-payment of statutory dues by our Company (viii) litigation or legal action against our Promoters by any ministry or Government department or statutory authority during the last five years immediately preceding this Draft letter of offer; (ix) material frauds committed against our Company, in each case in the five years preceding the date of this Draft letter of offer; (x) outstanding dues to creditors of our Company as determined to be material by our Board of Directors in accordance with the SEBI ICDR Regulation; and (xi) outstanding dues to small scale undertakings and other creditors. Further, there have been no proceedings initiated against our Company for economic offences or defaults in respect of dues payable.

Except as stated below there are no Outstanding Material Dues (as defined below) to creditors; or (ii) outstanding dues to small scale undertakings and other creditors.

Our Board has determined that outstanding dues to creditors in excess of Rs. 10 lac of our Company as per last audited financial statements shall be considered as material dues (Material Dues). Our Board has determined that litigations involving an amount of more than Rs. 10 lac as per last audited financial statements shall be considered as material. Unless otherwise stated to contrary, the information provided is as of date of this Draft Letter of Offer.

#### LITIGATION INVOLVING OUR COMPANY

##### Against our Company

##### Criminal Litigation

*Nil*

##### Civil Proceedings

Sr. No.	Case No.	Party 1	Party 2	Court/Tribunal	Claim Amount (INR)	Other key observations	Implications/Probabilities	Area of concern
1.	2(C)CC NO 612/2011	Sri Abesh Mishra (Complainant)	1. M/S. Cosboard Industries Ltd 2. Sri Ratan. Kumar Gilra (Accused Persons)	District Court, Cuttack	-	As per order dated 15.07.11 - A case has been registered u/s 14AC of The Employees' Provident Funds and Miscellaneous Provisions Act,	It is not possible to ascertain the implication of case on the basis of provided information.	No orders have been made available in this matter



## Cosboard Industries Limited

Sr. No.	Case No.	Party 1	Party 2	Court/ Tribunal	Claim Amount (INR)	Other key observations	Implications/Probabilities	Area of concern
						1952		
2.	COPET NO. 24 of 2005	Pawan Kumar Jain (Petitioner )	M/S. Cosboard Industries Ltd (Opp. Party)	High court of Orissa, Cuttack	-	As per Order dated 30.7.10 -Matter put up on 27.8.10 as prayed for by Petitioner	It is not possible to ascertain the implication of case on the basis of provided information	No orders have been made available in this matter
3.	COPET NO 35 of 2015	Ms R.K. Traders (Petitioner )	M/S. Cosboard Industries Ltd (Opp. Party)	High court of Orissa, Cuttack	-	As per order dated 13.10.15 the matter has been put up for hearing after DurgaPooja Holidays.	It is not possible to ascertain the implication of case on the basis of provided information	No orders have been made available in this matter
4.	Exec. No 130 of 2013	Ms Krishna Speciality Chemicals Pvt. Ltd (Decree Holder)	M/S. Cosboard Industries Ltd (Judgment Debtor)	District Court, Cuttack	Amount to be paid as per decree?	As per order dated 17.2.17, Petitioner takes no step and matter put up on 31.10.17 for filing of award.	It is not possible to ascertain the implication of case on the basis of provided information	No orders have been made available in this matter
5.	WP (C) 6468 OF 2005	Industrial Promotion & Investment Corporation of Orissa Ltd. (IPICOL) (Petitioner )	1. M/S. Cosboard Industries Ltd 2. Sri Ratankumar Gilra 3. Sri Gurucharan Singh Gill 4. Registrar , Board of Industrial and Financial Reconstruction 5. Bench Officer, Board of Industrial and Financial Reconstruction	High court of Orissa, Cuttack	Term loan from Industrial Promotion & Investment Corporation of Orissa Ltd. (Petitioner) to the tune of 250 lakhs and present O/S of the	The Writ Petition is filed by IPICOL to challenge the letter dated 2.3.05 of the Board officer of BIFR addressed to IPICOL prohibiting IPICOL to take any coercive action even against the guarantors as per powers given to it u/s 29 of the State Financial Corporations Act, 1951 to initiate proceedings against the guarantors.	The outcome of this matter is unlikely to have any major impact on M/s Cosboard Industries Ltd as on today, as liability of IPICO has been settled.	No orders have been made available in this matter.  Kindly confirm if liabilities of IPICOL is settled.





## Cosboard Industries Limited

Sr. No.	Case No.	Party 1	Party 2	Court/Tribunal	Claim Amount (INR)	Other key observations	Implications/Probabilities	Area of concern
			uction (Opp. Parties)		said Co. along with interest is 3.80 Crore s.			
6.	W.A. No. 425/2014	1. Coal India Ltd. 2. Mahanadi Coalfields Ltd 3. Chief General Manager (S&M), Coal India Ltd. (Appellants)	1. M/S. Cosboard Industries Ltd. (Respondent) 2. Union of India (Proforma Respondent)	High Court of Orissa, Cuttack	-	To set aside the judgement dated 21.10.2014 in W.P. (C) No. 24262/2012. The order passed in W.P.(C) No. 24262/2012 states that all the parties of the W.P.(C) No. 24262/2012 are bound by the order dated 17.03.11 passed by BIFR, wherein the Appellants are to increase the supply of coal to the Respondent company, as stated in clause 12.1 of the BIFR order.	If the Hon'ble High Court fails to set aside the judgement in W.P. (C) No. 24262/2012, then Cosboard Industries might be obligated to buy the additional coal as per clause 12.1 of BIFR order.	No orders have been made available in this matter.
7.	COPET 30 Of 2010	M/S. Krishna Speciality	M/S. Cosboard Industries Ltd	-	-	As per the letter received from Adv. Chitaranjan Behera, he has applied for the certified copy of the said case, but the case is neither admitted nor	COPET 30 Of 2010	M/S. Krishna Speciality



## Cosboard Industries Limited

Sr. No.	Case No.	Party 1	Party 2	Court/ Tribunal	Claim Amount (INR)	Other key observations	Implications/Probabilities	Area of concern
						has notice been issued to M/S. Cosboard Industries Ltd.  No Documents provided		
8.	CEREF 6 OF 2003	M/S. Cosboard Industries Ltd	Commissioner of Customs	-	-	As per the letter received from Adv. Chitaranjan Behera, he has applied for the certified copy of the said case, but the case is neither admitted nor has notice been issued to M/S. Cosboard Industries Ltd. No Documents provided	CEREF 6 OF 2003	M/S. Cosboard Industries Ltd

### Taxation Matters

Sr. No.	Case No.	Party 1	Party 2	Court/ Tribunal	Claim Amount (INR)	Other key observations	Implications/Probabilities	Area of concern
1.	OTAPL NO 5 OF 2012	Commissioner of Central Excise (Appellant)	M/S. Cosboard Industries Ltd (Respondent)	High Court of Orissa, Cuttack	-	As per Order dated 28.8.12, appeal filed by Commissioner of Central Excise has been admitted on grounds of substantial question of law, to set aside the order no 146/Kol/2012, dated 2.3.12, passed by Customs, Excise and Service Tax Appellate	-	No orders have been made available in this matter.



Sr. No.	Case No.	Party 1	Party 2	Court/ Tribunal	Claim Amount (INR)	Other key observations	Implications/Probabilities	Area of concern
						Tribunal in Excise Appeal No 740 of 2010 wherein the Tribunal reversed the order passed by the Commissioner, in respect of penalty applied to the respondent.		

***Proceedings against Our Company for economic offence/securities laws/ or any other law***

Nil

***Penalties in Last Five Years***

Nil

***Pending Notice against our Company***

Nil

***Past Notice to our Company***

Nil

***Disciplinary Action taken by SEBI or stock exchanges against Our Company***

Nil

***Defaults including non payment or statutory dues to banks or financial institutions***

Nil

***Details of material fraud against the Company in last five years and action taken by the Companies.***

Nil

**LITIGATION FILED BY OUR COMPANY**

***Criminal Litigation***

Nil



**Civil Proceedings**

Sr. No.	Case No.	Party 1	Party 2	Court/ Tribunal	Claim Amount (INR)	Other key observations	Implications/Probabilities	Area of concern
1.	W.P.(C) NO 23482/2012	M/S. Cosboard Industries Ltd (Petitioner)	1. State of Orissa (Department of Finance). 2. State of Orissa (Department of Industry) 3. The Commissioner of Commercial Taxes) 4. The Deputy Commissioner of Commercial Taxes. (Respondents)	High Court of Orissa, Cuttack	-	Petitioner has filed the Writ Petition on account of Inaction of the respondents with regard to the relief and concessions granted in favour of the Cosboard Industries by the BIFR vide order dated 7.4.11, such non-implementation is in violation of articles 14 and 19(1)(g) of Constitution of India.	-	No orders have been made available in this matter
2.	W.P. (C). NO. 5170 of 2007	1. M/s Cosboard Industries Ltd 2. Anil Kumar Gilra (Petitioners)	1. State of Orissa- Principal Secretary, Finance 2. State of Orissa- Secretary Law 3. Commissioner of Sales Tax 4. Orissa Industrial Infrastructure Development Corporation Limited 5. Sales Tax Officer 6. (Respondents)	High Court of Orissa, Cuttack	-	As per Order dated 14.5.07 - No notice needs to be given to opp. parties.  Matter put up on 16.5.07.	It is not possible to ascertain the implication of case on the basis of provided information.	No orders have been made available in this matter
3.	Writ	M/S.	1. The	High	1,90,36	The Petitioner	If the GRF fails to	Whether



## Cosboard Industries Limited

Sr. No.	Case No.	Party 1	Party 2	Court/ Tribunal	Claim Amount (INR)	Other key observations	Implications/Probabilities	Area of concern
	petition (Tampering of meter) W.P. (C) No. 14581 of 2014	Cosboard Industries Ltd. (Petitioners)	2. The Ombudsman-I, President, Grievance Redressal Forum, CESU (Hereinafter called the GRF) 3. The Executive Engineer, CESU (Respondents)	Court of Orissa	,566	has filed the petition to set aside GRF order dated 17.07.14, which dismissed the complaint of petitioner on the ground that: a. the remedy sought by the complainant (petitioner) was only available under the older repealed regulation, b. The consumer failed to challenge the National Consumer Disputes Redressal Commission order before appropriate authority. • The petitioner has prayed that if respondent no. 3 can an action is allowed	hear C.C. Case No. CDD-II/316/2014 then the petitioner will not be able to challenge and defend the wrongful allegation of meter tampering, and the penalties imposed vide notice dated 07.11.2001 of Rs. 1,83,20,244/- and vide notice dated 18.12.2002 of Rs. 7,16,322/-	the Petitioner has paid any penalty amount? Further orders passed in the matter.



Sr. No.	Case No.	Party 1	Party 2	Court/ Tribunal	Claim Amount (INR)	Other key observations	Implications/Probabilities	Area of concern
						<p>to be maintained under the repealed regulations, then the Petitioner should be allowed to defend the said action under the said regulations and the same should be allowed by respondent no. 2.</p> <ul style="list-style-type: none"> <li>• It is further prayed to direct GRF to hear and decide the complaint in C.C. Case No. CDD-II/316/2014 on merit.</li> <li>• It is also prayed that Order dated 31.07.14 passed by Ombudsman-I be set aside as it has dismissed the case on the grounds of it falling outside</li> </ul>		



## Cosboard Industries Limited

Sr. No.	Case No.	Party 1	Party 2	Court/ Tribunal	Claim Amount (INR)	Other key observations	Implications/Probabilities	Area of concern
						the jurisdiction of the forum. To direct Respondent 3 (CESU) to not take any coercive action till the complaint of the petitioner is decided by Respondent 1 (Ombudsman-I)		
4.	Writ Petition (Sick Industrial Companies) W.P.(c) No. 27513 of 2011	1. M/S. Cosboard Industries Ltd. through Ratan Kumar Gilra 2. Ratan Kumar Gilra (Petitioners)	1. State of Orissa (Secretary, Dept. of Energy) 2. State of Orissa (Secretary, Dept. of Industry) 3. Chief Electrical Inspector 4. Central Electricity Supply Utility of Orissa 5. Executive Engineers, Central Electricity Supply Utility of Orissa (Respondents)	High court of Orissa	-	<ul style="list-style-type: none"> <li>The Court directed prohibition on cutting the power supply to the petitioner on account of a payment made of half of the electricity dues.</li> </ul>	-	<ul style="list-style-type: none"> <li>Provide for orders passed by the High Court of Orissa [WP (c) No. 27513 of 2011] (Status: Pending)</li> </ul>

### Taxation Matters

Sr. No.	Case No.	Party 1	Party 2	Court/ Tribunal	Claim Amount (INR)	Other key observations	Implications/Probabilities	Area of concern
---------	----------	---------	---------	-----------------	--------------------	------------------------	----------------------------	-----------------



## Cosboard Industries Limited

Sr. No.	Case No.	Party 1	Party 2	Court/Tribunal	Claim Amount (INR)	Other key observations	Implications/Probabilities	Area of concern
1.	OTAPL NO 6 of 2011	M/S. Cosboard Industries Ltd. (Appellant)	Commissioner of Central Excise (Respondent)	High court of Orissa, Cuttack. (Special Jurisdiction)	2,73,700/-	<p>To set aside the order dated 06.08.10 which dismissed the appeal bearing Ex. Appeal Nos. 356,357,358 of 2010 presented in Customs, Excise and Service Tax Appellate Tribunal for non compliance of its order dated 14.7.10-directing the appellant to pay the entire interest (on duty) amount as pre-deposit for hearing of the appeal.</p> <p>To set aside the order passed by Learned tribunal on 14.7.10 with consequential relief.</p>	If the court order is unfavourable to the Appellant, he will be required to deposit the entire interest amount as per order dated 14.7.10.	No orders have been made available in this matter.
2.	OTAPL NO. 5 of 2011	M/S. Cosboard Industries Ltd. (Appellant)	Commissioner of Central Excise (Respondent)	High court of Orissa, Cuttack	7,17,870/-	<p>To set aside the order dated 6.8.10 (received by appellant on 16.08.10) which dismissed the appeal bearing Ex. Appeal Nos. 356,357,358 of 2010 presented in Customs, Excise and Service Tax Appellate Tribunal for non compliance of its order dated 14.7.10-directing the appellant to pay the entire interest (on duty) amount as pre-deposit for hearing of the appeal.</p> <p>To set aside the order passed by Learned tribunal on 14.7.10 with consequential relief.</p>	<ul style="list-style-type: none"> <li>If the court order is unfavourable to the Appellant, he will be required to deposit the entire interest amount as per order dated 14.7.10.</li> </ul>	<ul style="list-style-type: none"> <li>No orders have been made available in this matter.</li> </ul>
3.	OTAPL NO. 4 of 2011	M/S. Cosboard Industries Ltd. (Appellant)	Commissioner of Central Excise (Respondent)	High court of Orissa, Cuttack	1,91,590/-	To set aside the order dated 6.8.10 (received by appellant on 16.08.10) which dismissed the appeal bearing Ex. Appeal Nos.	If the court order is unfavourable to the Appellant, he will be	No orders have been made available





## Cosboard Industries Limited

Sr. No.	Case No.	Party 1	Party 2	Court/ Tribunal	Claim Amount (INR)	Other key observations	Implications/Probabilities	Area of concern
						356,357,358 of 2010 presented in Customs, Excise and Service Tax Appellate Tribunal for non compliance of its order dated 14.7.10-directing the appellant to pay the entire interest (on duty) amount as pre-deposit for hearing of the appeal.  To set aside the order passed by Learned tribunal on 14.7.10 with consequential relief.	required to deposit the entire interest amount as per order dated 14.7.10.	in this matter.
4.	OTAPL NO. 3 of 2011	M/S. Cosboard Industries Ltd. (Appellant)	Commissioner of Central Excise (Respondent)	High court of Orissa, Cuttack	7,07,903/-	To admit the appeal u/s 35G of the Central Excise Act, 1944.  To set aside the impugned order passed by the Learned Tribunal (14.7.10) with consequential relief.	If the court order is unfavourable to the Appellant, he will be required to deposit the entire interest amount as per order dated 14.7.10.	No orders have been made available in this matter.
5.	OTAPL NO. 2 of 2011	M/S. Cosboard Industries Ltd. (Appellant)	Commissioner of Central Excise (Respondent)	High court of Orissa, Cuttack	1,91,590	To admit the appeal u/s 35G of the Central Excise Act, 1944.  To set aside the impugned order passed by the Learned Tribunal (14.7.10) with consequential relief.	If the court order is unfavourable to the Appellant, he will be required to deposit the entire interest amount as per order dated 14.7.10.	No orders have been made available in this matter.
6.	OTAPL NO. 1 of 2011	M/S. Cosboard Industries Ltd. (Appellant)	Commissioner of Central Excise (Respondent)	High court of Orissa, Cuttack	2,73,700/-	To admit the appeal u/s 35G of the Central Excise Act, 1944  To set aside the	If the court order is unfavourable to the Appellant,	No orders have been made



## Cosboard Industries Limited

Sr. No.	Case No.	Party 1	Party 2	Court/ Tribunal	Claim Amount (INR)	Other key observations	Implications/Probabilities	Area of concern
		)		k		impugned order passed by the Learned Tribunal (14.7.10) with consequential relief.	he will be required to deposit the entire interest amount as per order dated 14.7.10.	available in this matter.
7.	W.P.(C) NO. 13526 of 2012	1. M/S. Cosboard Industries Ltd. 2. Ratan Kumar Gilra (Petitioners)	1. State of Orissa- Secretary Department of Finance 2. Commissioner of Commercial Taxes. 3. Deputy Commissioner of Commercial Taxes (Respondents)	High Court of Orissa, Cuttack	25,17,097/-	Order dated 13.5.13 directs the respondents to issue necessary VAT clearance certificate, so that the petitioners may use it for presenting the same before the Deputy Director of Mines, Talcher and Mining officer, Cuttack for renewal of license to procure and store coal.  Further, the learned counsel for state has been directed to ascertain the delay in considering the BIFR directions and file affidavit for the same.	Petitioners as per the order dated 13.05.13 are ordered to furnish an indemnity bond to cover the deferred tax amount of Rs.25,17,097 (Rupees Twenty Five Lakhs Seventeen thousand and ninety seven only) for the years 13-14 and 14-15.	It is not known from the given order whether M/S. Cosboard Industries has complied with the order and furnished the said indemnity bond to court. No further order has been made available.
8.	Writ Petition (Excise) WP(c) No. 12427 of 2014	M/S. Cosboard Industries Ltd. (Petitioner)	1. Custom, Excise and Service Tax Appellate Tribunal, Calcutta. 2. Commissioner of Central Excise &	High Court of Orissa	-	-	-	(Status: Pending) Provide for the interim order passed by the High Court of Orissa in the



Sr. No.	Case No.	Party 1	Party 2	Court/Tribunal	Claim Amount (INR)	Other key observations	Implications/Probabilities	Area of concern
			Customs, Bhubaneswar (Respondents)					concerned case.

Details of any enquiry, inspection or investigation initiated under Companies Act, 2013 or any previous Company Law

Nil

#### LITIGATION INVOLVING DIRECTORS OF OUR COMPANY

##### *Litigation against our Directors*

##### Criminal Litigation

Nil

##### Civil Proceedings

Sr. No.	Case No.	Party 1	Party 2	Court/Tribunal	Claim Amount (INR)	Other key observations	Implications/Probabilities	Area of concern
1.	2(C)CC 10/2017	Asst. Labour Commissioner, Cuttack (Complainant)	Anil Kumar Gilra (Accused)	Sub-divisional Judicial Magistrate Court, Cuttack	Not Applicable	<ul style="list-style-type: none"> <li>As per order dated 24.01.17, the case has been registered under section 22-A of Minimum Wages Act, 1948.</li> </ul>	The accused, if found guilty, under section 22-A of Minimum Wages Act, 1948 may be punishable with imprisonment for a term which may extend to six months, or with fine which may extend to one thousand rupees, or with both.	No orders have been made available in this matter
2.	2(C)CC 11/2017	Asst. Labour Commissioner, Cuttack (Complainant)	Anil Kumar Gilra (Accused)	Sub-divisional Judicial Magistrate Court, Cuttack	Not Applicable	<ul style="list-style-type: none"> <li>As per order dated 24.01.17, the case has been registered under section 20(2)(3) of The</li> </ul>	<ul style="list-style-type: none"> <li>The accused, if found guilty, under section 20(2)(3) of The Payment of wages Act, 1936, be punishable with fine [with fine which shall not be less than one thousand</li> </ul>	<ul style="list-style-type: none"> <li>No orders have been made available in this matter</li> </ul>



## Cosboard Industries Limited

Sr. No.	Case No.	Party 1	Party 2	Court/Tribunal	Claim Amount (INR)	Other key observations	Implications/Probabilities	Area of concern
						Payment of wages Act, 1936.	five hundred rupees but which may extend to seven thousand five hundred rupees].	er
3.	CRLMC 1485 OF 2011	Arjunlal Agrawal	Anil Ku. Gilra			<ul style="list-style-type: none"> <li>As per the letter received from Adv. Chitaranjan Behera, he has applied for the certified copy of the said case, but the case is neither admitted nor has notice been issued to M/S. Cosboard Industries Ltd.</li> <li>No Documents provided</li> </ul>		

### ***Taxation Matters***

Nil

### ***Past Penalties imposed on our Directors***

Nil

### ***Proceedings initiated against our directors for Economic Offences/securities laws/ or any other law***

Nil

### ***Directors on list of wilful defaulters of RBI***

Nil

### ***Litigation by Directors of Our Company***

### ***Criminal Litigation***

Sr. No.	Case No.	Party 1	Party 2	Court/Tribunal	Claim Amount (INR)	Other key observations	Implications/Probabilities	Area of concern
1.	CRLREV 256 of 2002	Ashok Kumar Jena (Petitioner)	State of Orissa (Respondent)	High court of Orissa, Cuttack	-	<p>As per order dated 23.9.02 -the petitioner shall be released on bail on executing bail bond for Rs 10,000/- with two solvent sureties each for the like amount, if he shall appear before that court and execute bail bond within two weeks.</p> <p>Stay realization of fine.</p>	It is not possible to ascertain the implication of case on the basis of provided information	No orders have been made available in this matter



**Civil Proceedings**

Sr. No.	Case No.	Party 1	Party 2	Court/Tribunal	Claim Amount (INR)	Other key observations
1.	IC.C./324 3/2014 (filed in 1998)	Manoj Ku. Gilra Dire. Of Cosboard Industries Pvt. Ltd.	Pradeep Kedia and others	-	-	<ul style="list-style-type: none"> <li>As per the letter received from Adv. Chitaranjan Behera, he has applied for the certified copy of the said case, but the case is neither admitted nor has notice been issued to M/S. Cosboard Industries Ltd.</li> <li>No Documents provided</li> </ul>
2.	IC.C/106 91/2014 (filed in 1999)	Manoj Ku. Gilra M/S Cosboard Industries Pvt. Ltd.	Deepak Ku. Panigrahi	-	-	<ul style="list-style-type: none"> <li>As per the letter received from Adv. Chitaranjan Behera, he has applied for the certified copy of the said case, but the case is neither admitted nor has notice been issued to M/S. Cosboard Industries Ltd.</li> <li>No Documents provided</li> </ul>
3.	WP(C) 17842 OF 2016	Ashok Kumar Jena	Collector-cum-D.M., J.S. PUR	-	-	<ul style="list-style-type: none"> <li>As per the letter received from Adv. Chitaranjan Behera, he has applied for the certified copy of the said case, but the case is neither admitted nor has notice been issued to M/S. Cosboard Industries Ltd.</li> <li>No Documents provided</li> </ul>
4.	CONTC 1906 OF 2012	Ashok Kumar Jena	Gyana Ranjan Samal	-	-	<ul style="list-style-type: none"> <li>As per the letter received from Adv. Chitaranjan Behera, he has applied for the certified copy of the said case, but the case is neither admitted nor has notice been issued to M/S. Cosboard Industries Ltd.</li> <li>No Documents provided</li> </ul>
5.	CRLMC 536 OF 2012	Ashok Kumar Jena	State	-	-	<ul style="list-style-type: none"> <li>As per the letter received from Adv. Chitaranjan Behera, he has applied for the certified copy of the said case, but the case is neither admitted nor has notice been issued to M/s. Cosboard Industries Ltd.</li> <li>No Documents provided</li> </ul>

**Taxation Matters**

Nil

**LITIGATION INVOLVING PROMOTER OF OUR COMPANY**

**Criminal Litigation**



Nil

**Civil Proceedings**

Nil

***Taxation Matters***

Nil

***Past Penalties imposed on our Promoters***

Nil

***Proceedings initiated against our Promoters for Economic Offences/securities laws/ or any other law***

Nil

**Litigation /Legal Action pending or taken by Any Ministry or any statutory authority against any Promoter in last five years**

Nil

**Penalties in Last Five Years**

Nil

**Litigation /defaults in respect of the companies/Firms/ventures/ with which our promoter was associated in Past**

Nil

**Adverse finding against Promoter for violation of Securities laws or any other laws**

Nil

**Litigation by Our Promoters**

***Criminal Litigation***

Nil

**Civil Proceedings**

Nil

***Taxation Matters***

Nil

**LITIGATION INVOLVING OUR GROUP COMPANIES**

***Outstanding Litigation against our Group Companies***

Nil

***Criminal Litigation***

Nil



**Civil Proceedings**

Nil

**Taxation Matters**

Nil

**Past Penalties imposed on our Group Companies**

Nil

**Proceedings initiated against our Group Companies for Economic Offences/securities laws/ or any other law**

Nil

**Litigation /Legal Action pending or taken by Any Ministry or any statutory authority against any *Group Companies***

Nil

**Adverse finding against *Group Companies* for violation of Securities laws or any other laws**

Nil

**LITIGATION BY OUR GROUP COMPANIES**

***Criminal Litigation***

Nil

**Civil Proceedings**

Nil

***Taxation Matters***

Nil

**LITIGATION INVOLVING OUR SUBSIDIARIES**

***Criminal Litigation***

Nil

**Civil Proceedings**

Nil

***Taxation Matters***

Nil

***Past Penalties imposed on our Subsidiaries***

Nil

***Proceedings initiated against our Subsidiaries for Economic Offences/securities laws/ or any other law***

Nil



**Litigation /Legal Action pending or taken by Any Ministry or any statutory authority against any Subsidiaries**

Nil

**Adverse finding against Subsidiaries for violation of Securities laws or any other laws**

Nil

#### **LITIGATION BY OUR SUBSIDIARIES**

##### ***Criminal Litigation***

Nil

##### ***Civil Proceedings***

Nil

##### ***Taxation Matters***

Nil

#### **OTHER MATTERS**

Nil

**Details of any inquiry, inspection or investigation initiated under present or previous companies laws in last five years against the Company or its subsidiaries: NIL**

**Outstanding Litigation against other companies or any other person whose outcome could have an adverse effect on our company: NIL**

#### **Material Developments since the Last Balance Sheet**

Except as disclosed in Management Discussion and Analysis of Financial Condition and results of operations, there have been no material developments.

#### **Outstanding dues to small scale undertakings or any other creditors**

As per the requirements of SEBI Regulations, our Company considered creditors to whom the amount due exceeds Rs. 10 lac by our company for the purpose of identification of material creditors. Based on the above, following has been considered as material creditors of our Company as on 31<sup>st</sup> March, 2017.

S.No	Name of Creditor	Rs. In Lacs
1	Amber Coal Depot	11.89
2	Hira Wastage Supply Co.	35.98
3	MM Industries	164.75
4	Sree Exporters	38.29
5	Sri Vijaya Laxmi Coal Depot	66.20
6	Engineers Syndicate	46.71
7	Jain Enterprises	16.44
8	Pipes N Tubes (Hyd)	14.35
9	Sethia Sales & Services (CTC)	10.57





## GOVERNMENT AND OTHER APPROVALS

Our Company has received the necessary licenses, permissions and approvals from the Central and State Governments and other government agencies/regulatory authorities/certification bodies required to undertake the Issue or continue our business activities. In view of the approvals listed below, we can undertake the Issue and our current/ proposed business activities and no further major approvals from any governmental/regulatory authority or any other entity are required to be undertaken, in respect of the Issue or to continue our business activities. It must, however, be distinctly understood that in granting the above approvals, the Government of India and other authorities do not take any responsibility for the financial soundness of our Company or for the correctness of any of the statements or any commitments made or opinions expressed in this behalf.

The main objects clause of the Memorandum of Association of our Company and the objects incidental, enable our Company to carry out its activities.

For further details in connection with the regulatory and legal framework within which we operate, please refer to the section titled “Key Industry Regulations and Policies” on page 92 of this Draft Letter of Offer.

### Approvals pertaining to Incorporation, name and constitution of our Company

- Our Company was originally incorporated as “Central Orissa Straw board Private Limited” in Cuttack Orissa as a Private Limited Company under the provisions of the Companies Act, 1956 vide certificate of incorporation dated 30<sup>th</sup> December, 1980 and the constitution of the company has been changed to a limited company vide fresh certificate of incorporation dated 20<sup>th</sup> May, 1993 and name of company was changed to “Cosboard Industries Limited”.
- The Corporate Identification Number of our Company is L21015OR1980PLC000916.

### I. We have obtained the following valid Licenses/ Approvals/ Registrations/ Consents for operation of our business:

#### A. Under Direct & Indirect Tax Laws:

Sl. No	License/Approval/Registration number	Applicable law	Nature of approval	Valid up to
1	Income Tax Department/AAACC7197D	Income Tax Act	Permanent Account Number	Not applicable
2	Income Tax Department/BBNC00247C	Income Tax Act	Tax Deduction & Collection Account Number	Not applicable
3	Central Board of Excise and Customs	GSTIN - 21AAACC7197D1ZY	GST Registration w.e.f. 28/06/2017	Until cancelled
4	Registration Certificate Registration No. AAACC7197D-XM-003	Central Excise and Customs, Cuttack	Central Excise and customs	Until change in premises and purpose as stated in the application
5	Certificate of Registration Registration no: 21231201605	The Central Sales Tax (Registration and Turnover) Rules, 1957	Registration as a dealer under section 7(1)/7(2) of the Central Sales Tax Act, 1956	-
6	Registration Certificate TIN 21231201605	Value Added Tax	for Dealers Liable to Pay VAT	-
7	Registration Service Tax Code AAACC7197DST002	Service Tax	Manufacturing, Writing, Printing and Newsprint paper	-



**B. Under Employment Laws:**

Sl. No	Department	Approval	Validity	Particular
1	Regional Provident Fund Commissioner, Orissa	M/s.Cos/6/87/OR/3 263/437 dated January 21, 1987	W.E.F. 30th November, 1986; Applicability and allotment code	The Company with all its branches and departments is brought in the purview of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and Schemes framed thereunder with effect from 30th November, 1986.
2	Employees State Insurance Corporation	Employer's code no. 44000022000000802	-	-

**C. Other Laws:**

Sr. No	Authority	Licence No.	Subject	Date	Validity	From	To	Observations
1.	Ministry of Commerce and Industry, Secretariat for Industrial Assistance, Public Relation & Complaints Section	Acknowledgement 1581/SIA/TMO/2011	Expansion of capacity of manufacturing paper	18/05/2011	-	-	-	-
2.	Dy. Director of Factories and Boilers, Cuttack Division, Cuttack	Registration and licence to work a factory Registration no CK618 Sr.no 04225	"Writing, Printing and Newsprint paper factory"	19/01/2011	1 year (renewable every year)	01/01/2017	31/12/2017	<ul style="list-style-type: none"> <li>Licence has been renewed every year.</li> <li>Fees paid Rs.22,500/-.</li> <li>License to Mr. Anil Kumar Gilra to work a factory not employing</li> </ul>



Sr. No.	Authority	Licence No.	Subject	Date	Validity	From	To	Observations
								more than 100 persons on any one day and using motive power not exceeding 3382kW.
3.	Dy. Director of Factories and Boilers, Cuttack Division, Cuttack	Registration and licence to work a factory Registration no. CK589 Sr.no 03992	“Recycling Paper factory”	-	Renewed upto 31-12-2017	-	31-12-2017	<ul style="list-style-type: none"> <li>Fees 22,500/-</li> <li>License to MR. Anil Kumar Gilrato work a factory not employing more than 100 persons on any one day and using motive power not exceeding 3788kW.</li> </ul>
4.	Department of Steel and Mines	Trading Licence (for coal)  License no NLD7940/2014	-	19/07/2014	-	21/07/2014	20/07/2019	<ul style="list-style-type: none"> <li>Application fees Rs. 50,000/- and security deposit Rs. 20,000/-</li> <li>Form D</li> <li>Purpose: P-1 Processing, end use and sale of residuals within State.</li> </ul>
4.	Orissa Boiler Inspection Department	Certificate for use of a boiler  Registry no of Boiler: OR 528	-	13/12/2016	-	16/11/2016	15/11/2017	<ul style="list-style-type: none"> <li>Type of Boiler : WT</li> <li>Fees Rs.5,000/- paid</li> <li>Form No VI</li> </ul>




Sr. No.	Authority	Licence No.	Subject	Date	Validity	From	To	Observations
5.	Orissa Boiler Inspection Department	Certificate for use of a boiler Registry no of Boiler: OR 347	-	11/07/2016	-	06/06/2016	05/06/2017	<ul style="list-style-type: none"> <li>Type of Boiler : WT</li> <li>Fees Rs.4,500/- paid</li> </ul>
6.	Electricity Supply Utility of Orissa	Memo No. 5852 dated May 31, 2008	Approval of reduction of C.D from 2426 KVA to 2125 KVA	30/05/2008	-	-	-	<p>As per Electricity Supply Utility of Orissa have demanded the additional Security Deposit of Rs. 10,93,380/- against which the company has paid Rs.6,63,837/-.</p> <p>As per the discussion with the company official, the authority is not pressing hard for paying balance Security Deposit as we were a Sick Company as per SICA Act declared on 30.11.2005.</p> <p>The Company was in rehabilitation stage till 20th March 2013. Therefore the balance amount is not paid.</p>
7.	State Pollution Control Board, Odisha	Consent Order Consent no 2926	Consent for discharge of sewage and trade effluent under section 25/26 of Water (Prevention and Control of Pollution)	16/02/2016	2 years	01/04/2016	31/03/2018	<ul style="list-style-type: none"> <li>The Inspection Book shall be maintained and be opened to and made available to the officers of the State Pollution Control Board</li> </ul>



Sr. No.	Authority	Licence No.	Subject	Date	Validity	From	To	Observations
			Act, 1974 and for existing/new operation of the plant under section 21 of the Air(Prevention and Control of Pollution) Act, 1981					<p>during their visit to the factory.</p> <ul style="list-style-type: none"> <li>The State Pollution Control Board reserves the right to revoke/refuse consent to operate at any time during period for which consent is granted in case any violation is observed and to modify/stipulate additional conditions as deemed appropriate.</li> <li>The industry shall abide by the provisions of Environment (Protection) Act, 1986 and Rules framed thereunder.</li> </ul>

**D: Intellectual Property Laws:**

Our Company registered logo  under the trade mark registration act has filed an application No. 351980 date 22-03-2017 before the Trade Marks Registry for registration of its logo under Class 16 which is under process.



## **OTHER REGULATORY AND STATUTORY DISCLOSURES**

### **Authority for the Issue**

The Issue has been authorized by our Board by a resolution passed at its meeting held on 30<sup>th</sup> August, 2017, pursuant to Section 62 of the Companies Act, 2013. The Issue Price of Rs. [●] per Rights Equity Share and the Rights Entitlement of 1 (One) Rights Equity Share for every 1 (One) fully paid-up Equity Shares held on the Record Date i.e. [●] has been determined by the Board in its meeting held on [●]. The Issue Price has been arrived at in consultation with the Lead Manager.

Our Company has received in-principle approvals from the BSE under Regulation 28 of the SEBI Listing Regulations for listing of the Rights Equity Shares to be allotted in the Issue pursuant to its letters [●].

### **Prohibition by RBI, SEBI or other governmental authorities**

Our Company, the Promoters, the Directors, Promoter Group, persons in control of our Company and persons in control of the Corporate Promoter as well as its directors have not been debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority.

The companies with which our Promoters, our Promoter Group, our Directors or the persons in control of our Company are or were associated as promoter, directors or persons in control have not been debarred from accessing the capital market under any order or direction passed by SEBI or any other regulatory or governmental authority.

None of our Company, our Promoters, our Directors, our Promoter Group, relatives of promoters, are or have been classified as a wilful defaulter by a bank or financial institution or a consortium thereof in accordance with the guidelines on wilful defaulters issued by RBI. Accordingly, no disclosures have been made pursuant to the requirements of Regulation 4(6) read with Part G of Schedule VIII of the SEBI ICDR Regulations.

None of our Directors are associated with the securities market in any manner.

### **Eligibility for the Issue**

The Equity Shares of our Company are presently listed on the BSE. It is eligible to offer Rights Equity Shares pursuant to this Issue in terms of Chapter IV of the SEBI ICDR Regulations.

Our Company is in compliance with the conditions specified in Regulation 4(2) of SEBI ICDR Regulations, 2009, to the extent applicable. Further, in relation to compliance with Regulation 4(2)(d) of the SEBI ICDR Regulations, our Company undertakes to make an application to the Stock Exchanges for listing of the Rights Equity Shares to be issued pursuant to this Issue. Our Company has chosen BSE as the Designated Stock Exchange for the Issue.

### **DISCLAIMER CLAUSE OF SEBI**

AS REQUIRED, A COPY OF THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT LETTER OF OFFER TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. THE LEAD MANAGER, NAVIGANT CORPORATE ADVISORS LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.



IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, NAVIGANT CORPORATE ADVISORS LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER, 13, 2017 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC., AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT LETTER OF OFFER PERTAINING TO THE SAID ISSUE;
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER,

WE CONFIRM THAT:

- (A) THE DRAFT LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
  - (B) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE, AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ ISSUED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
  - (C) THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2013, THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.
3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.
  4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITER TO FULFIL THEIR UNDERWRITING COMMITMENTS. - NOT APPLICABLE
  5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN WILL NOT BE DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT LETTER OF OFFER WITH SEBI UNTIL THE DATE OF COMMENCEMENT OF THE LOCK-IN PERIOD AS STATED IN THE DRAFT LETTER OF OFFER. - NOT APPLICABLE
  6. WE CERTIFY THAT REGULATION 33 OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER / LETTER OF OFFER. - NOT APPLICABLE



7. WE UNDERTAKE THAT SUB-REGULATION 4 OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. - NOT APPLICABLE
8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
9. WE CONFIRM THAT NECESSARY ARRANGEMENTS WILL BE MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 40(3) OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE DRAFT LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT TO BE ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. - NOTED FOR COMPLIANCE
10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE EQUITY SHARES IN DEMAT OR PHYSICAL MODE.
11. WE CERTIFY THAT ALL APPLICABLE DISCLOSURES MANDATED IN THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER:
  - (A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND
  - (B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.
14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, RISK FACTORS, PROMOTER EXPERIENCE, ETC.
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.





16. WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE)', AS PER THE FORMAT SPECIFIED BY THE BOARD THROUGH CIRCULAR. - NOT APPLICABLE
17. WE CERTIFY THAT THE PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS. - COMPLIED WITH TO THE EXTENT OF RELATED PARTY TRANSACTIONS REPORTED IN ACCORDANCE WITH ACCOUNTING STANDARD 18 IN THE AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017.
18. WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y (1) (A) OR (B) (AS THE CASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM, UNDER CHAPTER XC OF THESE REGULATIONS (IF APPLICABLE) - NOT APPLICABLE

THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER SECTION 34 OR SECTION 36 OF THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER, ANY IRREGULARITIES OR LAPSES IN THE DRAFT LETTER OF OFFER.

#### **Disclaimer clauses from our Company and the Lead Manager**

Our company and the lead manager accept no responsibility for statements made otherwise than in this draft letter of offer/Letter of Offer or in the advertisement or any other material issued by or at the instance of our company and that anyone placing reliance on any other source of information would be doing so at his own risk.

Investors who invest in the issue will be deemed to have been represented by our company and the lead manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire equity shares of our company, and are relying on independent advice / evaluation as to their ability and quantum of investment in this issue.

#### **Caution**

Our Company and the Lead Manager accept no responsibility for statements made otherwise than in the Letter of Offer or in any advertisement or other material issued by us or by any other persons at our instance and anyone placing reliance on any other source of information would be doing so at his own risk.

Our Company and the Lead Manager shall make all information available to the Eligible Equity Shareholders and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Draft Letter of Offer with SEBI.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Draft Letter of Offer. You must not rely on any unauthorized information or representations. This Draft Letter of Offer is an offer to sell only the Equity Shares and rights to purchase the Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Draft Letter of Offer is current only as of its date.

Investors who invest in the Issue will be deemed to have represented to our Company and Lead Manager, and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares, and are relying on independent advice/ evaluation as to their ability and quantum of investment in the Issue.

The Lead Manager and its affiliates may engage in transactions with, and perform services for, our Company and our Group Entities or affiliates in the ordinary course of business and have engaged, or may in the future



engage, in transactions with our Company and our Group Entities or affiliates, for which they have received, and may in the future receive, compensation.

#### **Disclaimer with respect to jurisdiction**

This Draft Letter of Offer has been prepared under the provisions of Indian Laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Orissa, India only.

#### **Designated Stock Exchange**

The Designated Stock Exchange for the purposes of the Issue will be BSE.

#### **Disclaimer Clause of the BSE**

As required, a copy of the Draft Letter of Offer has been submitted to BSE (the designated stock exchange). The disclaimer clause as intimated by the BSE to us, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to filing with the Stock Exchanges.

#### **Selling restrictions**

The distribution of the Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by the legal requirements prevailing in those jurisdictions. Persons into whose possession of the Letter of Offer may come are required to inform themselves about and observe such restrictions. We are making this Issue of Equity Shares on a rights basis to our Eligible Equity Shareholders and will dispatch the Letter of Offer/Abridged Letter of Offer and CAFs to the Eligible Equity Shareholders who have provided an Indian address.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Draft Letter of Offer is filed with SEBI for observations. Accordingly, the Rights Entitlement or Rights Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer may not be distributed in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction.

Receipt of the Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, under those circumstances, the Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of the Letter of Offer should not, in connection with the issue of the Equity Shares, distribute or send the same in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If the Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the rights referred to in the Letter of Offer.

Neither the delivery of the Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or that the information contained herein is correct as at any time subsequent to this date.

#### **Filing**

The Draft Letter of Offer will be filed with SEBI at Securities and Exchange Board of India, IDCOL House, Ashok Nagar, Unit - II, Bhubaneswar, Odisha, India, Pin Code - 751009 for its observations. SEBI has vide its letter [●] dated [●] issued its final observations and the Letter of Offer has been filed with the Designated Stock Exchange.



## Listing

The existing Equity Shares are listed on the BSE. We will file in-principle approval application to obtain in-principle approval from the BSE in respect of the Equity Shares being offered in terms of the Issue.

If the permission to deal in and for an official quotation of the securities is not granted by the Stock Exchange mentioned above, we shall forthwith repay, without interest, all monies received from applicants in pursuance of the Draft Letter of Offer.

We will issue and dispatch Allotment advice / share certificates / demat credit and / or letters of regret along with refund order or credit the allotted Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date.

If the subscription amount is not refunded within 15 days from the Issue Closing date, we shall be liable to pay interest for the period of delay, after such aforesaid 15 days, in accordance with the provisions of the Companies Act, 2013 and SEBI ICDR Regulations.

## Consents

Consents in writing of the Promoter, Directors, Compliance Officer, Lead Manager to the Issue, Legal Counsel, Registrar to the Issue, Bankers to the Company, Statutory Auditors and Banker to the Issue to act in their respective capacities have been obtained and such consents have not been withdrawn up to the date of the Letter of Offer.

## Expert opinion

Except for (i) the reports of the Statutory Auditors on the Restated Financial Information, and (ii) the Statement of Tax Benefits available to our Company and its Shareholders included in this Draft Letter of Offer, we have not obtained any expert opinions.

## Expenses of the Issue

The total expenses of the Issue are estimated to be approximately Rs. [●] lacs ([●]% of the Issue Size). The expenses of the Issue include, among others, fees of the Lead Manager, fees of the Registrar to the Issue, fees of the other advisors, printing and stationery expenses, advertising, travelling and marketing expenses and other expenses. The estimated Issue expenses are as follows:

(Rs. in lacs)			
Particulars	Estimated Expenses (Rs. in lakhs)	% of Estimated Issue size	% of Estimated Issue expenses
Fees of the Lead Manager, legal advisors, Registrar to the Issue, auditors, including out of pocket expenses	[●]	[●]	[●]
Printing and stationery, distribution, postage, Advertising and marketing expenses etc.	[●]	[●]	[●]
Other expenses (including fees payable to SEBI and Stock Exchange, etc.)	[●]	[●]	[●]
<b>Total</b>	<b>[●]</b>	<b>[●]</b>	<b>[●]</b>

## Public or rights issues by our Company during the last five years

Our Company has not made a public issue or rights issue of Equity Shares in the last five years preceding the date of this Draft Letter of Offer.



#### **Previous issues of securities otherwise than for cash**

Except as disclosed in “*Capital Structure*” on page 41, our Company has not made any issue of securities for consideration otherwise than cash.

#### **Commission or brokerage in previous issue of Equity Shares**

No sum is been payable as commission or brokerage for any of our previous issue(s) of Equity Shares.

#### **Previous capital issue during the previous three years by listed Promoter Group and Subsidiaries of our Company**

None of our Subsidiaries are listed. None of our Promoter Group have made any public or rights issue during the last three years.

#### **Outstanding debentures, bonds, redeemable preference shares or other instruments**

Except as disclosed in the Offer Document, our Company does not have any outstanding debentures, bonds, redeemable preference shares or other instruments as of the date of this Draft Letter of Offer.

#### **Investor Grievances and Redressal System**

We have adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the Listing Regulations.

Our Company has a Stakeholders Relationship Committee which meets as and when required, to deal and monitor redressal of complaints from shareholders. Generally, the investor grievances are dealt within five days of the receipt of the complaint. Bigshare Services Private Limited is our Registrar and Share Transfer Agent. All investor grievances received by us have been handled by the Registrar and Share Transfer Agent in consultation with the Compliance Officer.

Our Board has constituted the Stakeholders Relationship Committee. This committee currently comprises of 3 members, namely Mr. Akram Abu, Mr. Inder Pal Singh Pasricha and Mr. Anil kumar Gilra. Our Stakeholders Relationship Committee oversees the reports received from the registrar and transfer agent and facilitates the prompt and effective resolution of complaints from our shareholders and investors. Its broad terms of reference include:

- Redressal of Equity Shareholder and Investor complaints including, but not limited to non-receipt of share certificates, transfer of Equity Shares and issue of duplicate share certificates, non-receipt of balance sheet, non- receipt of declared dividends, etc. and
- Monitoring transfers, transmissions, dematerialization, rematerialization, splitting and consolidation of shares issued by our Company.

#### **Status of Shareholders Complaints**

- (a) No. of shareholders complaints outstanding as on June 30, 2017: Nil
- (b) Status of the pending complaints: Not applicable

#### **Investor Grievances arising out of the Issue**

Any investor grievances arising out of the Issue will be handled by the Registrar to the Issue. The Registrar to the Issue will have a separate team of personnel handling only our post-Issue correspondence.



Our agreement with the Registrar to the Issue provides for retention of records with the Registrar for a period of at least three years.

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

The average time taken by the Registrar to the Issue for attending to routine grievances will be 15 working days from the date of receipt. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to the Issue to attend to them as expeditiously as possible. We undertake to resolve the investor grievances in a time bound manner.

Investors may contact the Registrar to the Issue at:

**BIGSHARE SERVICES PRIVATE LIMITED**

1<sup>st</sup> Floor, Bharat Tin Works Building,  
Opp. Vasant Oasis, Makwana Road,  
Marol, Andheri (E), Mumbai - 400 059  
**Tel:** +91-22-6263 8200;  
**Fax:** +91-22-6263 8299  
**Website:** [www.bigshareonline.com](http://www.bigshareonline.com)  
**E-Mail:** [ashok@bigshareonline.com](mailto:ashok@bigshareonline.com)  
**Contact person:** Mr. Ashok Shetty  
**SEBI Regn No:** INR000001383

Investors may contact the Compliance Officer at the below mentioned address and/ or Registrar to the Issue at the above mentioned address in case of any pre-Issue/ post -Issue related problems such as non receipt of allotment advice / share certificates / demat credit / refund orders etc.

**Address of our Compliance Officer:**

Ms. Alka Jain  
ACS No: 50528  
Phase II, New Industrial Estate,  
Jagatpur, Cuttack,  
Orissa, 754021, India  
**Tel No :** +91-671-2491966  
**Fax:** +91-671-2490944, 2491295  
**E-mail id:** [cs@cosboard.com](mailto:cs@cosboard.com)

**Change in auditors during last three years**

M/s. B.R.R. & Associates, Chartered Accountants are the present auditors of our Company. The appointment of B.R.R. & Associates, Chartered Accountants as the Statutory Auditor is ratified at every Annual General Meeting. They will hold the office of Statutory Auditors till 38<sup>th</sup> Annual General meeting subject to the ratification by the Shareholders at the Annual General Meeting.

**Capitalisation of reserves or profits**

Our Company has not capitalised reserves or profits during last five years.



### **Revaluation of assets**

Our Company has not revalued its assets during last five years.

If we do not receive the minimum subscription of 90% in this Issue or if our Board fails to dispose off the unsubscribed Equity Shares in the manner as permitted under Section 62(1)(a)(iii), subject to receipt of requisite regulatory approvals, if any, after the Issue Closing Date or the subscription level falls below 90% after the Issue Closing Date on the account of cheques being returned unpaid or withdrawal of applications, we shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If the subscription amount is not refunded within 15 days from the Issue Closing date, we shall be liable to pay interest for the period of delay, after such aforesaid 15 days, in accordance with the provisions of the Companies Act, 2013 and SEBI ICDR Regulations.



## **SECTION VIII - ISSUE RELATED INFORMATION**

### **TERMS OF THE ISSUE**

The Equity Shares proposed to be issued are subject to the terms and conditions contained in the Letter of Offer, the Abridged Letter of Offer, the CAF enclosed with the Letter of Offer, the Memorandum and Articles of Association, the provisions of the Companies Act, FEMA, the SEBI Regulations, any other regulations, guidelines, notifications and regulations for issue of capital and for listing of securities issued by SEBI, RBI and/ or other statutory authorities and bodies from time to time, and the terms and conditions as stipulated in the Allotment advice or letters of Allotment or share certificate and rules as may be applicable and introduced from time to time. All rights/ obligations of Equity Shareholders in relation to Applications and refunds pertaining to the Issue shall apply to Renouncee(s) as well.

Please note that, in terms of SEBI circular CIR/CFD/DIL/1/ 2011 dated April 29, 2011, QIB applicants, Non Institutional Investors and other applicants whose application amount exceeds ` 2,00,000 can participate in the Issue only through the ASBA process. The Investors who are not (i) QIBs, (ii) Non-Institutional Investors or (iii) investors whose application amount is more than ` 200,000, can participate in the Issue either through the ASBA process or the non ASBA process. Renouncees are not eligible ASBA investors and must only apply for the Rights Equity Shares through the non ASBA process irrespective of the application value. ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. For details, see "Procedure for Application through the Applications Supported by Blocked Amount ("ASBA") Process" on page 191 of the Draft Letter of Offer.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public issues/rights issues and clear demarcated funds should be available in such account for ASBA applications.

Please note that in terms of the SEBI (Foreign Portfolio Investors) Regulations, 2014 ("**SEBI FPI Regulations**"), foreign institutional investor or qualified foreign investor who holds a valid certificate of registration shall be deemed to be a foreign portfolio investor till the expiry of the block of three years for which fees have been paid as per the SEBI (Foreign Institutional Investors) Regulations, 1995.

All rights/obligations of the Eligible Equity Shareholders in relation to application and refunds pertaining to the Issue shall apply to the Renouncee(s) as well.

#### **Authority for the Issue**

The Issue has been authorised by a resolution of our Board passed at its meeting held on 30<sup>th</sup> August, 2017, pursuant to section 62 of the Companies Act.

#### **Basis for the Issue**

The Equity Shares are being offered for subscription for cash to those existing equity shareholders of our Company whose names appear, as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held in the electronic form, and on the register of members of our Company in



## **Cosboard Industries Limited**

respect of Equity Shares held in the physical form at the close of business hours on the Record Date, i.e., [●], fixed in consultation with the Designated Stock Exchange.

### **Ranking of Equity Shares**

The Equity Shares shall be subject to the Memorandum and Articles of Association. The Equity Shares allotted in the Issue shall rank *pari passu* with the existing Equity Shares in all respects, including payment of dividends.

### **Mode of Payment of Dividend**

We shall pay dividends (in the event of declaration of such dividends) to our equity shareholders as per the provisions of the Companies Act and our Articles of Association.

The distribution of the Letter of Offer and the issue of the Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. We are making the issue of the Equity Shares on a rights basis to the Equity Shareholders and the Draft Letter of Offer, Abridged Letter of Offer and the CAFs will be dispatched only to those Equity Shareholders who have a registered address in India or who have provided an Indian address. Any person who acquires Rights Entitlements or the Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Draft Letter of Offer, that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States and in other restricted jurisdictions.

## **PRINCIPAL TERMS OF THE EQUITY SHARES ISSUED UNDER THE ISSUE**

### **Face Value**

Each Equity Share shall have the face value of Rs. 10 each.

### **Issue Price**

Each Equity Share is being offered at a price of Rs. [●] (including a premium of Rs. [●] per Equity Share). The Issue Price has been arrived at by us in consultation with the Lead Manager.

### **Rights Entitlement Ratio**

The Equity Shares are being offered on a rights basis to the existing equity shareholders of our Company in the ratio of 1 (One) Equity Share for every 1 (One) Equity Shares held as on the Record Date.

As your name appears as a beneficial owner in respect of Equity Shares held in the electronic form or appears in the register of members as an equity shareholder of our Company as on the Record Date, you are entitled to the number of Equity Shares as set out in Part A of the CAF enclosed with the Draft Letter of Offer.

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an Application to subscribe to the Issue on plain paper. For further details, see the section titled "Issue Related Information - Application on Plain Paper" on page 178 & page 189 respectively.





### **Terms of payment**

The entire amount of Rs. [●] per Equity Share is payable on application. Where an applicant has applied for additional Equity Shares and is allotted lesser number of Equity Shares than applied for, the excess Application Money paid shall be refunded. The monies would be refunded within 15 days from the Issue Closing Date. If the subscription amount is not refunded within 15 days from the Issue Closing date, we shall be liable to pay interest for the period of delay, after such aforesaid 15 days, in accordance with the provisions of the Companies Act, 2013 and SEBI ICDR Regulations.

### **Fractional Entitlements**

The Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of 1 Equity Shares for every 1 Equity Shares held as on the Record Date. Therefore, none of the Eligible Equity Shareholders shall have any fractional entitlement due to the aforesaid ratio.

### **Arrangement for Odd Lot Equity Shares**

Our Company's Equity Shares are traded in dematerialised form only and therefore the marketable lot is 1 (One) share and hence, no arrangements for disposal of odd lots are required.

### **Listing and trading of Rights Equity Shares proposed to be issued**

Our existing Equity Shares are currently listed and traded on BSE (Scrip Code: 530859) under the ISIN - INE496D01016. The fully paid-up Rights Equity Shares proposed to be issued pursuant to the Issue shall, in terms of SEBI Circular No. CIR/MRD/DP/21/2012 dated August 2, 2012, be Allotted under a temporary ISIN shall be frozen till the time final listing and trading approval is granted by the Stock Exchange. Upon receipt of such listing and trading approval, the Rights Equity Shares proposed to be issued pursuant to the Issue shall be debited from such temporary ISIN and credited in the existing ISIN and thereafter be available for trading.

The listing and trading of the Equity Shares shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would affect the listing and trading schedule. Upon Allotment, the Equity Shares shall be traded on Stock Exchanges in the demat segment only.

The Rights Equity Shares allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of the necessary formalities for listing and commencement of trading of the Rights Equity Shares shall be taken within seven Working Days of finalization of Basis of Allotment. We have made an application for "in- principle" approval for listing of the Equity Shares to the BSE and have received such approval from the BSE pursuant to the letter numbers [●], dated [●].

Our Company will apply to the BSE for final approval for the listing and trading of the Rights Equity Shares. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or that the price at which the Rights Equity Shares offered under the Issue will trade after listing on the Stock Exchanges.

### **Rights of the Equity Shareholder**

Subject to applicable laws, Equity Shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;



## ***Cosboard Industries Limited***

- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability of shares; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and the Memorandum and Articles of Association.



## **GENERAL TERMS OF THE ISSUE**

### **Market lot**

The Equity Shares of the Company is tradable only in dematerialized form. The market lot for Equity Shares in dematerialised mode is one.

In case of holding in physical form, the Company would issue to the allottees one certificate for the Equity Shares allotted to one folio ("Consolidated Certificate"). In respect of the Consolidated Certificate, the Company will, upon receipt of a request from the Equity Shareholder, split such Consolidated Certificate into smaller denomination within one month's time from the request of the Equity Shareholder in accordance with the provisions of the Articles of Association.

### **Joint-Holders**

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint-holders with benefits of survivorship subject to provisions contained in the Articles of Association.

### **Nomination facility**

In terms of Section 72 of the Companies Act, 2013, nomination facility is available in case of Equity Shares. An applicant can nominate, by filling the relevant details in the CAF in the space provided for this purpose.

A sole Eligible Equity Shareholder or first Eligible Equity Shareholder, along with other joint Eligible Equity Shareholders being individual(s) may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Equity Shares. A Person, being a nominee, becoming entitled to the Equity Shares by reason of the death of the original Eligible Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the Equity Shares. Where the nominee is a minor, the Eligible Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Equity Share by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. When the Equity Share is held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all the holders. Fresh nominations can be made only in the prescribed form available on request at our Registered and Corporate Office or such other person at such addresses as may be notified by our Company. The applicant can make the nomination by filling in the relevant portion of the CAF.

Only one nomination would be applicable for one folio. Hence, in case the Eligible Equity Shareholder(s) has already registered the nomination with our Company, no further nomination needs to be made for Equity Shares to be allotted in the Issue under the same folio. However, new nominations, if any, by the Eligible Equity Shareholder(s) shall operate in supersession of the previous nomination, if any.

In case the Allotment of Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be allotted in the Issue. Nominations registered with respective Depository Participant of the applicant would prevail. If the applicant wants to change the nomination, they are requested to inform their respective Depository Participant.



## **Notices**

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English National Daily and one Hindi National Daily with wide circulation (including the place where our Registered Office is situated) and/ or will be sent by ordinary post or registered post or speed post to the registered address of the Equity Shareholders in India as updated with the Depositories/ registered with the Registrar and Transfer Agent from time to time.

## **Subscription by the Promoter/Promoter Group**

Our Promoters have confirmed, on behalf of the Promoter Group, vide their letter dated September 01, 2017 that they intend to subscribe to the full extent of their Rights Entitlement in the Issue, in compliance with regulation 10(4) of the SEBI Takeover Regulations.

Our Promoters have further confirmed vide their letter dated September 01, 2017 that, they intend to (i) subscribe for additional Equity Shares and (ii) subscribe for unsubscribed portion in the Issue, if any. Such subscription to additional Equity Shares and the unsubscribed portion, if any, to be made by the Promoter Group, shall be in accordance with regulation 10(4) of the SEBI Takeover Regulations. Their entitlement to subscribe to the Issue would be restricted to ensure that the public shareholding in the Company after the Issue does not fall below the permissible minimum level as specified in the applicable laws, including but not limited to, Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 and entered with the Stock Exchanges and the Securities Contract (Regulations) Rules, 1957.

## **Procedure for Application**

The CAF for Rights Equity Shares offered as a part of the Issue would be printed for all Eligible Equity Shareholders. In case the original CAFs are not received by the Eligible Equity Shareholders or is misplaced by the Eligible Equity Shareholders, the Eligible Equity Shareholders may request the Registrar to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID, Client ID and their full name and address. In case the signature of the Eligible Equity Shareholder(s) does not match with the specimen registered with us or the DP, the application is liable to be rejected.

Please note that neither our Company, nor the Lead Manager nor the Registrar shall be responsible for delay in the receipt of the CAF/ duplicate CAF attributable to postal delays or if the CAF/ duplicate CAF are misplaced in the transit. Eligible Shareholders should note that those who are making the application in such duplicate CAF should not utilize the original CAF for any purpose, including renunciation, even if the original CAF is received or found subsequently. If any Eligible Shareholder violates any of these requirements, he/she shall face the risk of rejection of both applications.

Please note that in accordance with the provisions of the SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011 QIB Applicants, Non-Institutional Investors and other Applicants whose application amount exceeds Rs. 2,00,000 complying with the eligibility conditions prescribed under the SEBI circular no. SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009 must mandatorily participate in the Issue only through the ASBA process. The Investors who are not (i) QIBs, (ii) Non-Institutional Investors or (iii) Investors whose application amount is more than Rs. 2,00,000, can participate in the Issue either through the ASBA process or the non ASBA process

Please also note that by virtue of the circular No. 14 dated September 16, 2003 issued by the RBI, erstwhile Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of Investors



## ***Cosboard Industries Limited***

and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Eligible Shareholder being an erstwhile OCB is required to obtain prior approval from RBI for applying to the Issue.

### **CAF**

The Registrar will dispatch the CAF to all Eligible Equity Shareholders as per their Rights Entitlement on the Record Date. Those Eligible Equity Shareholders who must apply or who wish to apply through the ASBA process and have complied with the parameters mentioned above will have to select the relevant mechanism in Part A of the CAF and provide necessary details.

Application in electronic mode will only be available with SCSBs. The Eligible Equity Shareholder shall submit the CAF to the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the Application in the said bank account maintained with the same SCSB.

Please note that no more than five Applications (including CAF and plain paper) can be submitted per bank account in the Issue. ASBA Investors are also advised to ensure that the CAF is correctly filled up, stating therein the bank account number maintained with the SCSB in which an amount equivalent to the amount payable on Application as stated in the CAF will be blocked by the SCSB.

### **The CAF consists of four parts:**

- Part A: Form for accepting the Rights Equity Shares offered as a part of this Issue, in full or in part, and for applying for additional Rights Equity Shares;
- Part B: Form for renunciation of Rights Equity Shares;
- Part C: Form for application of Rights Equity Shares by Renouncee(s);
- Part D: Form for request for split Application forms.

### **Option available to the Eligible Equity Shareholders**

The CAFs will clearly indicate the number of Rights Equity Shares that the Shareholder is entitled to. An Eligible Equity Shareholder can:

- Apply for his Rights Entitlement of Rights Equity Shares in full;
- Apply for his Rights Entitlement of Rights Equity Shares in part;
- Apply for his Rights Entitlement of Rights Equity Shares in part and renounce the other part of the Rights Equity Shares;
- Apply for his Rights Entitlement in full and apply for additional Rights Equity Shares;
- Renounce his Rights Entitlement in full.

### **Acceptance of the Issue**

You may accept the offer to participate and apply for the Rights Equity Shares, either in full or in part without renouncing the balance by filling Part A of the CAFs and submit the same along with the application money payable to the collection branches of the Banker to the Issue as mentioned on the reverse of the CAFs before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by our Board in this regard. Investors at centres not covered by the branches of the Banker to the Issue can send their CAFs together with the cheque drawn at par on a local bank at Cuttack, demand draft payable at Cuttack to the Registrar to the Issue by registered post/ speed post so as to reach the Registrar to the Issue prior to the Issue Closing Date.



## **Cosboard Industries Limited**

Please note that neither our Company nor the Lead Manager nor the Registrar to the Issue shall be responsible for delay in the receipt of the CAF attributable to postal delays or if the CAF is misplaced in transit. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected. For further details on the mode of payment, please see the headings “*Mode of Payment for Resident Eligible Equity Shareholders/ Investors*” and “*Mode of Payment for Non-Resident Eligible Equity Shareholders/ Investors*” on page 211.

### **Additional Rights Equity Shares**

You are eligible to apply for additional Rights Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Rights Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Rights Equity Shares shall be considered and allotment shall be made at the sole discretion of our Board, subject to sectoral caps and prescribed limits as per applicable laws and and in consultation if necessary with the Designated Stock Exchange.

If you desire to apply for additional Rights Equity Shares, please indicate your requirement in the place provided for additional Rights Equity Shares in Part A of the CAF. Renouncee(s) applying for all the Rights Equity Shares renounced in their favour may also apply for additional Rights Equity Shares by indicating the details of additional Rights Equity Shares applied in place provided for additional Rights Equity Shares in Part C of CAF. In terms of Regulation 6 of Notification No. FEMA 20 12000-RB dated May 3, 2000, as amended from time to time, only the existing Non-Resident shareholders may subscribe for additional equity shares over and above the equity shares offered on rights basis by our Company.

Where the number of additional Rights Equity Shares applied for exceeds the number of Rights Equity Shares available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

### **Renunciation**

This Issue includes a right exercisable by you to renounce the Rights Equity Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that we shall not Allot and/ or register the Rights Equity Shares in favour of more than three persons (including joint holders), partnership firm(s) or their nominee(s), minors, HUF, any trust or society (unless the same is registered under the Societies Registration Act, 1860 or the Indian Trust Act, 1882 or any other applicable law relating to societies or trusts and is authorized under its constitution or bye-laws to hold Equity Shares, as the case may be). Additionally, existing Eligible Equity Shareholders may not renounce in favour of persons or entities in the U.S., or to, or for the account or benefit of a “U.S. Person” (as defined in Regulation S), or who would otherwise be prohibited from being offered or subscribing for Rights Equity Shares or Rights Entitlement under applicable securities laws.

Any renunciation other than as stated above is subject to the renouncer(s)/renouncee(s) obtaining the approval of the FIPB and/or necessary permission of the RBI under the FEMA and such permissions should be attached to the CAF or SAF. In case of Applications which are not accompanied by the aforesaid approvals, our Board reserves the right to reject such CAF or SAF.

### **Renunciations by OCBs**

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, OCBs have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management



## **Cosboard Industries Limited**

(Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, the existing Eligible Equity Shareholders who do not wish to subscribe to the Rights Equity Shares being offered but wish to renounce the same in favour of Renouncee shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s).

The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/ 2000-RB dated May 3, 2000 under FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through Automatic Route on case by case basis. Shareholders renouncing their rights in favour of OCBs may do so provided such Renouncee obtains a prior approval from the RBI. On submission of such approval to us at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the CAF.

Part 'A' of the CAF must not be used by any person(s) other than those in whose favour this Issue has been made. If used, this will render the application invalid. Submission of the CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part 'B' of the CAF) duly filled in shall be conclusive evidence for us of the fact of renouncement to the person(s) applying for Rights Equity Shares in Part 'C' of the CAF for the purposes of Allotment of such Rights Equity Shares. The Renouncees applying for all the Rights Equity Shares renounced in their favour may also apply for additional Rights Equity Shares. Part 'A' of the CAF must not be used by the Renouncee(s) as this will render the application invalid. Renouncee(s) will have no further right to renounce any Rights Equity Shares in favour of any other person. In terms of Regulation 6 of Notification No. FEMA 20 12000-RB dated May 3, 2000, as amended from time to time, only the existing Non-Resident shareholders may subscribe for additional equity shares over and above the equity shares offered on rights basis by our Company.

The right of renunciation is subject to the express condition that our Board shall be entitled in its absolute discretion to reject the application from the Renouncees without assigning any reason thereof.

### **Procedure for renunciation**

#### **To renounce all the Rights Equity Shares offered to an Equity Shareholder in favour of one Renouncee**

If you wish to renounce the Rights Entitlement indicated in Part 'A', in whole, please complete Part 'B' of the CAF. In case of joint holding, all joint holders must sign Part 'B' of the CAF. The person in whose favour renunciation has been made should complete and sign Part 'C' of the CAF. In case of joint Renouncees, all joint Renouncees must sign Part 'C' of the CAF.

#### **To renounce in part/ or renounce the whole to more than one person(s)**

If you wish to either accept this offer in part and renounce the balance or renounce the entire Rights Entitlement under this Issue in favour of two or more Renouncees, the CAF must be first split into requisite number of SAFs. Please indicate your requirement of SAFs in the space provided for this purpose in Part 'D' of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for SAFs as mentioned herein. On receipt of the required number of SAFs from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Eligible Equity Shareholder(s), who has renounced the Rights Equity Shares, does not match with the specimen registered with us/ Depositories, the application is liable to be rejected.





### **Renouncee(s)**

The person(s) in whose favour the Equity Shares are renounced should fill in and sign Part 'C' of the CAF and submit the entire CAF to the Banker to the Issue or to any of the collection branches of the Bankers to the Issue as mentioned in the reverse of the CAF on or before the Issue Closing Date along with the application money in full. The Renouncee cannot further renounce.

### **Change and/ or introduction of additional holders**

If you wish to apply for the Rights Equity Shares jointly with any other person(s), not more than three (including you), who is/ are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.

However, this right of renunciation is subject to the express condition that our Board shall be entitled in its absolute discretion to reject the request for Allotment from the Renouncee(s) without assigning any reason thereof.

### **Instructions for Options**

The summary of options available to the Eligible Equity Shareholder is presented below. You may exercise any of the following options with regard to the Rights Equity Shares offered, using the CAF:

<b>S. No</b>	<b>Option Available</b>	<b>Action Required</b>
(i)	Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A (All joint holders must sign in the same sequence)
(ii)	Accept your Rights Entitlement in full and apply for additional Rights Equity Shares	Fill in and sign Part A including Block III relating to the acceptance of Rights Entitlement and Block IV relating to additional Equity Shares (All joint holders must sign in the same sequence)
(iii)	Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s) OR Renounce your Rights Entitlement of all the Rights Equity Shares offered to you to more than one Renouncee	Fill in and sign Part D (all joint holders must sign in the same sequence) requesting for SAFs. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for SAFs.  Splitting will be permitted only once.  On receipt of the SAF take action as indicated below. For the Equity Shares you wish to accept, if any, fill in and sign Part A.  For the Rights Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand it over to the Renouncee. Each of the Renouncee should fill in and sign Part C for the Equity





S. No	Option Available	Action Required
		Shares accepted by them.
(iv)	Renounce your Rights Entitlement in full to one person (Joint Renouncees are considered as one)	Fill in and sign Part B (all joint holders must sign in the same sequence) indicating the number of Equity Shares renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C (All joint Renouncees must sign)
(v)	Introduce a joint holder or change the sequence of joint holders	This will be treated as a renunciation. Fill in and sign Part B and the Renouncee must fill in and sign Part C.

In case of Rights Equity Shares held in physical form, applicants must provide information in the CAF as to their respective bank account numbers, name of the bank, to enable the Registrar to print the said details on the refund order. Failure to comply with this may lead to rejection of application. In case of Rights Equity Shares held in demat form, bank account details furnished by the Depositories will be printed on the refund order.

**Please note that:**

- Part 'A' of the CAF must not be used by any person(s) other than the Eligible Equity Shareholder to whom this Draft Letter of Offer has been addressed. If used, this will render the application invalid.
- Request for SAF should be made for a minimum of one Equity Share or, in either case, in multiples thereof, and one SAF for the balance corresponding Rights Equity Shares, if any.
- Request by the Eligible Equity Shareholder for the SAFs should reach the Registrar on or before [●].
- Only the Eligible Equity Shareholder to whom the Letter of Offer has been addressed shall be entitled to renounce and to apply for SAFs. Forms once split cannot be split further.
- SAFs will be sent to the Eligible Equity Shareholder(s) by post at the Applicant's sole risk.
- Eligible Equity Shareholders may not renounce in favour of persons or entities in the restricted jurisdictions including the U.S. or to or for the account or benefit of a "U.S. Person" (as defined in Regulation S), or who would otherwise be prohibited from being offered or subscribing for Rights Equity Shares or Rights Entitlement under applicable securities laws.
- Submission of the CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part 'B' of the CAF) duly filled in shall be conclusive evidence for us of the person(s) applying for Rights Equity Shares in Part 'C' of the CAF to receive Allotment of such Rights Equity Shares.
- While applying for or renouncing their Rights Entitlement, joint Equity Shareholders must sign the CAF in



## **Cosboard Industries Limited**

the same order as per specimen signatures recorded with us or the Depositories.

- Non-resident Eligible Equity Shareholders: Application(s) received from Non-Resident/ NRIs, or persons of Indian origin residing abroad for allotment of Rights Equity Shares allotted as a part of this Issue shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of Rights Equity Shares, subsequent issue and allotment of Rights Equity Shares, interest, export of share certificates, etc. In case a Non-Resident or NRI Eligible Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.
- Applicants must write their CAF number at the back of the cheque / demand draft.
- The RBI has mandated that CTS 2010 compliant cheques can only be presented in clearing hence the CAFs accompanied by non-CTS cheques could get rejected.

### **Availability of duplicate CAF**

In case the original CAF is not received, or is misplaced by the Eligible Equity Shareholder, the Registrar to the Issue will issue a duplicate CAF on the request of the Eligible Equity Shareholder who should furnish the registered folio number/ DP and Client ID number and his/ her full name and address to the Registrar to the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue at least 7 days prior to the Issue Closing Date. Please note that those who are making the application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the Eligible Equity Shareholder violates such requirements, he/ she shall face the risk of rejection of either original CAF or both the applications.

Neither the Registrar nor the Lead Manager or our Company, shall be responsible for postal delays or loss of duplicate CAFs in transit, if any.

### **Application on Plain Paper (Non - ASBA)**

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with account payee cheque drawn on a bank payable at par, pay order/demand draft (after deducting banking and postal charges) payable at Cuttack which should be drawn in favour of **“Cosboard Industries Limited - Rights Issue - R”** in case of resident shareholders and non-resident shareholders applying on non-repatriable basis and in favour of **“Cosboard Industries Limited - Rights Issue- NR”** in case of non-resident shareholders applying on repatriable basis and send the same by registered post directly to the Registrar to the Issue so as to reach Registrar to the Issue on or before the Issue Closing Date. The envelope should be super scribed **“Cosboard Industries Limited - Rights Issue - R”** in case of resident shareholders and Non- resident shareholders applying on non-repatriable basis, and **“Cosboard Limited - Rights Issue - NR”** in case of non-resident shareholders applying on repatriable basis.

- The application on plain paper, duly signed by the applicant(s) including joint holders, in the same order as per specimen recorded with us or the Depositories, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:
- Name of Issuer, being Cosboard Industries Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Number of Rights Equity Shares held as on Record Date;
- Number of Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for;



## ***Cosboard Industries Limited***

- Number of additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for;
- Total amount paid at the rate of Rs. [●] per Rights Equity Share;
- Particulars of cheque/ demand draft;
- Savings/ current account number and name and address of the bank where the Eligible Equity Shareholder will be depositing the refund order. In case of Rights Equity Shares allotted in demat form, the bank account details will be obtained from the information available with the Depositories;
- Except for applications on behalf of the Central or State Government and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue; Documentary evidence for exemption to be provided by the applicants;
- Share certificate numbers and distinctive numbers of Rights Equity Shares, if held in physical form;
- Allotment option preferred - physical or demat form, if held in physical form;
- If the payment is made by a draft purchased from NRE/ FCNR/ NRO account, as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account;
- Signature of the Applicant to appear in the same sequence and order as they appear in our records / Depositories; and
- For ASBA Investors, application on plain paper should have details of their ASBA Account.
- Additionally, all such applicants are deemed to have accepted the following:

“I/ We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/ We understand and agree that the Rights Entitlement and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/ We (i) am/ are, and the person, if any, for whose account I/ we am/ are acquiring such Rights Entitlement and/ or the Rights Equity Shares is/ are, outside the U.S., (ii) am/ are not a “U.S. Person” as defined in Regulation S, and (iii) is/ are acquiring the Rights Entitlement and/ or the Rights Equity Shares in an offshore transaction meeting the requirements of Regulation S.

I/ We acknowledge that the Company, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Eligible Equity Shareholder violates such requirements, he/ she shall face the risk of rejection of both the applications. We shall refund such application amount to the Eligible Equity Shareholder without any interest thereon and no liability shall arise on part of our Company, Lead Manager and our Directors. In cases where multiple CAFs are submitted, including cases where an investor submits CAFs along with a plain paper application, such applications shall be liable to be rejected.



## **Cosboard Industries Limited**

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an application being rejected, with our Company, the Lead Manager and the Registrar not having any liability to the Investor. The plain paper application format will be available on the website of the Registrar to the Issue.

### **Last date for Application**

The last date for submission of the duly filled in CAF is [●]. Our Board may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the CAF together with the amount payable is not received by the Banker to the Issue/ Registrar to the Issue on or before the close of banking hours on the aforesaid last date or such date as may be extended by our Board or any authorised committee thereof, the invitation to offer contained in this Draft Letter of Offer shall be deemed to have been declined and our Board or any authorised committee thereof shall be at liberty to dispose of the Rights Equity Shares hereby offered.

### **PROCEDURE FOR APPLICATION THROUGH THE APPLICATIONS SUPPORTED BY BLOCKED AMOUNT (“ASBA”) PROCESS**

*This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA Process. The Lead Manager and we are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors who are eligible to apply under the ASBA Process are advised to make their independent investigations and to ensure that the CAF is correctly filled up.*

*The Lead Manager, we, our Directors, Affiliates, Associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs, applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.*

Please note that, in terms of SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011, all QIB Applicants, Non- Institutional Investors and other Applicants whose application amount exceeds Rs. 2,00,000, complying with the eligibility conditions of SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, can participate in the Issue only through the ASBA process. The Investors who are not (i) QIBs, (ii) Non- Institutional Investors or (iii) Investors whose application amount is more than Rs. 2,00,000, can participate in the Issue either through the ASBA process or the non ASBA process. Renouncees are not eligible ASBA investors and must only apply for the Rights Equity Shares through the non ASBA process. ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please see “General Terms of the Issue” on page 182.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in their own name with any other SCSB having clear demarcated funds for applying in



## ***Cosboard Industries Limited***

the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.

### **Self-Certified Syndicate Banks**

The list of banks which have been notified by SEBI to act as SCSBs for the ASBA Process is provided on [http://www.sebi.gov.in/cms/sebi\\_data/attachdocs/1365051213899.html](http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html) and/or such other website(s) as may be prescribed by the SEBI or Stock Exchange(s) from time to time. For details on Designated Branches of SCSBs collecting the CAF, please refer the above mentioned SEBI link.

### **Eligible Equity Shareholders who are eligible to apply under the ASBA Process**

The option of applying for Rights Equity Shares through the ASBA Process is available only to the Eligible Equity Shareholders on the Record Date.

#### **To qualify as ASBA Applicants, Eligible Equity Shareholders:**

- are required to hold Rights Equity Shares in dematerialized form as on the Record Date and apply for: (i) their Rights Entitlement; or (ii) their Rights Entitlement and Rights Equity Shares in addition to their Rights Entitlement in dematerialized form;
- should not have renounced their Right Entitlement in full or in part;
- should not have split the CAF and further renounced it;
- should not be Renouncees;
- should apply through blocking of funds in bank accounts maintained with SCSBs; and
- are eligible under applicable securities laws to subscribe for the Rights Entitlement and the Rights Equity Shares in the Issue.

### **CAF**

The Registrar will dispatch the CAF to all Eligible Equity Shareholders as per their Rights Entitlement on the Record Date for the Issue. Those Eligible Equity Shareholders who must apply or who wish to apply through the ASBA will have to select for this ASBA payment mechanism in Part A of the CAF and provide necessary details.

Eligible Equity Shareholders desiring to use the ASBA Process are required to submit their applications by selecting the ASBA option in Part A of the CAF. Application in electronic mode will only be available with such SCSBs who provide such facility. The Eligible Equity Shareholder shall submit the CAF to the Designated Branch of the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the ASBA Account.

More than one ASBA Investor may apply using the same ASBA Account, provided that SCSBs will not accept a total of more than five CAFs with respect to any single ASBA Account as provided for under the SEBI Circular dated December 30, 2009.

### **Acceptance of the Issue under the ASBA process**

You may accept the Issue and apply for the Rights Equity Shares either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA option in Part A of the CAF and submit the same to the Designated Branch of the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by our Board or any committee thereof in this regard.



### **Mode of payment under the ASBA process**

The Eligible Equity Shareholder applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in an ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar. Upon receipt of instructions from the Registrar, the SCSBs shall transfer amount to the extent of Rights Equity Shares allotted in the Rights Issue as per the Registrar's instruction from the ASBA Account. This amount will be transferred in terms of the SEBI ICDR Regulations, into the separate bank account maintained by our Company for the purpose of the Issue. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar and the Lead Manager to the respective SCSB.

The Eligible Equity Shareholders applying under the ASBA Process would be required to give instructions to the respective SCSBs to block the entire amount payable on their application at the time of the submission of the CAF.

The SCSB may reject the application at the time of acceptance of CAF if the ASBA Account, details of which have been provided by the Equity Shareholder in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, we would have a right to reject the application only on technical grounds.

A Retail Individual Investor applying for a value of up to Rs. 2,00,000, can participate in the Issue either through the ASBA process or non-ASBA process.

### **Options available to the Eligible Equity Shareholders applying under the ASBA Process**

The summary of options available to the Eligible Equity Shareholders is presented below. You may exercise any of the following options with regard to the Rights Equity Shares, using the respective CAFs received from Registrar:

<b>S.No.</b>	<b>Option Available</b>	<b>Action Required</b>
1.	Accept whole or part of your Rights Entitlement without renouncing the balance	Fill in and sign Part A of the CAF (All joint holders must sign)
2.	Accept your Rights Entitlement in full and apply for additional Rights Equity Shares	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Rights Equity Shares (All joint holders must sign)

The Eligible Equity Shareholders applying under the ASBA Process will need to select the ASBA process option in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the designated branch of the SCSBs with the relevant details required under the ASBA process option and the SCSBs block the requisite amount, then that CAF would be treated as if the Eligible Equity Shareholder has selected to apply through the ASBA process option.





### **Additional Rights Equity Shares**

You are eligible to apply for additional Rights Equity Shares over and above the number of Rights Equity Shares that you are entitled to, provided that you are eligible to apply for the Rights Equity Shares under applicable law and you have applied for all the Rights Equity Shares (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Where the number of additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment in consultation with the Designated Stock Exchange. Applications for additional Rights Equity Shares shall be considered and Allotment shall be made at the sole discretion of our Board, in consultation with the Designated Stock Exchange and in the manner prescribed under “*Terms of the Issue*” on page 178.

If you desire to apply for additional Rights Equity Shares, please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF. The Renouncee applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares.

### **Renunciation under the ASBA Process**

ASBA Investors can neither be Renouncees, nor can renounce their Rights Entitlement.

### **Application on Plain Paper under the ASBA process**

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF and who is applying under the ASBA Process may make an application to subscribe to the Issue on plain paper. The Equity Shareholder shall submit the plain paper application to the Designated Branch of SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB. Applications on plain paper from any address outside India will not be accepted.

The envelope should be super scribed “***Cosboard Industries Limited - Rights Issue- R***” or “***Cosboard Industries Limited - Rights Issue- NR***”, as the case may be. The application on plain paper, duly signed by the Investors including joint holders, in the same order as per the specimen recorded with us or the Depositories, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being Cosboard Industries Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Certificate numbers and distinctive numbers of Rights Equity Shares, if held in physical form;
- Number of Rights Equity Shares held as on Record Date;
- Number of Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for;
- Number of additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for;
- Total amount to be paid at the rate of Rs. [●] per Rights Equity Share;
- Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- In case of non-resident investors, details of the NRE/ FCNR/ NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
- Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts (subject to submitting sufficient documentary evidence in support of their claim for exemption, provided that such transactions are undertaken on behalf of the Central and State



## **Cosboard Industries Limited**

Government and not in their personal capacity), PAN of the Investor and for each Investor in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue;

- Signature of the Shareholders to appear in the same sequence and order as they appear in our records or depositories records; and
- Additionally, all such applicants are deemed to have accepted the following:

“I/ We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/ We understand and agree that the Rights Entitlement and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/ We (i) am/ are, and the person, if any, for whose account I/ we am/ are acquiring such Rights Entitlement and/ or the Rights Equity Shares is/ are, outside the U.S., (ii) am/ are not a “U.S. Person” as defined in (“**Regulation S**”), and (iii) is/ are acquiring the Rights Entitlement and/ or the Rights Equity Shares in an offshore transaction meeting the requirements of Regulation S.

I/ We acknowledge that the Company, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Investor violates such requirements, he/she shall face the risk of rejection of both the applications. We shall refund such application amount to the Investor without any interest thereon.

### **Option to receive Rights Equity Shares in Dematerialized Form**

**ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE RIGHTS EQUITY SHARES ARE HELD BY SUCH ASBA APPLICANT ON THE RECORD DATE.**

### **General instructions for Eligible Equity Shareholders applying under the ASBA Process**

- 1) Please read the instructions printed on the CAF carefully.
- 2) Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of this Draft Letter of Offer and the Abridged Letter of Offer are liable to be rejected. The CAF must be filled in English. No correction of name, folio/DP client id etc., should be made in the printed CAF sent.
- 3) ASBA Applicants are required to select this mechanism in Part A of the CAF and provide necessary details, including details of the ASBA Account, authorizing the SCSB to block an amount equal to the Application





## ***Cosboard Industries Limited***

Money in the ASBA Account mentioned in the CAF, and including the signature of the ASBA Account holder if the ASBA Account holder is different from the Applicant.

- 4) The CAF/plain paper application in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose ASBA Account/ bank account details are provided in the CAF and not to the Banker to the Issue/ Collecting Banks (assuming that such Collecting Bank is not a SCSB), to us or Registrar or Lead Manager to the Issue.
- 5) All applicants, and in the case of application in joint names, each of the joint applicants, should mention his/ her PAN allotted under the IT Act, irrespective of the amount of the application. Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, **CAFs without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended for credit” and no allotment and credit of Rights Equity Shares shall be made into the accounts of such Investors.**
- 6) All payments will be made by blocking the amount in the ASBA Account. Cash payment or payment by cheque/ demand draft/ pay order is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- 7) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Eligible Equity Shareholders must sign the CAF as per the specimen signature recorded with us and/ or Depositories.
- 8) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the depository/ us. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.
- 9) All communication in connection with application for the Rights Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/ sole applicant Equity Shareholder, folio numbers and CAF number.
- 10) Only the person or persons to whom the Rights Equity Shares have been offered and not renouncee(s) shall be eligible to participate under the ASBA process.
- 11) Only persons outside restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Rights Equity Shares under applicable securities laws are eligible to participate.
- 12) Only the Eligible Equity Shareholders holding shares in demat are eligible to participate through ASBA process.
- 13) Eligible Equity Shareholders who have renounced their entitlement in part/ full are not entitled to apply using ASBA process.
- 14) Please note that subject to SCSBs complying with the requirements of SEBI circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.



## **Cosboard Industries Limited**

- 15) In case of non - receipt of CAF, application can be made on plain paper mentioning all necessary details as mentioned under the heading “*Application on Plain Paper*” on page 189 and 194.

### **Do’s:**

- 1) Ensure compliance with eligibility conditions prescribed under the SEBI circular no. SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009.
- 2) Ensure that the ASBA Process option is selected in part A of the CAF and necessary details are filled in.
- 3) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Rights Equity Shares will be allotted in the dematerialized form only.
- 4) Ensure that the CAFs are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the CAF.
- 5) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares as the case may be applied for} X {Issue Price of Rights Equity Shares, as the case may be}) available in the ASBA Account mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.
- 6) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF, in the ASBA Account, of which details are provided in the CAF and have signed the same.
- 7) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the CAF in physical form.
- 8) Except for CAFs submitted on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, each applicant should mention their PAN allotted under the Income Tax Act.
- 9) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.
- 10) Ensure that the Demographic Details are updated, true and correct, in all respects.
- 11) Ensure that the account holder in whose bank account the funds are to be blocked has signed authorising such funds to be blocked.
- 12) Apply under ASBA process only if you comply with the definition of an ASBA Investor.

### **Don’t’s:**

- Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.
- Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.
- Do not pay the amount payable on application in cash, by money order, by pay order or by postal order.
- Do not send your physical CAFs to the Lead Manager/ Registrar/ Collecting Banks (assuming that such Collecting Bank is not a SCSB)/ to a branch of the SCSB which is not a Designated Branch of the SCSB/ Company; instead submit the same to a Designated Branch of the SCSB only.
- Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- Do not apply if the ASBA account has already been used for five Eligible Equity Shareholders.
- Do not apply through the ASBA Process if you are not an ASBA Investor.
- Do not instruct the SCSBs to release the funds blocked under the ASBA Process.

### **Grounds for Technical Rejections under the ASBA Process**

In addition to the grounds listed under “Grounds for Technical Rejections for non-ASBA Investors” on page 207, applications under the ASBA Process are liable to be rejected on the following grounds:



- Application on a SAF
- Application for allotment of Rights Entitlements or additional Rights Equity Shares which are in physical form.
- DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.
- Submission of an ASBA application on plain paper to a person other than a SCSB.
- Sending CAF to a Lead Manager/ Registrar/ Collecting Bank (assuming that such Collecting Bank is not a SCSB)/ to a branch of a SCSB which is not a Designated Branch of the SCSB/ Company.
- Insufficient funds being available with the SCSB for blocking the amount.
- Funds in the bank account with the SCSB whose details have been mentioned in the CAF / Plain Paper Application having been frozen pursuant to regulatory order.
- ASBA Account holder not signing the CAF or declaration mentioned therein.
- CAFs which have evidence of being executed in/ dispatched from a restricted jurisdiction or executed by or for the account or benefit of a U.S. Person (as defined in Regulation S).
- Renouncees applying under the ASBA Process.
- Submission of more than five CAFs per ASBA Account.
- QIBs, Non-Institutional Investors and other Eligible Shareholders applying for Rights Equity Shares in the Issue for value of more than Rs. 2,00,000 who hold Equity Shares in dematerialised form and is not a renouncer or a Renouncee not applying through the ASBA process.
- The application by an Eligible Shareholder whose cumulative value of Rights Equity Shares applied for is more than Rs.2,00,000 but has applied separately through split CAFs of less than Rs. 2,00,000 and has not done so through the ASBA process.
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.
- Submitting the GIR number instead of the PAN.
- An investor, who is not complying with any or all of the conditions for being an ASBA Investor, applies under the ASBA process.
- Applications by persons not competent to contract under the Contract Act, 1872, as amended, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
- Failure to mention an Indian address in the Application. Application with foreign address shall be liable to be rejected.
- If an Investor is (a) debarred by SEBI and/or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlement.
- ASBA Bids by SCSBs applying through the ASBA process on own account, other than through an ASBA Account in its own name with any other SCSB.

**Depository account and bank details for Eligible Equity Shareholders applying under the ASBA Process**

**IT IS MANDATORY FOR ALL THE ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE RIGHTS EQUITY SHARES ARE HELD BY THE EQUITY SHAREHOLDER ON THE RECORD DATE. ALL ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF / PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.**



## **Cosboard Industries Limited**

Eligible Equity Shareholders applying under the ASBA Process should note that on the basis of name of these Eligible Equity Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF / plain paper applications, as the case may be, the Registrar to the Issue will obtain from the Depository demographic details of these Eligible Equity Shareholders such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, Eligible Equity Shareholders applying under the ASBA Process should carefully fill in their Depository Account details in the CAF.

These Demographic Details would be used for all correspondence with such Eligible Equity Shareholders including mailing of the letters intimating unblocking of their respective ASBA Accounts. The Demographic Details given by the Eligible Equity Shareholders in the CAF would not be used for any other purposes by the Registrar. Hence, Eligible Equity Shareholders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs, the Eligible Equity Shareholders applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Eligible Equity Shareholders (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such applications are liable to be rejected.

### **Issue Schedule**

<b>Issue Opening Date:</b>	<b>[•]</b>
<b>Last date for receiving requests for SAFs:</b>	<b>[•]</b>
<b>Issue Closing Date:</b>	<b>[•]</b>

The Board may however decide to extend the Issue period, as it may determine from time to time, but not exceeding 30 days from the Issue Opening Date.

### **Basis of Allotment**

Subject to the provisions contained in this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer, CAF, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to Allot the Rights Equity Shares in the following order of priority:

- i. Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has/ have applied for Equity Shares renounced in their favour, in full or in part.
- ii. Investors whose fractional entitlements are being ignored and Eligible Equity Shareholders with Zero entitlement would be given preference in allotment of one additional Equity Share each if they apply for additional Equity Share. Allotment under this head shall be considered if there are any unsubscribed Equity Shares after allotment under (i) above. If number of Equity Shares required for Allotment under this head are more than number of Equity Shares available after Allotment under (i) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange, as a part of Issue and will not be a preferential allotment.



## ***Cosboard Industries Limited***

- iii. Allotment to the Eligible Equity Shareholders who having applied for all the Equity Shares offered to them as part of the Issue and have also applied for additional Equity Shares. The Allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there is an unsubscribed portion after making full Allotment in (i) and (ii) above. The Allotment of such Equity Shares will be at the sole discretion of our Board/Committee in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.
- iv. Allotment to Renouncees who having applied for all the Equity Shares renounced in their favour, have applied for additional Equity Shares provided there is surplus available after making full Allotment under (i), (ii) and (iii) above. The Allotment of such Equity Shares will be at the sole discretion of our Board/Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.
- v. Allotment to any other person that the Board as it may deem fit provided there is surplus available after making Allotment under (i), (ii), (iii) and (iv) above, and the decision of the Board in this regard shall be final and binding.

Our Promoter, vide letter dated September 01, 2017, has confirmed that they intend to subscribe to their Rights Entitlement in full in the Issue, in compliance with regulation 10(4) of the SEBI Takeover Regulations and may subscribe to additional Rights Equity Shares (including any unsubscribed portion of the Issue), subject to their total investment in the Issue including subscription towards Rights Entitlement.

Such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Any such acquisition of additional Rights Equity Shares (including any unsubscribed portion of the Issue) shall be exempt in terms of Regulation 10 (4) (a) and (b) of the SEBI Takeover Regulations subject to fulfilment of conditions mentioned therein and shall not result in a change of control of the management of our Company in accordance with provisions of the SEBI Takeover Regulations.

After taking into account Allotment to be made under (i) to (iv) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches, a list of the ASBA Investors who have been allocated Equity Shares in the Issue, along with:

- 1) The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful ASBA Investors;
- 2) The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- 3) The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

### **Underwriting**

The issue is proposed not to be underwritten.

### **Allotment Advices/ Refund Orders**

Our Company will issue and dispatch allotment advice/ share certificates/ demat credit and/ or letters of regret along with refund order or credit the allotted Equity Shares to the respective beneficiary accounts, if



## ***Cosboard Industries Limited***

any, within 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

Investors residing at centres where clearing houses are managed by the Reserve Bank of India (“RBI”), payment of refund would be done through NACH except where Investors have not provided the details required to send electronic refunds.

In case of those Investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, advice regarding their credit of the Rights Equity Shares shall be given separately.

Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.

In case of those Investors who have opted to receive their Rights Entitlement in physical form and our Company issues letter of allotment, the corresponding Rights Equity Share certificates will be kept ready within two months from the date of Allotment thereof under section 56 of the Companies Act or other applicable provisions, if any. Investors are requested to preserve such letters of allotment, which would be exchanged later for the Rights Equity Share certificates.

The letter of allotment/ refund order would be sent by registered post/ speed post to the sole/ first Investor’s registered address in India or the Indian address provided by the Eligible Equity Shareholders from time to time. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked ‘Account Payee only’ and would be drawn in favour of the sole/ first Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

Our Company shall ensure at par facility is provided for encashment of refund orders or pay orders at the places where applications are accepted.

As regards allotment/refund to Non-residents, the following further conditions shall apply:

In the case of Non-resident Shareholders or Investors who remit their Application Money from funds held in NRE/FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts, the details of which should be furnished in the CAF. Subject to the applicable laws and other approvals, in case of Non-resident Shareholders or Investors who remit their application money through Indian Rupee demand drafts purchased from abroad, refund and/or payment of dividend or interest and any other disbursement, shall be credited to such accounts and will be made after deducting bank charges or commission in US Dollars, at the rate of exchange prevailing at such time. Our Company will not be responsible for any loss on account of exchange rate fluctuations for conversion of the Indian Rupee amount into US Dollars. The Share Certificate(s) will be sent by registered post / speed post to the address in India of the Non-Resident Shareholders or Investors.

**The Letter of Offer/ Abridged Letter of Offer and the CAF shall be dispatched to only such Non-resident Shareholders who have a registered address in India or have provided an Indian address.**

### **Payment of Refund Mode of making refunds**

The payment of refund, if any, including in the event of oversubscription, would be done through any of the following modes:





- 1 NACH - National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.
- 2 National Electronic Fund Transfer (“NEFT”) - Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
- 3 Direct Credit - Investors having bank accounts with the Banker to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.
- 4 RTGS - If the refund amount exceeds Rs. 2,00,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.
- 5 For all other Investors the refund orders will be dispatched through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.
- 6 Credit of refunds to Investors in any other electronic manner, permissible under the banking laws, which are in force, and is permitted by SEBI from time to time.

#### **.1 Refund payment to Non- resident**

Where applications are accompanied by Indian rupee drafts purchased abroad and payable at Cuttack, refunds will be made in the Indian rupees based on the U.S. dollars equivalent which ought to be refunded. Indian rupees will be converted into U.S. dollars at the rate of exchange, which is prevailing on the date of refund. The exchange rate risk on such refunds shall be borne by the concerned applicant and our Company shall not bear any part of the risk.

Where the applications made are accompanied by NRE/FCNR/NRO cheques, refunds will be credited to NRE/FCNR/NRO accounts respectively, on which such cheques were drawn and details of which were provided in the CAF.



### **Printing of Bank Particulars on Refund Orders**

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders/ refund warrants which can then be deposited only in the account specified. We will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

### **Allotment advice/ Share Certificates/ Demat Credit**

Allotment advice/ Share Certificates/ demat credit or letters of regret will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within the timeline prescribed under applicable law. In case our Company issues Allotment advice, the respective Share Certificates will be dispatched within one month from the date of the Allotment. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for Share Certificates.

### **Option to receive Equity Shares in Dematerialized Form**

Investors shall be allotted the Equity Shares in dematerialized (electronic) form at the option of the Investor. We have signed a tripartite agreement with NSDL and the Registrar to the Issue on September 19, 2001, which enables the Investors to hold and trade in Equity Shares in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates. We have also signed a tripartite agreement with CDSL and the Registrar to the Issue on September 18, 2001, which enables the Investors to hold and trade in Equity Shares in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

In this Issue, the Allottees who have opted for Rights Equity Shares in dematerialized form will receive their Rights Equity Shares in the form of an electronic credit to their beneficiary account as given in the CAF, after verification with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Equity Shares to the Investor's depository account. CAFs, which do not accurately contain this information, will be given the Equity Shares in physical form. No separate CAFs for Equity Shares in physical and/ or dematerialized form should be made. If such CAFs are made, the CAFs for physical Rights Equity Shares will be treated as multiple CAFs and is liable to be rejected. In case of partial Allotment, Allotment will be done in demat option for the Rights Equity Shares sought in demat and balance, if any, will be allotted in physical Rights Equity Shares. Eligible Shareholders of our Company holding Equity Shares in physical form may opt to receive Rights Equity Shares in the Issue in dematerialized form.

### **INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALIZED FORM.**

The procedure for availing the facility for Allotment of Equity Shares in this Issue in the electronic form is as under:

- Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in our records. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in our records). In case of Investors having various folios with different joint holders, the Investors will have to open separate accounts for such holdings. Those Eligible Equity Shareholders who have already opened such beneficiary account(s) need not adhere to this step.





## ***Cosboard Industries Limited***

- For Eligible Equity Shareholders already holding Equity Shares in dematerialized form as on the Record Date, the beneficiary account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Equity Shares by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Equity Shares arising out of this Issue may be made in dematerialized form even if the original Equity Shares are not dematerialized. Nonetheless, it should be ensured that the depository account is in the name(s) of the Eligible Equity Shareholders and the names are in the same order as in our records.
- The responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-à-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in CAF should be the same as registered with the Investor's depository participant.
- If incomplete / incorrect beneficiary account details are given in the CAF, the Investor will get Rights Equity Shares in physical form.
- The Rights Equity Shares allotted to applicants opting for issue in dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's depository participant will provide to the applicant the confirmation of the credit of such Equity Shares to the applicant's depository account. It may be noted that Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL.
- Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Equity Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.
- Non-transferable allotment advice/refund orders will be directly sent to the Investors by the Registrar.
- Dividend or other benefits with respect to the Equity Shares held in dematerialized form would be paid to those Eligible Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.

### **General instructions for non-ASBA Investors**

- (i) Please read the instructions printed on the CAF carefully.
- (ii) Applicants that are not QIBs or are not Non - Institutional Investor or those who's Application Money does not exceed Rs. 200,000 may participate in the Issue either through ASBA or the non-ASBA process. Eligible Equity Shareholders who have renounced their entitlement (in full or in part), Renouncees and Applicants holding Equity Shares in physical form and/or subscribing in the Issue for Allotment in physical form may participate in the Issue only through the non ASBA process.
- (iii) Application should be made on the printed CAF, provided by us except as mentioned under the head "Application on Plain Paper" on page 189 and 194 and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of this Draft Letter of Offer or Abridged Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names



## ***Cosboard Industries Limited***

of all the Investors, details of occupation, address, father's/ husband's name must be filled in block letters.

- (iv) Eligible Equity Shareholders participating in the Issue other than through ASBA are required to fill Part A of the CAF and submit the CAF along with Application Money before close of banking hours on or before the Issue Closing Date or such extended time as may be specified by our Board in this regard. The CAF together with the cheque/ demand draft should be sent to the Banker to the Issue/ Collecting Bank or to the Registrar to the Issue and not to us or Lead Manager to the Issue. Investors residing at places other than cities where the branches of the Banker to the Issue have been authorised by us for collecting applications, will have to make payment by demand draft payable at Orissa of an amount net of bank and postal charges and send their CAFs to the Registrar to the Issue by registered post/speed post. If any portion of the CAF is/ are detached or separated, such application is liable to be rejected. **CAF's received after banking hours on closure day will be liable for rejection.**

**Applications where separate cheques/demand drafts are not attached for amounts to be paid for Equity Shares are liable to be rejected. Applications accompanied by cash, postal order or stockinvest are liable to be rejected.**

- (v) Except for applications on behalf of the Central and State Government, the residents of Sikkim and the officials appointed by the courts, all Investors, and in the case of application in joint names, each of the joint Investors, should mention his/ her PAN allotted under the Income Tax Act, irrespective of the amount of the application. CAFs without PAN will be considered incomplete and are liable to be rejected.
- (vi) Investors, holding Equity Shares in physical form, are advised that it is mandatory to provide information as to their savings/current account number, the nine digit MICR number and the name of the bank with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected.
- (vii) All payment should be made by cheque/ demand draft only. Application through the ASBA process as mentioned above is acceptable. Cash payment is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- (viii) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Eligible Equity Shareholders must sign the CAF as per the specimen signature recorded with us/ Depositories.
- (ix) In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and certified true a copy of the Memorandum and Articles of Association and/ or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case the above referred documents are already registered with us, the same need not be a furnished again. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Banker to the Issue.
- (x) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as



## ***Cosboard Industries Limited***

per the specimen signature(s) recorded with us or the Depositories. Further, in case of joint Investors who are Renouncees, the number of Investors should not exceed three. In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.

- (xi) Application(s) received from NRs/ NRIs, or persons of Indian origin residing abroad for Allotment of Equity Shares shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA, including regulations relating to QFI's, in the matter of refund of application money, Allotment of Equity Shares, subsequent issue and Allotment of Equity Shares, interest, export of share certificates, etc. In case a NR or NRI Eligible Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Additionally, applications will not be accepted from NRs/ NRIs in the U.S. or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.
- (xii) All communication in connection with application for the Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/ sole Investor, folio numbers and CAF number. Please note that any intimation for change of address of Eligible Equity Shareholders, after the date of Allotment, should be sent to our Registrar and Transfer Agent, in the case of Equity Shares held in physical form and to the respective depository participant, in case of Equity Shares held in dematerialized form.
- (xiii) SAFs cannot be re-split.
- (xiv) Only the Equity Shareholder(s) and not Renouncee(s) shall be entitled to obtain SAFs.
- (xv) Investors must write their CAF number at the back of the cheque/ demand draft.
- (xvi) Only one mode of payment per application should be used. The payment must be by cheque/ demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the Bankers Clearing House located at the centre indicated on the reverse of the CAF where the application is to be submitted.
- (xvii) A separate cheque/ draft must accompany each CAF. Outstation cheques/ demand drafts or post-dated cheques and postal/ money orders will not be accepted and applications accompanied by such outstation cheques/ outstation demand drafts/ money orders or postal orders will be rejected.
- (xviii) No receipt will be issued for application money received. The Banker to the Issue/ Collecting Bank/ Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.
- (xix) The distribution of this Draft Letter of Offer and issue of Equity Shares and Rights Entitlements to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in such jurisdictions are instructed to disregard this Draft Letter of Offer and not to attempt to subscribe for Equity Shares.
- (xx) Investors are requested to ensure that the number of Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.



**Do's for non-ASBA Investors:**

- Check if you are eligible to apply i.e. you are an Equity Shareholder on the Record Date;
- Read all the instructions carefully and ensure that the cheque/ draft option is selected in Part A of the CAF and necessary details are filled in;
- In the event you hold Equity Shares in dematerialised form, ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be allotted in the dematerialized form only;
- Ensure that your Indian address is available with our Company and the Registrar, in case you hold Equity Shares in physical form or the depository participant, in case you hold Equity Shares in dematerialised form;
- Ensure that the value of the cheque/ draft submitted by you is equal to the {(number of Equity Shares applied for) X (Issue Price of Equity Shares, as the case may be)} before submission of the CAF. Investors residing at places other than cities where the branches of the Banker to the Issue have been authorised by us for collecting applications, will have to make payment by demand draft payable at Orissa of an amount net of bank and postal charges;
- Ensure that you receive an acknowledgement from the collection branch of the Banker to the Issue for your submission of the CAF in physical form;
- Ensure that you mention your PAN allotted under the Income Tax Act with the CAF, except for Applications on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;
- Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF;
- Ensure that the demographic details are updated, true and correct, in all respects.

**Don'ts for non-ASBA Investors:**

- Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction;
- Do not apply on duplicate CAF after you have submitted a CAF to a collection branch of the Banker to the Issue;
- Do not pay the amount payable on application in cash, by money order or by postal order;
- Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground;
- Do not submit Application accompanied with Stock invest;

**Grounds for Technical Rejections for non-ASBA Investors**

Investors are advised to note that applications are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable;
- Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialized holdings) or the Registrar (in the case of physical holdings);
- Submission of CAFs to the SCSBs;
- Submission of plain paper Applications to any person other than the Registrar to the Issue;
- Age of Investor(s) not given (in case of Renouncees);
- Except for CAFs on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN not given for application of any value;



## ***Cosboard Industries Limited***

- In case of CAF under power of attorney or by limited companies, corporate, trust, relevant documents are not submitted;
- If the signature of the Equity Shareholder does not match with the one given on the CAF and for Renouncee(s) if the signature does not match with the records available with their Depositories;
- CAFs are not submitted by the Investors within the time prescribed as per the CAF and this Draft Letter of Offer;
- CAFs not duly signed by the sole/ joint Investors;
- CAFs/ SAFs by OCBs not accompanied by a copy of an RBI approval to apply in this Issue;
- CAFs accompanied by Stockinvest/ outstation cheques/ post-dated cheques/ money order/ postal order/ outstation demand draft;
- In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Investors (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;
- CAFs that do not include the certifications set out in the CAF to the effect that the subscriber is not a "U.S. Person" (as defined in Regulation S) and does not have a registered address (and is not otherwise located) in the U.S. or other restricted jurisdictions and is authorized to acquire the Rights Entitlements and Equity Shares in compliance with all applicable laws and regulations;
- CAFs which have evidence of being executed in/ dispatched from restricted jurisdictions;
- CAFs by ineligible non-residents (including on account of restriction or prohibition under applicable local laws) and where the registered address in India has not been provided;
- CAFs where we believe that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements;
- In case the GIR number is submitted instead of the PAN;
- CAFs submitted by Renouncees where Part B of the CAF is incomplete or is unsigned. In case of joint holding, all joint holders must sign Part 'B' of the CAF;
- Applications by persons not competent to contract under the Contract Act, 1872, as amended, except bids by minors having valid demat accounts as per the demographic details provided by the Depositories.
- Applications by Renouncees who are persons not competent to contract under the Indian Contract Act, 1872, including minors;
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application; and
- Applications from QIBs, Non-Institutional Investors or Investors applying in this Issue for Equity Shares for an amount exceeding Rs. 200,000, not through ASBA process.
- Failure to mention an Indian address in the Application. Application with foreign address shall be liable to be rejected.
- If an Investor is debarred by SEBI and if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlement.
- Non - ASBA applications made by QIBs and Non - Institutional Investors.

Please read this Draft Letter of Offer or Abridged Letter of Offer and the instructions contained therein and in the CAF carefully, before filling the CAF. The instructions contained in the CAF are an integral part of this Draft Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of the provisions contained in this Draft Letter of Offer or the CAF.

### **Investment by FPIs, FIIs and QFIs**

SEBI, On January 07, 2014, notified the SEBI FPI Regulations pursuant to which FIIs, its sub-accounts and QFIs categories of investors were merged to form a new category called 'Foreign Portfolio Investors'. Prior to the notification of the SEBI FPI Regulations, portfolio investments by FIIs and sub-accounts were governed by SEBI



## ***Cosboard Industries Limited***

under the FII Regulations and portfolio investments by QFIs were governed by various circulars issued by SEBI from time to time (QFI Circulars). Pursuant to the notification of the SEBI FPI Regulations, the FII Regulations were repealed and the QFI Circulars were rescinded.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an Investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to exceed 10% of our Company's post-Issue Equity Share Capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up Equity Share Capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid up Equity Share Capital of our Company. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board followed by a special resolution passed by the Eligible Equity Shareholders of our Company.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

An FII who holds a valid certificate of registration from SEBI shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. An FII or a sub-account (other than a sub-account which is a foreign corporate or a foreign individual) may participate in the Issue, until expiry of its registration as an FII or sub-account or until it obtains a certificate of registration as an FPI, whichever is earlier. If the registration of an FII or sub-account has expired or is about to expire, such FII or sub-account may, subject to payment of conversion fees as applicable under the SEBI FPI Regulations, participate in the Issue. An FII or sub-account shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations.

In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included.

Further, in terms of the SEBI (FPI) Regulations, a QFI may continue to buy, sell or otherwise deal in securities, subject to the provisions of the SEBI (FPI) Regulations, until January 06, 2015 (or such other date as may be specified by SEBI) or until the QFI obtains a certificate of registration as FPI, whichever is earlier.

The existing individual and aggregate investment limits for Eligible QFIs in an Indian company are 5% and 10% of the paid-up capital of an Indian company, respectively. In terms of the FEMA Regulations, a QFI shall not be eligible to invest as a QFI upon obtaining registration as an FPI. However, all investments made by a QFI in accordance with the regulations, prior to registration as an FPI shall continue to be valid and taken into account for computation of the aggregate limit.

### **Investment by NRIs**

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3)(i) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended. Applications will not be accepted from NRIs in restricted jurisdictions.

NRI Applicants may please note that only such Applications as are accompanied by payment in free foreign exchange shall be considered for Allotment under the reserved category. The NRI Applicants who intend to make payment through NRO accounts shall use the Application Form meant for resident Indians and shall not use the Application Forms meant for reserved category.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/ CFD/ DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs, Non- Institutional Investors or are





## **Cosboard Industries Limited**

applying in this Issue for Equity Shares for an amount exceeding Rs. 2,00,000 shall mandatorily make use of ASBA facility.

### **Procedure for Applications by Mutual Funds**

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs, Non-Institutional Investors or are applying in this Issue for Equity Shares for an amount exceeding Rs.200,000 shall mandatorily make use of ASBA facility, subject to their fulfilling the eligibility conditions to be an ASBA Investor. Further, all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed `200,000, subject to their fulfilling the eligibility conditions to be an ASBA Investor.

### **Procedure for Applications by AIFs, FVCIs and VCFs**

The SEBI (Venture Capital Funds) Regulations, 1996, as amended (“SEBI VCF Regulations”) and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, as amended (“SEBI FVCI Regulations”) prescribe, amongst other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI (Alternative Investments Funds) Regulations, 2012 (“SEBI AIF Regulations”) prescribe, amongst other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue.

Venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations.

Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

### **Mode of payment for Resident Eligible Equity Shareholders/ Investors**

- All cheques/ drafts accompanying the CAF should be drawn in favour of “Cosboard Industries Limited - Rights Issue - R” crossed ‘A/c Payee only’ and should be submitted along with the CAF to the Banker to the Issue or to the Registrar to the Issue;
- Investors residing at places other than places where the bank collection centres have been opened by us for collecting applications, are requested to send their CAFs together with Demand Draft for the full application amount, net of bank and postal charges favouring the Banker to the Issue, crossed ‘A/c Payee only’ and marked “Cosboard Industries Limited - Rights Issue - R” payable at Orissa directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. We, the Lead Manager or the Registrar to the Issue will not be responsible for postal delays or loss of applications



## **Cosboard Industries Limited**

in transit, if any.

Applications through mails should not be sent in any other manner except as mentioned above. The CAF along with the application money must not be sent to our Company or the Lead Manager. Applicants are requested to strictly adhere to these instructions.

### **Mode of payment for Non-Resident Eligible Equity Shareholders/ Investors**

As regards the application by non-resident Eligible Equity Shareholders/ Investors, the following conditions shall apply:

Individual non-resident Indian applicants who are permitted to subscribe for Equity Shares by applicable local securities laws can also obtain application forms from the following address:

#### **BIGSHARE SERVICES PRIVATE LIMITED**

1<sup>st</sup> Floor, Bharat Tin Works Building,  
Opp. Vasanat Oasis, Makwana Road,  
Marol, Andheri (E), Mumbai - 400 059

**Tel:** +91-22-6263 8200;

**Fax:** +91-22-6263 8299

**Website:** [www.bigshareonline.com](http://www.bigshareonline.com)

**E-Mail:** [ashok@bigshareonline.com](mailto:ashok@bigshareonline.com)

**Contact person:** Mr. Ashok Shetty

**SEBI Regn No:** INR000001383

Note: The Letter of Offer/ Abridged Letter of Offer and CAFs to NRIs shall be sent only to their Indian address, if provided.

- Applications will not be accepted from non-resident from any jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.
- All non-resident investors should draw the cheques/ demand drafts for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Banker to the Issue/ collection centres or to the Registrar to the Issue.
- Non-resident investors applying from places other than places where the bank collection centres have been opened by our Company for collecting applications, are requested to send their CAFs together with Demand Draft for the full application amount, net of bank and postal charges, and marked "Cosboard Industries Limited - Rights Issue - R" payable at Cuttack directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.
- Payment by non-residents must be made by demand draft payable at Cuttack cheque payable drawn on a bank account maintained at Cuttack or funds remitted from abroad in any of the following ways:

### **Application with repatriation benefits**

- (i) By Indian Rupee drafts purchased from abroad and payable at Cuttack or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate);
- (ii) By local cheque / bank drafts remitted through normal banking channels or out of funds held in Non-Resident External Account (NRE) or FCNR Account maintained with banks authorized to deal in foreign currency in India, along with documentary evidence in support of remittance;





## ***Cosboard Industries Limited***

- (iii) By Rupee draft purchased by debit to NRE/ FCNR Account maintained elsewhere in India and payable in Cuttack;
- (iv) FII/FPIs registered with SEBI must remit funds from special non-resident rupee deposit account;
- (v) Non-resident investors applying with repatriation benefits should draw cheques/ drafts in favour of 'Cosboard Industries Limited - Rights Issue - NR' and must be crossed 'account payee only' for the full application amount;
- (vi) Investors may note that where payment is made by drafts purchased from NRE/ FCNR accounts, as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.

### **Application without repatriation benefits**

- (i) As far as non-residents holding Equity Shares on non-repatriation basis are concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in India or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Cuttack. In such cases, the Allotment of Equity Shares will be on non-repatriation basis.
- (ii) All cheques/ drafts submitted by non-residents applying on a non-repatriation basis should be drawn in favour of 'Cosboard Industries Limited - Rights Issue - R' and must be crossed 'account payee only' for the full application amount. The CAFs duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- (iii) Investors may note that where payment is made by drafts purchased from NRE/ FCNR/ NRO accounts, as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.
- (iv) New demat account shall be opened for holders who have had a change in status from resident Indian to NRI. Any application from a demat account which does not reflect the accurate status of the Applicant are liable to be rejected.

### **Notes:**

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to the I.T. Act.
- In case Equity Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.
- The CAF duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- In case of an application received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.



### **Impersonation**

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of section 38 of the Companies Act which is reproduced below:

**“Any person who:**

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under section 447”.

Section 447 of the Companies Act provides for punishment for fraud which inter alia states punishment of imprisonment for a term which shall not be less than six month but which may extend to ten years and shall be liable to a fine which shall not be less than the amount involved in the fraud, but which may extend to three times the amount involved in the fraud.

### **Payment by Stockinvest**

In terms of RBI Circular DBOD No. FSC BC 42/ 24.47.00/ 2003-04 dated November 5, 2003, the Stockinvest Scheme has been withdrawn. Hence, payment through Stockinvest would not be accepted in this Issue.

### **Disposal of application and application money**

No acknowledgment will be issued for the application moneys received by us. However, the Banker to the Issue/ Registrar to the Issue/ Designated Branch of the SCSBs receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF. Our Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Rights Equity Shares allotted, will be refunded to the Investor within the timelines prescribed under applicable law. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law For further instructions, please read the CAF carefully.

### **Utilisation of Issue Proceeds**

The Board of Directors declares that:

- (a) All monies received out of the Issue shall be transferred to a separate bank account referred to in the Companies Act, 2013;
- (b) Details of all monies utilized out of the Issue shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies have been utilised till the time any of the Issue Proceeds remained unutilised;
- (c) Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in our balance sheet indicating the form in which such unutilized monies have been invested; and
- (d) We may utilize the funds collected in the Issue only after finalisation of the Basis of Allotment.



### **Our undertakings**

We undertake the following:

1. The complaints received in respect of the Issue shall be attended to by us expeditiously and satisfactorily.
2. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Equity Shares are to be listed will be taken within 7 working days of finalisation of Basis of Allotment.
3. The funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by us.
4. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. The allotment of Equity Shares and dispatch of refund orders / share certificate and demat credit is completed within 15 days from the Issue Closing Date
6. The certificates of the securities / demat credit / refund orders to the non-resident Indians shall be dispatched within the specified time.
7. The Company agrees that it shall pay interest @ 15% p.a. if the allotment is not made and / or the refund orders are not dispatched to the investors within 15 days from the Issue Closure Date for the period of delay beyond 15 days.
8. No further issue of securities affecting equity capital of our Company shall be made till the securities issued/offered through the Draft Letter of Offer Issue are listed or till the application money are refunded on account of non-listing, under-subscription etc.
9. Adequate arrangements shall be made to collect all ASBA applications and to consider them similar to non-ASBA applications while finalising the Basis of Allotment.
10. At any given time there shall be only one denomination of Equity Shares.
11. We accept full responsibility for the accuracy of information given in the Draft Letter of Offer and confirm that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in the Draft Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.
12. All information shall be made available by the Lead Manager and the Issuer to the Investors at large and no selective or additional information would be available for a section of the Investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc.
13. We shall comply with such disclosure and accounting norms specified by SEBI from time to time.

### **Minimum Subscription**

If we do not receive the minimum subscription of 90% in this Issue or if our Board fails to dispose off the unsubscribed Equity Shares in the manner as permitted under Section 62(1)(a)(iii), subject to receipt of requisite regulatory approvals, if any, after the Issue Closing Date or the subscription level falls below 90% after the Issue Closing Date on the account of cheques being returned unpaid or withdrawal of applications, we shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If the subscription amount is not refunded within 15 days from the Issue Closing date, we shall be liable to pay interest for the period of delay, after such aforesaid 15 days, in accordance with the provisions of the Companies Act, 2013 and SEBI ICDR Regulations.

### **Important**

- Please read the Draft Letter of Offer carefully before taking any action. The instructions contained in the accompanying CAF are an integral part of the conditions of the Draft Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected.



## ***Cosboard Industries Limited***

- It is to be specifically noted that the Issue of Equity Shares is subject to the risk factors mentioned in the section titled “Risk Factors” on page 12 of the Draft Letter of Offer.
- All enquiries in connection with the Draft Letter of Offer or accompanying CAF and requests for Split Application Forms must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Eligible Equity Shareholder as mentioned on the CAF and super-scribed “Cosboard Industries Limited - Rights Issue” on the envelope) to the Registrar to the Issue at the following address:

### **BIGSHARE SERVICES PRIVATE LIMITED**

1<sup>st</sup> Floor, Bharat Tin Works Building,  
Opp. Vasanat Oasis, Makwana Road,  
Marol, Andheri (E), Mumbai - 400 059

**Tel:** +91-22-6263 8200;

**Fax:** +91-22-6263 8299

**Website:** [www.bigshareonline.com](http://www.bigshareonline.com)

**E-Mail:** [ashok@bigshareonline.com](mailto:ashok@bigshareonline.com)

**Contact person:** Mr. Ashok Shetty

**SEBI Regn No:** INR000001383

The Issue will be kept open for a minimum of 15 days unless extended, in which case it will be kept open for a maximum of 30 days.



**SECTION IX: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION**

***Interpretation***

- I. (1) **In these regulations—**  
(a) “the Act” means the Companies Act, 2013,  
(b) “the seal” means the common seal of the company.  
(2.) Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these regulations become binding on the company.

**PRIVATE COMPANY**

- II. 1. *The “Private Company” under section 2(68) of the Companies Act, 2013, means a company having a minimum paid-up share Capital as may be prescribed, and which by its articles,—*  
*(i) restricts the right to transfer its shares;*  
*(ii) Except in case of One Person Company, limits the number of its members to two hundred: Provided that where two or more persons hold one or more shares in a company jointly, they shall, for the purposes of this clause, be treated as a single member:*  
*Provided further that—*  
(a) *Persons who are in the employment of the company; and*  
(b) *persons who, having been formerly in the employment of the company, were members of the company while in that employment and have continued to be members after the employment ceased, shall not be included in the number of members; and*  
(iii) *prohibits any invitation to the public to subscribe for any securities of the company;*

**SHARE CAPITAL AND VARIATION OF RIGHTS**

2. (a) Subject to the provisions of the Act and these Articles, the shares in the capital of the company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.  
(b) The Authorized Share Capital shall be such amount as may be from time to time be altered as per Clause 5<sup>th</sup> of Memorandum of Association of the Company.

The Clause 2(b) of the Articles of Association of the Company has been altered vide Resolution No. 10 dated 28<sup>th</sup> September, 2016 and for the purpose of giving effect to this resolution, Sh. Anil Kumar Gilra, Whole-time Director of the Company be and is hereby authorized to sign the share capital page of Articles of Association.



## **Cosboard Industries Limited**

3. (i) Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after allotment or within one month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be provided,—

- (a) one certificate for all his shares without payment of any charges; or
- (b) several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.

(ii) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.

(iii) In respect of any share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

4. (i) If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of twenty rupees for each certificate.

(ii) The provisions of Articles (2) and (3) shall *mutatis mutandis* apply to debentures of the company.

5. Except as required by law, no person shall be recognised by the company as holding any share upon any trust, and the company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

6. (i) The company may exercise the powers of paying commissions conferred by sub-section (6) of section 40, provided that the rate per cent. or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made thereunder.

(ii) The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40

(iii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.

7. (i) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 48, and whether or not the company is being wound up, be varied with the



## **Cosboard Industries Limited**

consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

(ii) To every such separate meeting, the provisions of these regulations relating to general meetings shall *mutatis mutandis* apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.

8. Subject to the provisions of section 55, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the company before the issue of the shares may, by special resolution, determine.

### **LIEN**

9. (i) The company shall have a first and paramount lien—

(a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and

(b) on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the company:

Provided that the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.

(ii) The company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares.

10. The company may sell, in such manner as the Board thinks fit, any shares on which the company has a lien:

Provided that no sale shall be made—

(a) unless a sum in respect of which the lien exists is presently payable; or

(b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

11. (i) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.

(ii) The purchaser shall be registered as the holder of the shares comprised in any such transfer.

(iii) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.



## ***Cosboard Industries Limited***

12. (i) The proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.

(ii) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

13. (i) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed it.

Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.

(ii) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the company, at the time or times and place so specified, the amount called on his shares.

(iii) A call may be revoked or postponed at the discretion of the Board.

14. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments.

15. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

16. (i) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent. per annum or at such lower rate, if any, as the Board may determine.

(ii) The Board shall be at liberty to waive payment of any such interest wholly or in part.

17. (i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.

(ii) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

18. The Board—

(a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and

(b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the





## ***Cosboard Industries Limited***

company in general meeting shall otherwise direct, twelve per cent. per annum, as may be agreed upon between the Board and the member paying the sum in advance.

### ***TRANSFER OF SHARES***

19. (i) The instrument of transfer of any share in the company shall be executed by or on behalf of both the transferor and transferee.

(ii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

20. The Board may, subject to the right of appeal conferred by section 58 decline to register—

(a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or

(b) any transfer of shares on which the company has a lien.

21. The Board may decline to recognise any instrument of transfer unless—

(a) the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56;

(b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and

(c) the instrument of transfer is in respect of only one class of shares.

22. On giving not less than seven days' previous notice in accordance with section 91 and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

### ***TRANSMISSION OF SHARES***

23. (i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the company as having any title to his interest in the shares.

(ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.



## ***Cosboard Industries Limited***

**24.** (i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either—

(a) to be registered himself as holder of the share; or

(b) to make such transfer of the share as the deceased or insolvent member could have made.

(ii) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

**25.** (i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects.

(ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

(iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

**26.** A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

### ***FORFEITURE OF SHARES***

**27.** If a member fails to pay any call, or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

**28.** The notice aforesaid shall—

(a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and

(b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.



## ***Cosboard Industries Limited***

29. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

30. (i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

(ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.

31. (i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the company all monies which, at the date of forfeiture, were presently payable by him to the company in respect of the shares.

(ii) The liability of such person shall cease if and when the company shall have received payment in full of all such monies in respect of the shares.

32. (i) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the company, and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;

(ii) The company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;

(iii) The transferee shall thereupon be registered as the holder of the share; and

(iv) The transferee shall not be bound to see to the application of the purchase money if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

33. The provisions of these regulations as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified

### ***ALTERATION OF CAPITAL***

34. The company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.

35. Subject to the provisions of Section 61, the company may, by ordinary resolution,—

(a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(b) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;

(c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;



- (d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

**36. Where shares are converted into stock,—**

- (a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

- (b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

- (c) such of the regulations of the company as are applicable to paid-up shares shall apply to stock and the words “share” and “shareholder” in those regulations shall include “stock” and “stockholder” respectively.

**37. The company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law,—**

- (a) its share capital;  
(b) any capital redemption reserve account; or  
(c) any share premium account

**CAPITALISATION OF PROFITS**

**38. (i) The company in general meeting may, upon the recommendation of the Board, resolve—**

- (a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the company’s reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and  
(b) that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions

- (ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards—



## ***Cosboard Industries Limited***

- (a) paying up any amounts for the time being unpaid on any shares held by such members respectively;
- (b) paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid
- (c) partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B);
- (d) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares;
- (e) The Board shall give effect to the resolution passed by the company in pursuance of this regulation

39. (i) Whenever such a resolution as aforesaid shall have been passed, the Board shall—
- (a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and
  - (b) generally do all acts and things required to give effect thereto.

(ii) The Board shall have power—

- (a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and
- (b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares;

(iii) Any agreement made under such authority shall be effective and binding on such members.

### ***BUY-BACK OF SHARES***

40. Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.

### ***VOTING RIGHTS***

41. Subject to any rights or restrictions for the time being attached to any class or classes of shares,—

- (a) on a show of hands, every member present in person shall have one vote; and
- (b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company.

42. A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.



## ***Cosboard Industries Limited***

43. (i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

(ii) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.

44. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.

45. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll

46. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid.

47. (i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.

(ii) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.

### ***PROXY***

48. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.

49. An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.

50. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

### ***BOARD OF DIRECTORS***

51. a) The Number of the Directors and the names of the first directors shall be determined in writing by the subscribers of the Memorandum or a majority of them.

b) The Subscribers to the Memorandum of Association shall become the First Directors of the Company i.e.

- i. SHRI RATAN KUMAR GILRA
- ii. SHRI GURUCHARAN GILL
- iii. SHRI HARI SHANKAR GILRA
- iv. SHRI MANOJ KUMAR GILRA



## **Cosboard Industries Limited**

c) The Board of Directors of the company consisting of individuals as directors and shall have a minimum number of two directors and maximum number of directors limits as prescribed by the Companies Act, 2013.

52. (i) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.

(ii) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them—

(a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company; or

(b) in connection with the business of the company.

53. The Board may pay all expenses incurred in getting up and registering the company.

54. The company may exercise the powers conferred on it by section 88 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may think fit respecting the keeping of any such register.

55. All cheques, promissory notes, drafts, *hundis*, bills of exchange and other negotiable instruments, and all receipts for monies paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.

56. Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.

57. (i) Subject to the provisions of section 149, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles.

(ii) Such person shall hold office only up to the date of the next annual general meeting of the company but shall be eligible for appointment by the company as a director at that meeting subject to the provisions of the Act.

58. (i) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.

(ii) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.

59. (i) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.

(ii) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote

60. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing



## ***Cosboard Industries Limited***

directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.

**61.** (i) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.

(ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting.

**62.** (i) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.

(ii) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.

**63.** (i) A committee may elect a Chairperson of its meetings.

(ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.

**64.** (i) A committee may meet and adjourn as it thinks fit.

(ii) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.

**65.** All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.

**66.** Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.

**67** Every company shall hold the first meeting of the Board of Directors within thirty days of the date of its incorporation and thereafter hold a minimum number of four meetings of its Board of Directors every year in such a manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board:

Provided that the Central Government may, by notification, direct that the provisions of this sub-section shall not apply in relation to any class or description of companies or shall apply subject to such exceptions, modifications or conditions as may be specified in the notification.

**68.** The participation of directors in a meeting of the Board may be either in person or through video conferencing or other audio visual means, as may be prescribed, which are capable of recording and recognising the participation of the directors and of recording and storing the proceedings of such meetings along with date and time:





## **Cosboard Industries Limited**

Provided that the Central Government may, by notification, specify such matters which shall not be dealt with in a meeting through video conferencing or other audio visual means.

**69.** A meeting of the Board shall be called by giving not less than seven days' notice in writing to every director at his address registered with the company and such notice shall be sent by hand delivery or by post or by electronic means:

Provided that a meeting of the Board may be called at shorter notice to transact urgent business subject to the condition that at least one independent director, if any, shall be present at the meeting:

**70.** The quorum for a meeting of the Board of Directors of a company shall be one third of its total strength or two directors, whichever is higher, and the participation of the directors by video conferencing or by other audio visual means shall also be counted for the purposes of quorum under this sub-section.

**71.** The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company and for no other purpose.

**72.** Where at any time the number of interested directors exceeds or is equal to two thirds of the total strength of the Board of Directors, the number of directors who are not interested directors and present at the meeting, being not less than two, shall be the quorum during such time.

*Explanation.*—For the purposes of this sub-section, “interested director” means a director within the meaning of sub-section (2) of section 184.

**73.** Where a meeting of the Board could not be held for want of quorum, then, unless the articles of the company otherwise provide, the meeting shall automatically stand adjourned to the same day at the same time and place in the next week or if that day is a national holiday, till the next succeeding day, which is not a national holiday, at the same time and place.

*Explanation.*—For the purposes of this section,—

- (i) any fraction of a number shall be rounded off as one;
- (ii) “total strength” shall not include directors whose places are vacant.

**74.** The Board of Directors of a company shall be entitled to exercise all such powers, and to do all such acts and things, as the company is authorised to exercise and do:

Provided that in exercising such power or doing such act or thing, the Board shall be subject to the provisions contained in that behalf in this Act, or in the memorandum or articles, or in any regulations not inconsistent therewith and duly made thereunder, including regulations made by the company in general meeting:

Provided further that the Board shall not exercise any power or do any act or thing which is directed or required, whether under this Act or by the memorandum or articles of the company or otherwise, to be exercised or done by the company in general meeting.

### **GENERAL MEETINGS**

**75.** All General Meetings other than annual general meeting shall be called Extraordinary General Meeting.



## ***Cosboard Industries Limited***

- 76.** The Board may, whenever it deems fit, call an extraordinary general meeting of the company.
- 77.** The Board shall, at the requisition made by,—
- (a) in the case of a company having a share capital, such number of members who hold, on the date of the receipt of the requisition, not less than one-tenth of such of the paid-up share capital of the company as on that date carries the right of voting;
  - (b) in the case of a company not having a share capital, such number of members who have, on the date of receipt of the requisition, not less than one-tenth of the total voting power of all the members having on the said date a right to vote, call an extraordinary general meeting of the company within the period specified in subsection (4)
- 78.** The requisition made under sub-section (2) shall set out the matters for the consideration of which the meeting is to be called and shall be signed by the requisitionists and sent to the registered office of the company.
- 79.** If the Board does not, within twenty-one days from the date of receipt of a valid requisition in regard to any matter, proceed to call a meeting for the consideration of that matter on a day not later than forty-five days from the date of receipt of such requisition, the meeting may be called and held by the requisitionists themselves within a period of three months from the date of the requisition.
- 80.** A meeting under sub-section (4) by the requisitionists shall be called and held in the same manner in which the meeting is called and held by the Board.
- 81.** Any reasonable expenses incurred by the requisitionists in calling a meeting under sub-section (4) shall be reimbursed to the requisitionists by the company and the sums so paid shall be deducted from any fee or other remuneration under section 197 payable to such of the directors who were in default in calling the meeting.
- 82.** A general meeting of a company may be called by giving not less than clear twenty-one days' notice either in writing or through electronic mode in such manner as may be prescribed:
- Provided that a general meeting may be called after giving a shorter notice if consent is given in writing or by electronic mode by not less than ninety-five per cent. of the members entitled to vote at such meeting.
- 83.** Every notice of a meeting shall specify the place, date, day and the hour of the meeting and shall contain a statement of the business to be transacted at such meeting.
- 84.** The notice of every meeting of the company shall be given to—
- (a) every member of the company, legal representative of any deceased member or the assignee of an insolvent member;
  - (b) the auditor or auditors of the company; and
  - (c) every director of the company.
- 85.** Any accidental omission to give notice to, or the non-receipt of such notice by, any member or other person who is entitled to such notice for any meeting shall not invalidate the proceedings of the meeting.



## ***Cosboard Industries Limited***

- 86.** Two members personally present, shall be the quorum for a meeting of the company.
- 87.** If the quorum is not present within half-an-hour from the time appointed for holding a meeting of the company—
- (a) the meeting shall stand adjourned to the same day in the next week at the same time and place, or to such other date and such other time and place as the Board may determine; or
  - (b) the meeting, if called by requisitionists under section 100, shall stand cancelled:
- Provided that in case of an adjourned meeting or of a change of day, time or place of meeting under clause (a), the company shall give not less than three days notice to the members either individually or by publishing an advertisement in the newspapers (one in English and one in vernacular language) which is in circulation at the place where the registered office of the company is situated.
- 88.** If at the adjourned meeting also, a quorum is not present within half-an-hour from the time appointed for holding meeting, the members present shall be the quorum.
- 89.** (i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.
- (ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103.
- 90.** The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the company.
- 91.** If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.
- 92.** If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting
- 93.** (i) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.
- (ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- (iii) Then a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
- (iv) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.



## ***Cosboard Industries Limited***

### **CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY OR CHIEF FINANCIAL OFFICER**

**94.** Subject to the provisions of the Act,—

(i) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;

(ii) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.

**95.** A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

### ***THE SEAL***

**96. (i)** The Board shall provide for the safe custody of the seal.

(ii) The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorised by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.

### ***DIVIDENDS AND RESERVE***

**97.** The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.

**98.** Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.

**99. (i)** The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalising dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, think fit.

(ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

**100. (i)** Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.

(ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.



## ***Cosboard Industries Limited***

(iii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

101. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the company on account of calls or otherwise in relation to the shares of the company.

102. (i) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.

(ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

103. Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.

104. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.

105. No dividend shall bear interest against the company.

### ***ACCOUNTS***

106. (i) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors.

(ii) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or by the company in general meeting.

### ***WINDING UP***

107. Subject to the provisions of Chapter XX of the Act and rules made thereunder—

(i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

(ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

(iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

### ***INDEMNITY***



**108.** Every officer of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.

#### **DEMATERIALIZATION OF SECURITIES**

**109.** For the interpretation of Member, the following definition of “Member” be substituted as:

- a) “Member” means the duly registered holder from time to time of the shares of the company and includes the subscribers to the Memorandum of the Company and every person whose name is entered as beneficial owner in the records of the Depository”.

Also the following definition are added after the above definition as:

- i) “Beneficial Owner” means a person whose name is recorded as such with a depository.
- ii) “Depository” means a company formed and registered under the Depositories act, 1996 and which has been granted a certificate of registration to act as a depository by Securities and Exchange Board of India Act, 1992
- iii) “Depositories Act” means the Depositories Act, 1996 and shall include any statutory modification(s) or re-enactment thereof for the time being in force.
- iv) “SEBI” means the Securities and Exchange Board of India
- v) “Security” means such security as may be specified by SEBI from time to time.

Notwithstanding anything contained in these Articles, the company shall be entitled to dematerialize its securities and to offer securities in a dematerialized form pursuant to the Depositories Act, and the rules framed thereunder.

#### **Options For Investors**

1. Every person subscribing to securities offered by the company shall have the option to receive certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by the Law, in respect of any security in the manner provided by the Depositories Act, and the company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of the securities.
2. If a person opts to hold his security with a Depository, the company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

#### **Securities in depository to be in fungible form**

All securities held by a depository shall be dematerialized and be in fungible form. Nothing contained in Section 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.



## ***Cosboard Industries Limited***

### **Distinctive numbers of securities held in a depository**

Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the company shall apply to securities held with depository.

### **Rights of depository and beneficial owners**

Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.

1. Save as otherwise provided above, the depository as the registered owner of the securities shall not have any voting rights, or any other rights in respect of the securities held by it.
2. Every person holding securities of the company and whose name is entered in the records of the depository shall be deemed to be a member of the company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

### **Service of documents**

Notwithstanding anything contained in the Act or these Articles, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the company by means of electronic mode or by delivery of floppies or disc.

### **Transfer of securities**

Nothing contained in section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entitled as beneficial owners in the records of a depository.

### **Allotment of securities dealt with in a depository**

Notwithstanding anything contained in the Act or these Articles, where securities are dealt with by a depository, the company shall intimate the details thereof to the depository immediately on allotment of such securities.

### **Register and index of members**

The register and index of beneficial owners maintained by a depository under the Depository Act shall be deemed to be the Register and Index of Members of security holders for the purpose of these Articles.

## ***PURCHASE ITS OWN SECURITIES***

**110.** The Company shall have power, subject to and in accordance with all applicable provisions of the Act, to purchase any of its own shares or other securities whether or not redeemable, from out of the sources as permissible under the Law



## **MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of the Draft Letter of Offer), which are or may be deemed material have been entered or are to be entered into by our Company. These contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company situated at Phase II, New Industrial Estate, Jagatpur, Cuttack, Orissa, 754021 from 10.00 AM to 02.00 p.m. from the date of the Draft Letter of Offer until the date of closure of the Rights Issue.

### **A. Material Contracts**

1. Issue Agreement dated September 1, 2017 entered between our Company and the Lead Manager
2. Agreement dated September 1, 2017 entered between our Company and the Registrar to the Issue
3. Tripartite Agreement dated September 19, 2001 between our Company, National Securities Depository Ltd. (NSDL) and Registrar & Share Transfer Agent;
4. Tripartite Agreement dated September 18, 2001 between our Company, Central Depository Services (India) Limited (CDSL) and Registrar & Share Transfer Agent;
5. Banker to the Issue Agreement dated [●] between our Company, the Lead Manager, the Registrar to the Issue and Banker to the Issue.

### **B. Documents available for inspection**

1. Certificate of Incorporation of our Company dated December 30, 1980.
2. Memorandum and Articles of Association of our Company.
3. Copy of the Resolution passed by the Directors in their meeting dated 30<sup>th</sup> August, 2017 approving the Issue.
4. Copy of Resolution of Rights Issue Committee dated September 13, 2017 approving Draft Letter of Offer;
5. Consents of the Promoters, Directors, Compliance Officer, Lead Manager to the Issue, Legal Counsel, Registrar to the Issue, Bankers to our Company, Statutory Auditors, Banker to the Issue to include their names in the Draft Letter of Offer to act in their respective capacities.
6. Copy of resolution appointing the Managing Director and Whole Time Director.
7. Annual Reports for the financial years ended March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012.
8. Copy of the Prospectus document dated December 27<sup>th</sup>, 1994 issued by the Company for listing of equity shares on BSE.
9. Restated Financial Statements for last five financial years ending March 31, 2017 by the auditors.
10. Statement of Tax Benefits dated September 1, 2017 received from the Statutory Auditors of our Company.
11. In-principle listing approval for this Issue dated [●] from BSE.
12. SEBI Observation letter no. [●] dated [●].

Any of the contracts or documents mentioned in the Draft Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.





## ***Cosboard Industries Limited***

### **DECLARATION**

No statement made in the Draft Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. All the legal requirements connected with the said issue as also the regulations, instructions etc. issued by SEBI, Government of India, Reserve Bank of India and any other competent authority in this behalf, have been duly complied with. We further certify that all statements made in the Draft Letter of Offer are true and correct.

On behalf of the Board of Directors of Cosboard Industries Limited

**Mr. Shiv Shankar Taparia**  
Managing Director

**Mr. Anil Kumar Gilra**  
Whole time Director

**Mr. Suresh Babu Chava**  
Non-Independent Director

**Mr. Akram abu**  
Independent Director

**Mr. Inder Pal Singh Pasricha**  
Independent Director

**Mrs. Rekha Bhawsinka**  
Independent Director

**Ms. Alka Jain**  
Company Secretary and Compliance Officer

**Mr. Ashok Kumar Jena**  
Chief Financial Officer

**Place: Cuttack**  
**Date: September 13, 2017**

