



ORIENT PAPER & INDUSTRIES LIMITED

Our Company was incorporated as ‘Orient Paper Mills Limited’ under the Indian Companies Act, 1913 vide a certificate of registration dated July 25, 1936 issued by the Registrar of Joint Stock Companies, Bengal and received its certificate of commencement of business on July 30, 1936. Thereafter, the name of our Company was changed to ‘Orient Paper & Industries Limited’ and our Company received a fresh certificate of incorporation from the Registrar of Companies, Cuttack dated September 13, 1978.

Registered Office: Unit – VIII, Plot No. 7, Bhoinagar, Bhubaneswar - 751 012; **Tel:** +91 674 239 6930; **Fax:** +91 674 239 6364

Corporate Office: Birla Building, 13th Floor, 9/1, R. N. Mukherjee Road, Kolkata – 700 001; **Tel:** +91 33 3057 3700; **Fax:** +91 33 2243 0490

Contact Person: Mr. Ram Prasad Dutta, Company Secretary and Compliance Officer; **Email:** cosec@orientpaperindia.com

Website: www.orientpaperindia.com; **Corporate Identity Number:** L21011OR1936PLC000117



FOR PRIVATE CIRCULATION TO THE ELIGIBLE SHAREHOLDERS OF ORIENT PAPER & INDUSTRIES LIMITED (OUR “COMPANY” OR THE “ISSUER”) ONLY		
ISSUE OF 73,16,742 EQUITY SHARES OF FACE VALUE ₹ 1 EACH (“RIGHTS EQUITY SHARES”) OF OUR COMPANY FOR CASH AT A PRICE OF ₹ 68 (“ISSUE PRICE”) INCLUDING A PREMIUM OF ₹ 67 PER RIGHTS EQUITY SHARE AGGREGATING TO ₹ 4,975.38 LACS ON A RIGHTS BASIS TO THE ELIGIBLE SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF 1 RIGHTS EQUITY SHARE FOR 28 FULLY PAID-UP EQUITY SHARES HELD BY SUCH ELIGIBLE SHAREHOLDER ON THE RECORD DATE, THAT IS, NOVEMBER 21, 2016 (“ISSUE”). THE ISSUE PRICE OF THE RIGHTS EQUITY SHARES IS 68 TIMES THE FACE VALUE OF THE EQUITY SHARES.		
GENERAL RISKS		
Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Rights Equity Shares have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”) nor does SEBI guarantee the accuracy or adequacy of this Letter of Offer. The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the United States Securities Act of 1933 (“Securities Act”) and are being offered and sold outside the United States to non – U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act (“Regulation S”). Investors are advised to refer to the chapter titled “Risk Factors” beginning on page [•] before investing in the Issue.		
ISSUER’S ABSOLUTE RESPONSIBILITY		
Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Letter of Offer contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this 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 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.		
LISTING		
The Equity Shares are listed on the BSE Limited (“BSE”) and the National Stock Exchange of India Limited (“NSE”, and together with BSE, the “Stock Exchanges”). Our Company has received “in-principle” approvals from BSE and NSE for listing the Rights Equity Shares through their respective letters, dated [•], 2016 and [•], 2016. For the purposes of the Issue, the Designated Stock Exchange is BSE.		
LEAD MANAGER TO THE ISSUE		REGISTRAR TO THE ISSUE
		
HDFC Bank Limited Investment Banking Group Unit No 401 & 402, 4 th Floor Tower B, Peninsula Business Park Lower Parel, Mumbai 400 013, Maharashtra, India Telephone: +91 22 3395 8019 Facsimile: +91 22 3078 8584 Email: opil.rights@hdfcbank.com Investor Grievance Email: investor.redressal@hdfcbank.com Website: www.hdfcbank.com Contact Person: Mr. Rishi Tiwari SEBI Registration Number: INM000011252		Link Intime India Private Limited C-13, Pannalal Silk Mills Compound L.B.S. Marg, Bhandup (West) Mumbai 400 078 Maharashtra, India Telephone: +91 22 6171 5400 Facsimile: +91 22 2596 0329 Email: orient.rights@linkintime.co.in Investor Grievance E-mail: orient.rights@linkintime.co.in Website: www.linkintime.co.in Contact Person: Mr. Dinesh Yadav SEBI Registration No.: INR000004058
ISSUE PROGRAMME		
ISSUE OPENS ON	LAST DATE FOR REQUEST FOR SPLIT APPLICATION FORMS	ISSUE CLOSSES ON
[•], 2016	[•], 2016	[•], 2016

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Definitions

This Letter of Offer uses certain definitions and abbreviations, which unless the context indicates or implies otherwise, have the meanings as provided below. Reference to any legislation, act, regulation, guideline or policy will be deemed to include all amendments, modifications and replacements notified thereto, as of the date of this Letter of Offer.

Company Related Terms

Term	Description
“Articles of Association”/ “Articles” / “AoA”	Articles of association of our Company, as amended
“Audited Financial Statements”	The audited financial information of our Company as at and for the financial years ended March 31, 2016 and the related notes and schedules thereto prepared in accordance with the requirements of the Companies Act, 2013 and Indian GAAP
“Board of Directors” / “Board”	Board of directors of our Company or a duly constituted committee thereof, as the context may refer to
“Condensed Interim Financial Statements”	The statement of unaudited financial results of our Company for the six-month period ended September 30, 2016
“Corporate Office”	Corporate office of our Company situated at Birla Building, 13 th Floor, 9/1, R. N. Mukherjee Road, Kolkata – 700 001, West Bengal, India
“Corporate Promoter”	Central India Industries Limited
“Director(s)”	Any or all the directors on our Board, as may be appointed from time to time
“Equity Shares”	Equity shares of our Company having a face value of ₹ 1 each
“Financial Statements”	The Audited Financial Statements and Condensed Interim Financial Statements
“Group Companies”	Such companies as are covered under the applicable accounting standards. Further, there are no other material group companies.
“Memorandum of Association”/ “Memorandum”/ “MoA”	Memorandum of association of our Company, as amended
“Our Company” / “the Issuer” / “We” / “Our” / “Us” /	Orient Paper & Industries Limited
“Preference Shares”	Preference shares of our Company having face value of ₹ 100 each
“Promoter Group”	Nirmala Birla, Shyam Sundar Jajodia, Amita Birla, Avani Birla, Avanti Birla, Shekhavati Investments and Traders Limited, Hindusthan Discounting Company Limited, Gwalior Finance Corporation Limited, Amer Investments (Delhi) Limited, Universal Trading Company Limited, National Engineering Industries Limited, Rajasthan Industries Limited, Ashok Investment Corporation Limited, Jaipur Finance and Dairy Products Private Limited, India Silica Magnesite Works Limited and Bengal Rubber Company Limited
“Promoters”	Chandra Kant Birla and Central India Industries Limited
“Registered Office”	Registered office of our Company situated at Unit – VIII, Plot No. 7, Bhoinagar, Bhubaneswar - 751 012, Odisha, India
“Shareholders”	Equity shareholders of our Company, from time to time
“Statutory Auditors”	Statutory auditors of our Company, namely, M/s S. R. Batliboi & Co. LLP, Chartered Accountants
“Subsidiary”	Orient Electric Limited

Issue Related Terms

Term	Description
“Abridged Letter of Offer” / “ALOF”	Abridged letter of offer to be sent to the Eligible Shareholders with respect to the Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act
“Allot” / “Allotment” / “Allotted”	Allotment of Rights Equity Shares pursuant to the Issue
“Allotment Date”	Date on which the Allotment is made
“Allottee(s)”	Person(s) who are Allotted Rights Equity Shares pursuant to the Allotment
“Applicant”	Eligible Shareholder(s) and/or Renouncee who make an application for the Rights Equity Shares pursuant to the Issue in terms of this Letter of Offer, including an ASBA Applicant
“Application Money”	Aggregate amount payable in respect of the Rights Equity Shares applied for in the Issue at the Issue Price
“Application Supported by Blocked Amount” / “ASBA”	Application (whether physical or electronic) used by an ASBA Investor to make an application authorizing the SCSB to block the Application Money in an ASBA Account maintained with the SCSB
“ASBA Account”	Account maintained with the SCSB and specified in the CAF or the plain paper application by the Applicant for blocking the amount mentioned in the CAF or the plain paper application
“ASBA Applicant” / “ASBA Investor”	<p>Eligible Shareholders proposing to subscribe to the Issue through ASBA process and who:</p> <ol style="list-style-type: none"> 1. are holding the Equity Shares of our Company in dematerialised form as on the Record Date and have applied for their Rights Entitlements and / or additional Rights Equity Shares in dematerialised form; 2. have not renounced their Rights Entitlements in full or in part; 3. are not Renouncees; and 4. are applying through blocking of funds in a bank account maintained with the SCSBs. <p>All QIBs, Non-Institutional Investors and Investors whose Application Money exceeds ₹ 2,00,000 can participate in the Issue only through the ASBA process. All Renouncees shall apply in the Issue only through non-ASBA process for further details please see chapter titled “<i>Terms of the Issue</i>” on page [•] of this Letter of Offer.</p>
“Banker to the Issue”	HDFC Bank Limited, acting as the refund bank and escrow collection bank to the Issue
“Composite Application Form” / “CAF”	The form used by an Investor to make an application for the Allotment of Rights Equity Shares in the Issue
“Consolidated Certificate”	In case of holding of Equity Shares in physical form, the certificate that would be issued for the Rights Equity Shares Allotted to each folio
“Controlling Branches” / “Controlling Branches of the SCSBs”	Such branches of the SCSBs which co-ordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries
“Designated Branches”	Such branches of the SCSBs which shall collect the CAF or the plain paper application, as the case may be, used by the ASBA Investors and a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries
“Designated Stock Exchange”	BSE Limited
“Eligible Shareholders”	Holders of Equity Shares of our Company as on the Record Date.
“Investor(s)”	Eligible Shareholder(s) of our Company on the Record Date, that is, November 21, 2016 and the Renouncee(s)
“Issue Closing Date”	[•], 2016
“Issue Opening Date”	[•], 2016

Term	Description
“Issue Price”	₹ 68
“Issue Proceeds”	Gross proceeds of the Issue
“Issue” / “the Issue” / “this Issue”	Issue of 73,16,742 Equity Shares of face value ₹ 1 each of our Company for cash at a price of ₹ 68 (including a premium of ₹ 67 per Rights Equity Share) aggregating to ₹ 4,975.38 lacs on a rights basis to the Eligible Shareholders in the ratio of 1 Rights Equity Share for 28 fully paid-up Equity Shares held by such Eligible Shareholder on the Record Date.
“Lead Manager”	HDFC Bank Limited
“Letter of Offer”	This letter of offer dated [•], 2016 filed with the Stock Exchanges and SEBI
“Listing Agreement(s)”	The uniform listing agreement entered pursuant to the SEBI Listing Regulations read along with SEBI Circular No. CIR/CFD/CMD/6/2015 dated October 13, 2015 and the erstwhile equity listing agreements entered into between our Company and the Stock Exchanges, as the context may refer to
“Net Proceeds”	Issue Proceeds less the Issue related expenses. For details, see chapter titled “ <i>Objects of the Issue – Requirement of Funds and Utilisation of Net Proceeds</i> ” on page [•] of this Letter of Offer
“Non-ASBA Investor”	Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process
“Non-Institutional Investors”	Investor, including any company or body corporate, other than a Retail Individual Investor and a QIB
“Qualified Institutional Buyers” / “QIBs”	Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations
“Record Date”	Designated date for the purpose of determining the Shareholders eligible to apply for Rights Equity Shares in the Issue, that is, November 21, 2016
“Registrar to the Company”	MCS Share Transfer Agent Limited
“Registrar to the Issue”	Link Intime India Private Limited
“Renouncee(s)”	Person(s) who has / have acquired Rights Entitlement from the Eligible Shareholders
“Retail Individual Investor”	Individual Investors who have applied for Rights Equity Shares and whose Application Money is not more than ₹ 2,00,000 (including HUFs applying through their karta)
“Rights Entitlement”	1 Rights Equity Share that an Eligible Shareholder is entitled to apply for in the Issue for every 28 fully paid-up Equity Shares held by such Eligible Shareholder on the Record Date
“Rights Equity Shares”	73,16,742 Equity Shares of our Company to be Allotted pursuant to this Issue.
“SAF(s)”	Split application form(s) which is an application form used in case of renunciation in part by an Eligible Shareholder in favour of one or more Renouncee(s)
“SCSB(s)”	Self-certified syndicate bank registered with SEBI, which acts as a banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries
“Stock Exchanges”	Stock exchanges where the Equity Shares are presently listed, being BSE and NSE
“Working Days”	All days other than 2 nd and 4 th Saturdays of the month, Sundays or public holidays, on which commercial banks in Mumbai are open for business provided however, for the purpose of the period between the Issue Closing Date and listing of the securities on the Stock Exchanges, “Working Days” shall mean all days excluding 2 nd and 4 th Saturday, Sundays and bank holidays in Mumbai in, in accordance with the SEBI circular no. CIR/CFD/DIL/3/2010 dated April 22, 2010.

Conventional, General and Industry Terms or Abbreviations

Term / Abbreviation	Description / Full Form
“₹” / “Rs.” / “Rupees” / “INR”	Indian Rupee
“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)

Term /Abbreviation	Description / Full Form
	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
“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
“DP”/ “Depository Participant”	Depository participant as defined under the Depositories Act
“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
“IFRS”	International Financial Reporting Standards
“IND AS”	Indian Accounting Standards
“Indian GAAP”	Generally accepted accounting principles followed in India
“ISIN”	International securities identification number allotted by the Depository
“IT Act”	Income Tax Act, 1961
“MCA”	Ministry of Corporate Affairs, Government of India
“Mutual Fund”	Mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
“NACH”	National Automated Clearing House
“NEFT”	National electronic fund transfer
“NR”	Non-resident or person(s) resident outside India, as defined under the FEMA
“NRE Account”	Non-resident external account
“NRI”	A person resident outside India who is a citizen of India as defined under the Foreign Exchange Management (Deposit) Regulations, 2016 or is an ‘Overseas Citizen of India’ cardholder within the meaning of Section 7(A) of the Citizenship Act, 1955.
“NRO Account”	Non-resident ordinary account
“NSDL”	National Securities Depository Limited

Term /Abbreviation	Description / Full Form
“NSE”	National Stock Exchange of India Limited
“OCB” / “Overseas Corporate Body”	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
“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, 3 rd 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
“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 specifically defined in this Letter of Offer, shall have the meanings given to such terms in the sections where specifically defined.

NOTICE TO OVERSEAS INVESTORS

The distribution of this Letter of Offer, the Abridged Letter of Offer or CAF and issue of Rights Equity Shares to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer, the 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 a rights basis to the Eligible Shareholders and will dispatch this Letter of Offer / Abridged Letter of Offer and CAF only to Eligible Shareholders who have a registered address in India or who have provided an Indian address to our Company.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose. Accordingly, the Rights Entitlements or Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer, the Abridged Letter of Offer or any offering materials or advertisements in connection with the Issue may not be distributed, in whole or in part, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer or the Abridged Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Letter of Offer and the Abridged Letter of Offer must be treated as sent for information only and should not be acted upon for subscription to the Rights Equity Shares and should not be copied or redistributed. Accordingly, persons receiving a copy of this Letter of Offer or the Abridged Letter of Offer should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer or the Abridged Letter of Offer in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations. If this Letter of Offer or the Abridged Letter of Offer is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in this Letter of Offer and the Abridged Letter of Offer.

Neither the delivery of this Letter of Offer, the Abridged 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 the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Letter of Offer and the Abridged Letter of Offer or the date of such information.

NO OFFER IN THE UNITED STATES

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Securities Act, or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof ("**United States**" or "**U.S.**"), or to, or for the account or benefit of "U.S. persons" (as defined in Regulation S of the Securities Act), except in a transaction not subject to, or exempt from the registration requirements of the Securities Act. The offering to which this Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States or as a solicitation therein of an offer to buy any of the Rights Equity Shares or Rights Entitlement. There is no intention to register any portion of the Issue or any of the securities described herein in the United States or to conduct a public offering of securities in the United States. Accordingly, this Letter of Offer / Abridged Letter of Offer and the enclosed CAF should not be forwarded to or transmitted in or into the United States at any time. In addition, until the expiry of 40 days after the commencement of the Issue, an offer or sale of Rights Entitlements or Rights Equity Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

Neither our Company nor any person acting on our behalf will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on our behalf has reason to believe is, either a U.S. Person or otherwise in the United States when the buy order is made. Envelopes containing a CAF should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Rights Equity Shares Issue and wishing to hold such Equity Shares in registered form must provide an address for registration of these Equity Shares in India. Our Company is making the Issue on a rights basis to Eligible Shareholders and the Letter of Offer / Abridged Letter of Offer and CAF will be dispatched only to Eligible Shareholders who have an Indian address. Any person who acquires Rights Entitlements and the Rights Equity Shares will be deemed to have declared, represented, warranted and agreed that, (i) it is not and that at the time of subscribing for such Rights Equity Shares or the Rights Entitlements, it will not be, in the United States, (ii) it is not a U.S. Person and does not have a registered address (and is not otherwise located) in the United States when the buy order is made, and (iii) it is authorised to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations.

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

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

PRESENTATION OF FINANCIAL INFORMATION

Certain Conventions

All references herein to 'India' are to the Republic of India and its territories and possessions and the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, Central or State, as applicable. Unless otherwise specified or the context otherwise requires, all references in this Letter of Offer to the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions.

Unless the context otherwise requires, a reference to "we", "us", "our", "our Company" and "the Company" is a reference to Orient Paper & Industries Limited and unless the context otherwise requires.

In this Letter of Offer, references to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable.

Financial Data

Unless stated otherwise, financial data in this Letter of Offer, with respect to our Company, is derived from our audited financial statements prepared in accordance with Indian GAAP and the Companies Act.

Our fiscal year commences on April 1 of each calendar year and ends on March 31 of the following calendar year, so all references to a particular "fiscal year" or "Fiscal" are to the 12 month period ended on March 31 of that year and our audited financial statements as of and for year ended March 31, 2016 ("**Audited Financial Statements**") which form a part of this Letter of Offer have been prepared by our Company in accordance with Indian GAAP, applicable standards and guidance notes specified by the Institute of Chartered Accountants of India, applicable accounting standards prescribed by the Institute of Chartered Accountants of India and other applicable statutory and/or regulatory requirements. Further, the statement of our unaudited financial results for the six-month period ended September 30, 2016 ("**Condensed Interim Financial Statements**") that appear in this Letter of Offer have been prepared by our Company in accordance with Indian GAAP and other applicable statutory and / or regulatory requirements, including the requirements of the SEBI Listing Regulations. The Audited Financial Statements and the Condensed Interim Financial Statements are together referred to as "**Financial Statements**". For further details of such financial statements, please see chapter titled "*Financial Statements*" on page [•] of this Letter of Offer.

Indian GAAP differs in certain significant respects from IFRS. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures based on the Indian GAAP financials presented in this Letter of Offer should accordingly be limited. Our Company has not attempted to explain those differences or quantify their impact on the financial data included herein, and our Company urges you to consult your own advisors regarding such differences and their impact on our financial data.

Further, with effect from April 1, 2017, our Company shall be required to prepare its financial statements in accordance with IND AS. Given that IND AS is different in many respects from Indian GAAP under which our Financial Statements are currently prepared, our financial statements for the period commencing from April 1, 2017 may not be comparable to our historical financial statements. For details in connection with risks involving differences between Indian GAAP and other accounting principles and accounting standards and risks in relation to IND AS, please see chapter titled "*Risk Factors – Public companies in India, including our Company, may be required to prepare financial statements under IFRS or a variation thereof, the Indian Accounting Standards ("IND AS"). Our Company may be adversely affected by this transition to IND AS*", on page [•] of this Letter of Offer.

Certain figures contained in this Letter of Offer, including financial information, have been subject to rounding adjustments. All decimals have been rounded off to two decimal places. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Unless otherwise specified, all financial numbers in parenthesis represent negative figures.

Currency of Presentation

All references to 'INR', '₹', 'Indian Rupees', 'Rs.' and 'Rupees' are to the legal currency of India; and any

reference to ‘US\$’, ‘USD’ and ‘U.S. dollars’ are to the legal currency of the United States of America.

In this Letter of Offer, our Company has presented certain numerical information in “lacs” and “crores” units.

Exchange Rate

The following tables provide information with respect to the exchange rate for the Indian rupee per US\$1.00. The exchange rates are based on the reference rates released by the Reserve Bank of India, which is available on the website of RBI. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

(US\$)

Financial Year ended March 31	High	Low	Average	Period end
2016	68.78	62.16	65.46	66.33
2015	63.75	58.43	61.15	62.59
2014	68.36	53.74	60.50	60.10

(US\$)

Month	High	Low
October 2016	66.89	66.53
September 2016	67.06	66.36
August 2016	67.19	66.74
July 2016	67.50	66.91
June 2016	68.01	66.63
May 2016	67.71	66.27

FORWARD LOOKING STATEMENTS

Certain statements contained in this Letter of Offer that are not statements of historical fact constitute ‘forward-looking statements’. Investors can generally identify forward-looking statements by terminology such as ‘anticipate’, ‘believe’, ‘continue’, ‘can’, ‘could’, ‘intend’, ‘may’, ‘shall’ ‘should’, ‘will’, ‘would’, ‘future’, ‘forecast’, ‘guideline’ or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements. Forward-looking statements are not guarantees of performance and are based on certain assumptions, discuss future expectations, describe plans and strategies contain projections of results of operations or of financial condition or state other forward-looking information.

Forward-looking statements contained in this Letter of Offer (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our Company’s expectations include, among others:

- economic downturns in India and global markets;
- strikes or work stoppages by our employees;
- competition from global and Indian electrical companies, including new entrants in the market;
- accidents and natural disasters;
- loss of or shut down of operations at any of our manufacturing facilities;
- volatility in the supply or price of raw materials;
- failure to predict the change in consumer preferences and demand;
- failure to respond to the technological advances;
- failure to safeguard the reputation of our brand or failure to enhance our brand recognition;
- changes in government policies;
- our ability to manage our continuously expanding business and risks associated with introduction of new products;
- our ability to obtain financing to expand our business;
- objects of the Issue being based on management estimates and not being appraised by any bank or financial institution;
- absence of any definitive agreements to monitor the utilisation of the Issue Proceeds;
- failure of our customers to make timely payments;
- general economic and business conditions in India and other countries;
- fluctuations in the exchange rate of the Rupee and other currencies.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in chapter titled “**Risk Factors**” beginning on page [•] of this Letter of Offer.

Whilst our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, Investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Letter of Offer or the respective dates indicated in this Letter of Offer, and our Company undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

SECTION II: RISK FACTORS

Prior to making an investment decision with respect to the Rights Equity Shares offered hereby, all prospective investors and purchasers should carefully consider all of the information contained in this Letter of Offer, including the risk factors set out below and the financial statements and related notes set out in the chapter titled “Financial Statements” on page [•]. The risks disclosed below are not the only risks relevant to our Company’s business, operations or the Rights Equity Shares. Additional risks not presently known to our Company or that it currently deems immaterial may also impair our Company’s business, operations and financial condition. The occurrence of any of the following events could have a material adverse effect on our Company’s business, results of operations, financial condition and future prospects and cause the market price of the Rights Equity Shares to fall significantly. Further, some events may have a material impact from a qualitative perspective rather than a quantitative perspective and may be material collectively rather than individually. Any potential investor in, and purchaser of, the Rights Equity Shares should pay particular attention to the fact that our Company is an Indian company and is subject to a legal and regulatory environment which, in some respects, may be different from that which prevails in other countries.

Internal Risk Factors

- 1. Our operations are significantly dependent on our ability to successfully identify consumer requirements and preferences and gain consumer acceptance for our products. If we are unable to successfully identify consumer requirements and preferences and gain consumer acceptance for our products, our business may suffer.***

Our Company operates in the consumer electric sector, which is susceptible to changing consumer preferences. Our operations are significantly dependent on our ability to successfully identify consumer requirements and preferences. A shift in consumer preferences away from our products to that of our competitors would harm our business. If we are unable to successfully anticipate consumer requirements and preferences and gain consumer acceptance for our products, or are unable to modify our current portfolio of products or develop new products, in a timely manner, we may lose consumers or become subject to greater pricing pressures. A decline in demand for our products, or an error in our forecasts for future demand, among other things, could lower our sales, increase inventory levels and may require us to sell our products at substantially marked-down prices.

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

Our business is dependent on our ability to manage our manufacturing facilities, which are subject to various operating risks, such as (i) the risk of substantial disruption or shutdown due to breakdowns or failure of equipment, natural disasters, storms, fires, explosions, earthquakes, floods and other catastrophic events, which could cause power interruptions and water shortages, actual, potential or suspected epidemic outbreaks, terrorist attacks and wars, labour disputes, strikes, lock-outs, loss of services of our external contractors, suppliers and industrial accidents, (ii) performance below expected levels of output or efficiency, and (iii) obsolescence. Our manufacturing facilities are also subject to operating risk arising from any failure to comply with the directives of relevant government authorities or any changes in governmental regulations affecting our business and our facilities, which could lead to a loss of licenses, certifications, permits and the ability to continue operating our current manufacturing facilities.

Sufficient supply of water is vital for functioning of our Paper Division. Irregular or interrupted supply of power or water, electricity shortages or government intervention, particularly in the form of power rationing are factors that could adversely affect our daily operations.

Any material interruption at our manufacturing facilities, including power failure, fire and unexpected mechanical failure of equipment, could reduce our ability to produce and thereby impact earnings for the affected period.

If there is an insufficient supply of electricity or water to satisfy our requirements or a significant increase in electricity prices, we may need to limit or delay our production, which could adversely affect our business, financial condition and results of operations. We cannot assure that we will always have access

to sufficient supplies of electricity in the future to accommodate our production requirements and planned growth. Similarly, there is no assurance that those of our manufacturing facilities unaffected by interruption will have the capacity to increase their output to manufacture products to make up the affected manufacturing facilities. In the event of prolonged disruptions our manufacturing facilities, we may have to import various supplies and products in order to meet our production requirements, which could affect our profitability.

Our facilities and equipment would be difficult and costly to replace on a timely basis and in a cost efficient manner. Moreover, catastrophic events could also destroy any inventory located at our facilities. If there are prolonged disruptions or shutdown of operations at our manufacturing facilities, we may not be able to replace the equipment or inventories, or use different facilities to continue our operations in a timely and cost-effective manner or at all. Such disruptions may result in delays in shipments of raw materials from our suppliers to us and shipment of products from us to our customers. The occurrence of any such event could result in the temporary or long-term closure of any of our manufacturing facilities, severely disrupt our business operations and materially and adversely affect our business, results of operations and financial condition.

3. *Our Company's business is continuously expanding and the introduction of new products might expose it to new business risks which it may not have the expertise, the capability or the systems to manage.*

Our Company continues to expand its product offerings and customer base. In our paper division, our Company is in the process of expanding the tissue paper capacity. We keep on introducing SKUs for our Consumer Electrical Division. We also entered the switchgear sub-segment by introducing MCBs, RCCBs and DBs. Our Company may continue to expand its capacity, product range and may also tap new markets with existing and new products. The success of new products offering will depend upon several factors, including, acceptance of new products by the customers, preference of our customers and our ability to expand our relationship with customers, suppliers and third parties. In the past, not all products introduced by us in the past have fetched returns as expected. We may not be able to successfully launch new products as planned or may not be able to recover the investments made as is expected by us. In the event our expansion plans (including new product launches) are not successful, it could have an adverse effect on our financial condition and results of operations. Realization from new products are subject to risks from resulting markets.

4. *Our future success will depend on our ability to anticipate and respond to technological advances and new standards.*

Our success will depend on our ability to anticipate technological advances, new standards and develop new products to meet consumer needs. There is a significant shift towards energy efficient products driven by the Governments' drive to reduce energy costs. In several categories, products which are more energy efficient, are being promoted and preferred.

We believe that the market for lighting products is currently experiencing a significant technology shift to LED lighting systems. Cost of production of LED is reducing. Our future success in the lighting segment depends upon our ability to keep up with the continuing evolution of LED technology to capture this growing LED market opportunity. The development and introduction of new LED products may result in additional product introduction expenses.

5. *Failure to safeguard the reputation of our brands or failure to maintain and enhance our brand recognition could have an adverse effect on our business, results of operations and financial condition.*

We depend on the continuing reputation and success of our brand, "Orient" and "Orient Electric". Our reputation and brand recognition depends primarily on the quality, pricing and consistency of our products, as well as the success of our marketing and promotional efforts. The ability to differentiate our brand and products from that of our competitors through our promotional, marketing and advertising initiatives is an important factor in attracting customers, particularly for retail customers. We believe that maintaining and enhancing our brand is essential to our efforts to maintain and expand our customer base. If customers do not perceive our products to be of high quality or of competitive prices, our brand image may be impacted.

Maintaining and enhancing our brand image may require us to undertake significant expenditures and make investments in areas such as research and development, advertising and marketing, through media and other channels of publicity. If our initiatives in any of these areas are not effectively implemented or our products fail to find acceptance with our existing and potential customers resulting in loss of customer confidence in our brand for any reason, our ability to attract and retain customers could be adversely affected.

Additionally, we anticipate that as we enter newer markets and face increased competition in our existing and newer markets, maintaining and enhancing our brand image may become more difficult and may require additional expenditures and investments. Our reputation and brand image may also be hampered or negatively impacted by the presence or availability of spurious products sold under our brand or any adverse publicity in such markets. Further, any damage caused on account of our products or any adverse publicity related to our products may negatively impact our reputation and business.

We are also exposed to the risk that other entities may pass off their products as ours by imitating our brand name, packaging material and attempting to create counterfeit products.

If we are unable to maintain and continue to take steps to further enhance our brand recognition and increase market awareness for our products, our ability to attract and retain customers may be affected and our business prospects may be materially and adversely affected. Any negative publicity or customer disputes and complaints regarding the brand, may harm the value of our “Orient” and “Orient Electric” brand, as well as the business, revenue and growth prospects of our Company.

6. *We outsource manufacturing of our products to third parties, and any failure by such third parties to meet our standards or perform their obligations may adversely affect our business, results of operations and financial condition.*

In addition to in-house manufacturing at our own facilities, we also outsource manufacturing of appliances and lighting products to approved third party manufacturers on a principal to principal basis.

The outsourcing arrangements with our third party manufacturers are not exclusive. Since, we do not control the operations of these third party manufacturers, we may not be able to monitor the performance of these third parties as directly and efficiently as we monitor our own manufacturing process. Although we carry out quality control checks of the products manufactured under these outsourcing contracts on sample basis, we are exposed to the risk that the third party manufacturers may fail to perform their contractual obligations.

7. *While our participation in the government tenders may not yield similar returns as compared to the retail market, failure to successfully bid for such tenders may adversely affect our business, results of operations and financial condition.*

We have in the past participated in the tenders floated by government and government agencies for providing electrical appliances, lighting, etc. We may not be able to win such contracts in the future which may adversely affect our business. Additionally, the terms of these contracts are different from retail sales and may depend on the government / agency awarding the tender. We may participate in these contracts which may require us contractual terms stipulating sales price while payments to be made after delivery. These contracts may not provide similar returns which our retail sales provide or may not be profitable at all. We may also need additional working capital for these orders as the payment terms may be different from our retail sales.

8. *The auditors’ report contains certain emphasis of matter.*

Limited review report dated October 17, 2016 for quarter and half year ended September 30, 2016 contains emphasis of matter, which is reproduced as under:

Remuneration paid to Managing Director of the Company during the financial years ended March 31, 2015 and March 31, 2016 has exceeded the limit prescribed under Section 197 read with Schedule V of the Companies Act, 2013. The Company has filed application for the same to Central Government for waiver of excess remuneration paid to Managing Director of the Company. This has been referred to by the auditors in their limited review report for the quarter ended 30th June, 2016 and 30th September,

2016 as a matter of emphasis.

Audit report for the Fiscal 2016 contains certain emphasis of matter, which are reproduced as under:

- (a) *We draw attention to Note 35 to the financial statements regarding non provision of water tax demand amounting to ₹47,434.91 lacs (including interest and penalty of ₹46,021.91 lacs) against which our Company has filed writ petition with the Hon'ble High Court and obtained an interim stay on the recovery as more fully described therein. Pending final decision in the matter, no adjustments are considered necessary at this stage.*
- (b) *We draw attention to Note 36 to the financial statements regarding remuneration paid to/provided for the Managing Director of the Company during the years ended March 31, 2015 and March 31, 2016 which is in excess of the limit prescribed under Section 197 of the Act read with Schedule V to the Act, by ₹178.19 lacs and ₹177.70 lacs respectively. As informed to us, waiver application has since been filed by the Company for the year ended March 31, 2015 and the Company is in the process of filing waiver application for the year ended March 31, 2016 with the Central Government for the above excess remuneration. Pending the filing of waiver application and receipt of the approval, no adjustments to financial statements have been made.*

The audit report dated May 6, 2016, on the audited financial statements of our Company as at and for the year ended March 31, 2016 included, a statement as an Annexure on certain matters specified in the Companies (Auditors Report) Order, 2016 which stated that:

- *All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification (except for assets of the written down value of ₹544.68 lacs at Brajrajnagar unit, due to suspension of production activities) which, in our opinion is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification. However, discrepancies, if any, at Brajrajnagar unit are unascertainable due to non-verification of fixed assets for the reasons mentioned above.*
- *According to information and explanations given by the management, the title deeds of immoveable properties, included in the fixed assets and investment property are held in the name of the Company except in respect of land valuing ₹432.94 lacs, held in joint ownership and flats valuing ₹79.87 lacs whose registration in the name of the Company are still pending. Further, in respect of land aggregating to ₹150.11 lacs as at March 31, 2016 pertaining to the Company's electric unit at Faridabad for which original title deeds were not available with the Company and hence we are unable to comment on the same, although the photocopies to the title deeds were made available to us.*
- *According to information and explanations given by the management, during the year the remuneration paid to/provided for the managing director of the Company is in excess of the limit prescribed under section 197 read with Schedule V to the Companies Act, 2013 by ₹177.70 lacs. Further, the Company has also paid managerial remuneration for the years 2013-14 and 2014-15 in excess of the limit prescribed under the applicable Companies Act by ₹127.42 lacs and ₹178.19 lacs, respectively. The Company's application to the Central Government for such excess remuneration paid in 2014-15 is pending approval by the concerned authority and pending disposal of the same, no steps have been take for recovery of the excess amount so paid. Also, the Company has shown the amount of ₹127.42 lacs as recoverable from the Managing Director in respect of excess remuneration paid for the year 2013-14 due to non-approval of the same by the Central Government and steps are being taken to recover the said amount.*
- *Slight delays in few cases in deposit of undisputed statutory dues, certain unpaid statutory dues in respect of Brajrajnagar unit and unpaid statutory dues on account of disputes.*

There can be no assurance that our audit reports will not have emphasis of matter in the future.

9. We sell our products in highly competitive markets. Inability to compete effectively may lead to lower market share or reduced operating margins, and adversely affect our operations and profitability.

We sell our products in highly price competitive markets. New players are entering the market in which our Company operates and every major player vying for a greater market share by introducing discounts and offer. As a result, to remain competitive in our markets, we must continuously strive to reduce our production, transportation and distribution costs and improve our operating efficiencies. For example,

we set up an on-site plant for precipitated calcium carbonate (“PCC Plant”) as part of the Amlai plant for using it as a 100% filler. The PCC Plant has resulted in cost reduction and also improved quality in terms of improved bulk, brightness, opacity and smoothness of paper. If we are unable to respond effectively to these competitive pressures, our competitors may be able to sell their products at prices lower than us, which would have an adverse effect on our market share and results of operations. Certain of our competitors may be larger than us in terms of production capacity and/or have a more extensive operation, benefiting from greater economies of scale and operating efficiencies. There can be no assurance that we can continue to effectively compete with such manufacturers in the future, and failure to compete effectively may have an adverse effect on our business, financial condition and results of operations.

10. *The Board of Directors of our Company has approved the scheme of arrangement with respect to demerger of our consumer electric division into Orient Electric Limited, subject to approvals from various stakeholders and regulators including shareholders, creditors, the Orissa High Court, SEBI, Stock Exchanges and which may adversely affect our net-worth and profits and earning per share.*

We are currently in the process of demerging our Consumer Electric Division of our Company through a scheme of arrangement (“Scheme”). The Board of Directors of our Company, vide their resolution dated October 17, 2016, approved the Scheme and the same is subject to approval from various stakeholders and regulators including from shareholders, creditors, Orissa High Court, SEBI, Stock Exchanges. For further details, see the section “Material Developments - Scheme of arrangement for demerger” on page [•].

Upon the Scheme becoming effective, our Consumer Electric Division shall be transferred and vested in Orient Electric Limited and further in accordance with the terms of the Scheme, Orient Electric Limited shall apply for listing of its equity shares with the BSE and the NSE in compliance with the SEBI circular bearing number CIR/CFD/CMD/16/2015 dated November 30, 2015.

There can be no assurance that the Scheme will be approved by various stakeholders and regulators including from shareholders, creditors, Orissa High Court, SEBI, Stock Exchanges. If the Scheme is not approved, the proposed demerger will not be completed. However, if the Scheme does become effective, the net worth and accordingly, the book value per Equity Share of our Company may be reduced from the present net worth and book value per Equity Shares of our Company, which may have an adverse effect on our financial condition.

11. *Any volatility in the supply or price of raw materials could adversely affect our operations and profitability.*

Copper, steel and aluminium are the primary raw materials of our Consumer Electric Division for fans, home appliances and switchgears manufactured and marketed by us. Further pulp wood, bamboo, caustic and coal are the primary inputs for our Paper Division. We are exposed to volatility in the price and availability of raw materials. The prices of the aforesaid commodities are volatile and cyclical in nature. Numerous factors, most of which are beyond our control, influence their respective prices. These factors include general economic conditions, worldwide production capacity, capacity-utilization rates, downturns in purchase by traditional bulk end users of these commodities or their customers, a slowdown in basic manufacturing industries, import duties and other trade restrictions and currency exchange rates. Further, other factors such as inclement weather, draught or 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. If the price of pulp wood, coal, steel, copper and aluminium increase in the future, there can be no assurance that we will be able to pass on such increases to our customers.

Outbreak of plant related infections can affect availability of raw materials for our products. From time to time, there have been outbreaks of certain diseases in bamboo trees and eucalyptus trees, which led to damage of trees and adversely affected growth of bamboo trees and eucalyptus trees.

Outbreak of plant related infections, availability of raw materials and increase in prices of raw materials would have an adverse effect on our operations, financial condition and profitability.

Some of our competitors may have long term arrangements which may also give them the benefit of pricing stability in time of price volatility. Any of the above factors could adversely affect our operations and profitability.

- 12. *We have not entered into long term contracts with the suppliers of some of our raw material and components for our manufacturing facilities and with the vendors of the products marketed and sold by us. Our inability to obtain raw material and/or source our products from our suppliers/vendors in a timely manner, in sufficient quantities and/or at competitive prices could adversely affect our operations, financial condition and/or profitability.***

If our suppliers/vendors are unable to supply (a) the raw material like bamboo and wood and/or components required for the manufacture of our products, and/or (b) the products that are marketed and sold by us, in sufficient quantities, or there is a loss of one or more significant suppliers/vendors, our ability to obtain our raw material, components and/or products at competitive rates could be adversely affected. In such event, our cost of purchasing such raw material/components/products from alternate sources could be higher thereby adversely affecting our operating margins and results of our operations. Further we do not enter into long term agreements with suppliers of raw material and components for our manufacturing facilities and with the vendors of the products marketed and sold by us. Any severance of our relations with these suppliers and/or vendors could adversely affect our operations and profitability.

- 13. *We are dependent on limited number of suppliers for certain raw materials, hence disruption in the supplies of these raw materials could materially disrupt our operations***

One of our raw materials is copper rods, which is used in the manufacturing of fans. We currently purchase copper from limited number of suppliers. Any disruption in supply under this contract could temporarily disrupt our fans manufacturing until alternate supplies are arranged. Where we rely on a limited number of suppliers or a single supplier, a loss of any single or limited source supplier or inability to obtain supplies from suppliers in a timely and cost-effective manner could lead to increased costs or delays or suspensions in our manufacturing and deliveries, which could have an adverse effect on our financial conditions and results of operations.

- 14. *We may be affected by obsolescence of our assets that could adversely affect our operations.***

Asset obsolescence due to fast changing technology and processes could affect our Company's operations by causing production at one or more facilities to shut down or slowdown or also substantially increase our manufacturing cost, thereby having a material adverse effect on our Company's results of operations and financial condition. The operations our Brajrajnagar plant have been suspended from 1999 due to non-viability and our Company runs the risk of encroachment of land. Any interruption in production capability may require our Company to make significant and unanticipated capital expenditures, which could have an adverse effect on our Company's profitability and cash flows.

- 15. *We do not have certain documents evidencing the original date of appointment and biographies of the Directors under the section "Our Management" of this Letter of Offer.***

The information included biographies of our Directors in the "Our Management" on page [•] of this Letter of Offer is based on the details provided by the respective Directors and are supported by certificates executed by them certifying the authenticity of the information provided. We do not have certain documents evidencing biographies of some of our Directors cannot assure you that all information relating to our Directors included in the section titled "Our Management" on page [•] of this Letter of Offer is true and accurate.

- 16. *Some of the financing documents governing loans availed of by our Company require the prior consents from certain lenders for undertaking the Issue, which have not been obtained as of the date of this Letter of Offer.***

The terms of certain of the financing documents governing loans availed by our Company, requires our Company to obtain prior consents from those lenders in order to undertake the Issue. While our Company has sought consents / no-objections from these lenders, it cannot assure you that it will have obtained the requisite consents as of the date of Allotment, or at all.

If the Allotment of Rights Equity Shares pursuant to the Issue is completed without the requisite consents from the lenders having been obtained, such Allotment may constitute a default under the relevant financing documents. Such default will entitle the relevant lenders to amongst other things, call an event of default and to enforce remedies under the terms of the financing documents, which include, amongst other things, acceleration of repayment of the amounts outstanding under the financing documents, enforcement of the security interest created under the financing documents, payment of additional interest and taking possession of the assets given as security in respect of the financing documents. There can be no assurance that these lenders will not initiate action under the terms of the relevant financing documents at any time. If such actions are undertaken, other consequences may also be triggered, including potential winding-up claims against our Company.

Any default as described above or a consequence of such default under the financing documents referred to above may, individually or in the aggregate, have a material and adverse effect on our business, results of operations, liquidity, financial condition and credit rating and may negatively impact our ability to obtain financing or could have an adverse effect on our ability to execute other agreements or to raise or borrow capital. Such defaults or other consequences from any such default may also result in a decline in the trading price of the Rights Equity Shares and you may lose all or part of your investment.

A default by our Company, under the terms of the relevant financing document, may also trigger a cross-default under the other financing documents, or any other agreements or instruments containing a cross-default provision, which could, individually or in the aggregate, have a material adverse effect on our operations, financial position and credit rating. Also, our Company may have to dedicate a substantial portion of its cash flow from operations to make payments under the financing documents, thereby reducing the availability of its cash flow to fund capital expenditures, meet working capital requirements and for other general corporate purposes. Such defaults may also result in a decline in the trading price of the Rights Equity Shares and you may lose all or part of your investment. If the lenders of a material amount of the outstanding loans declare an event of default simultaneously, our Company, as the case may be, may be unable to pay its debts as they fall due, which could adversely impact its ability to operate as a going concern.

17. *Our Company has outstanding indebtedness, which requires significant cash flows to service and there is no assurance that it will generate sufficient cash to service its existing or proposed borrowings or fund other liquidity needs. Further, our Company's 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 financing arrangements.*

As of October 31, 2016, our Company's total outstanding indebtedness was ₹ 38,324.00 lacs. Our Company's ability to meet its debt service obligations and repay outstanding borrowings will depend primarily on the cash generated by our Company's businesses. Increasing the level of indebtedness also has important consequences for our Company such as:

- being required to dedicate a significant portion of its cash flow towards repayment of its existing debt, which will reduce the availability of cash flow to fund working capital, capital expenditures, acquisitions and other general corporate requirements;
- increasing vulnerability to general adverse economic, industry and competitive conditions;
- limiting our Company's flexibility in planning for, or reacting to changes in its businesses and the industries that it operates in;
- limiting our Company's ability to borrow additional funds; and
- increasing our Company's interest expenditure, since a portion of its debt bears interest at floating rates.

Our Company cannot assure investors that it will generate sufficient cash to service existing or proposed borrowings or fund other liquidity needs, which could have an adverse effect on its business, cash flows and results of operations.

Further, some of our financing arrangements require our Company to comply with certain information and financial covenants. Also, our Company is required to obtain consent of certain lenders for undertaking certain actions pursuant to this Issue. Certain financing agreements impose restrictions on our Company such as:

- being required to maintain certain specified financial ratios; and
- being required to obtain approval from its lenders regarding, among other things, such as change in our Company's capital structure, increase in its indebtedness.

Our Company cannot assure you that we will receive such approvals in a timely manner or at all.

Additionally, our Company may enter into financing arrangements in the future that could impose further restrictions on it. 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.

18. *Any unfavourable changes in the factors affecting our operating results may adversely affect our operations and profitability.*

Our business and results of operations may be adversely affected by, among other factors, the following:

- growth of real estate sector;
- changes in preferences of our customers;
- extended sales cycle for our products;
- the size, timing and profitability of our contracts;
- the timing and success of project tender submissions to government and institutional customers;
- economic downturns in India and global markets;
- a decrease in international and domestic prices for our products and services;
- delays in project schedules and adverse changes in purchasing practices of our customers;
- the ability to raise the finance required for investments; and/or an increase in interest rates at which we can raise such finances;
- strikes or work stoppages by our employees;
- competition from global and Indian electrical companies, including new entrants in the market;
- changes in government policies, including introduction of or adverse changes in tariff or non-tariff barriers, affecting our industry generally in India or globally;
- accidents and natural disasters; and
- the time required to train new employees in order to use their skills effectively.

All of the above factors may affect our revenues and therefore have an impact on our operating results.

19. *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 the additional credit due to our performance or tighter credit markets, we could be unable to meet our near-and longer-term cash needs.

20. *In relation to remuneration paid to Mr. M. L. Pachisia, Managing Director for Fiscal 2015 and 2016 any non-compliance with the relevant provisions of the Companies Act may attract penalties payable by our Company.*

Pursuant to the provisions of the Companies Act, 2013, our Company is required to obtain prior approval of the Central Government for payment of remuneration to Mr. M. L. Pachisia, Managing Director, for the Fiscals 2015 and 2016, in excess of the limit prescribed under the Act. In the past, the Central Government has approved waiver of recovery of excess remuneration paid to Mr. M. L. Pachisia, Managing Director for the Fiscals 2013, *vide* letter dated March 6, 2014. Further, for the Fiscal 2014, the Central Government partially waived the recovery of excess remuneration paid to Mr. M. L. Pachisia, Managing Director, by allowing a sum of ₹ 124.12 lacs against a total remuneration of ₹ 251.54 lacs paid in that Fiscal, with a direction to recover a sum of ₹ 127.42 lacs, *vide* their letters dated November 27, 2015 and March 29, 2016. Additionally, our Company has made applications seeking waiver from the Central Government for recovery of excess remuneration paid to Mr M L Pachisia, Managing Director for the Fiscal 2015 and Fiscal 2016 amounting to ₹ 178.19 lacs and ₹ 177.70 lacs, respectively. While our shareholders have approved the waiver for recovery of the excess amount paid, there can be no assurance that our Company will get the requisite approval from the Central Government for waiver of remuneration paid to Mr. M. L. Pachisia, Managing Director in excess of the limits prescribed under the Companies Act, 2013.

21. *Our exports are subject to risks associated with doing business internationally.*

We export our products various countries. There are a number of risks in doing business abroad including risks with respect to interest rate and foreign currency fluctuations, different tax and regulatory environments, decline in global demand, dealing with political and economic uncertainty, social unrest, sudden changes in laws and regulations, obtaining the necessary clearances and approvals to set up business and competing with established players in these regions and cost structures in international markets, including those in which we operate, that are significantly different from those that we have experienced in India. These risks may impact our ability to expand our exports in different regions and otherwise achieve our objectives relating to our export operations.

22. *If we are unable to accurately forecast customer demand for our products, we may not be able to maintain optimum inventory levels resulting in additional strain on our resources.*

We determine the quantities of products manufactured for sales and distribution through our authorized dealers pursuant to management estimates based on historic trends and demand data and our internal forecasts provided to us by such authorized dealers, which is used to extrapolate expected future sales pattern. However, our future earnings through the sale and distribution of our products may not be realized as forecasted, on account of cancellations or modifications of firm orders or our failure to accurately prepare demand forecasts. If we are unable to appropriately estimate the demand for our products for any reason, it could result in excess inventory levels or unavailability of our products during increased demand, resulting in below potential sales.

Our ability to accurately forecast customer demand for our products is affected by various factors, including:

- a substantial increase or decrease in the demand for our products or for similar offerings of our competitors;
- changes in customer requirements;
- aggressive pricing strategies employed by our competitors;
- failure to accurately forecast or changes in customer acceptance of our products;
- limited historical demand and sales data for our products in newer markets; and
- weakening of general economic conditions or customer confidence that could reduce the sale of our offerings.

Inventory levels in excess of customer demand may result in inventory write-downs or write-offs or we may be required to sell our excess inventory at discounted prices, which will adversely affect our gross margins and negatively impact our reputation and brand exclusivity. Alternatively, if there is demand in excess of our production, we may not be able to adequately respond to the demand for our products. This could result in delays in delivery of our products to our customers and we may suffer damage to our reputation, customer relationships and may also result in delay in other payments as this may affect our cash flows. Additionally, our customers may be driven to purchase products offered by our competitors, thereby affecting our market share in the short term, which may extend to the long term. There can be no assurance that we will be able to manage our inventories at optimum levels to successfully respond to

customer demand.

While we monitor our inventory levels based on projections of future demand. Because of the lead time necessary to produce commercial quantities of our products, we make production decisions well in advance of sales. An inaccurate forecast of demand for any product can result in the unavailability/surplus of products. Unavailability of products in high demand, may depress sales volumes and adversely affect customer relationships. Conversely, an inaccurate forecast can also result in an over-supply of products, which may increase costs, negatively impact cash flow, reduce the quality of inventory, erode margins and ultimately create write-offs. Any of the aforesaid circumstances could have a material adverse effect on our business, results of operations and financial condition.

23. *Our inability to maintain the stability of our distribution network and attract additional distributors may have an adverse effect on our results of operations and financial condition.*

The challenge in our business lies in reaching a geographically dispersed end-user at the right time at the right place with the right product. We rely on our distribution network and dealerships to reach the end customer and sell our products in each of the regions in which we operate. Our business is dependent on maintaining good relationships with our distributors and dealers and ensuring that our distributors and dealers find our products to be commercially remunerative and have continuing demand from customers. Furthermore, our growth depends on our ability to attract additional distributors to our distribution network. There can be no assurance that our current distributors and dealers will continue to do business with us, or that we may continue our existing relationships with these distributors or that we can continue to attract additional distributors and dealers to our network. If we do not succeed in maintaining the stability of our distribution network and attracting additional distributors to our distribution network, our market share may decline, materially affecting our results of operations and financial condition.

24. *Our online shopping platform may not be able attract sales which may have an adverse effect on our results of operations and financial conditions.*

We have set up an online shopping platform for our Consumer Electrical Business. We have incurred warehousing cost towards the online shopping platform. Further, online shopping platform has various competitors who have more experience on managing business on such platforms. If our online shopping platform is unable to generate desired number of sales or any sale at all, it may have an adverse effect on our results of operations and financial conditions.

25. *We are dependent on third party transportation providers for the supply of raw materials and delivery of our products.*

We use third party transportation providers for the transportation of our raw materials and finished products. Disruption in transportation due to strikes could have an adverse effect on supplies and deliveries to and from our customers and suppliers. In addition, raw materials and products maybe lost or damaged in transit for various reasons. There may also be delay in delivery of raw materials and products on account of operation of these third party transportation providers not being under our control, which may adversely affect our business and results of operation. An increase in the freight costs or unavailability of freight for transportation of products to export markets may have an adverse effect on our business and results of operations.

26. *Sales of certain of our products are subject to seasonality*

Sales and operating profit for Consumer Electric Business tends to be seasonal, with increased purchases of fans and air coolers by consumers during the summer months of April through June, due to the heat and warm weather, and considerably lower during the winter months of December through February. Further, the sale of geysers are more during winter as compared to summer. Bad weather conditions, including disturbed summers or untimely rains during the peak sales season of summer, may adversely affect our sales volumes, results of operations and financial condition, and could therefore have a disproportionate impact on our results of operations in the relevant year. For example, in Fiscal 2015 and the ongoing Fiscal 2017, we faced significant adverse weather conditions in the form of heavy rains during the summer months, especially in the southern region of India which adversely affected our peak season sales in these fiscal years.

27. ***Stringent environmental, health and safety laws and regulations may result in increased liabilities and increased capital expenditures, which could have a material adverse impact on our operations and profitability.***

Our operations are subject to environmental, health and safety and other regulatory and/or statutory requirements. Non-compliance with these regulations, which among other things, limit or prohibit emissions or spills of toxic substances produced in connection with our operations, could expose us to civil penalties, criminal sanctions and revocation of key business licences. In addition, due to the possibility of new regulatory or other developments, future environmental expenditures may increase. For example, the Central Pollution Control Board has imposed stringent conditions on quality of water consumed per tonne of paper, quality and quantity of water discharge and affluent discharge norms, etc. meeting these norms is challenging for the entire paper industry. Further we may be required to suspend and/or stop our manufacturing activities, in order to ensure that suitable modifications are carried out for ensuring compliance with such statutory and/or regulatory requirements. Our failure to comply with any statutory and/or regulatory requirements in connection with environment, health and safety could affect our operations, financial condition and profitability.

28. ***Our inability to renew or maintain our statutory and regulatory permits and approvals required to operate our business would adversely affect our operations and profitability.***

We are required to obtain and maintain various statutory and regulatory permits and approvals to operate our business. We will be required to renew such permits and approvals. While we believe that we will be able to renew or obtain such permits and approvals as and when required, there can be no assurance that the relevant authorities will issue any of such permits or approvals in the time-frame anticipated by us or at all. Failure by us to renew, maintain or obtain the required permits or approvals may result in the interruption of our operations and may have a material adverse effect on our business, financial condition and results of operations.

29. ***We are subject to risks associated with product warranty, recall and product liability due to defects in our products, which could generate substantial claims, adverse publicity or adversely affect our business, results of operations or financial condition.***

Defects, if any, in our products could require us to undertake service actions or product recalls. These actions could require us to expend considerable resources in correcting these problems and could adversely affect demand for our products. Repeated warranty claims could adversely affect our results of operations. Management resources could also be diverted from our business towards defending such claims. As a result, our business, result of operations and financial condition could suffer. We cannot assure you that the limitations of liability set forth in our contracts will be enforceable in all instances or will otherwise protect us from liability for damages. For details please see “Government and Other Approvals” of page [•].

30. ***Our success significantly depends on our management and operational teams and other skilled professionals. If we fail to retain, motivate and/or attract such personnel, our business may be unable to grow and our revenues and profitability could be adversely affected.***

We are dependent on the senior members of our management and operational team. If we cannot hire and retain additional qualified personnel, our ability to grow may be impacted. Although we provide career development opportunities to meet the challenge of employee attrition, we may not be able to hire and retain enough skilled and experienced employees to replace those who leave. Additionally, we may not be able to redeploy and retrain our employees to keep pace with continuing changes, evolving standards and changing customer preferences. If we fail to retain, motivate and/or attract such personnel, our business may be unable to grow and our revenues could decline impacting our profitability.

31. ***We are subject to stringent labour laws or other industry standards and any strike, work stoppage or increased wage demand by our employees or any other kind of disputes with our employees could adversely affect our business, financial condition, results of operations and cash flows***

We cannot assure you that we will not experience labour unrest in the future, which may delay or disrupt our operations. If work stoppages, work slow-downs or lockouts at our facilities occur for a prolonged period of time, our operations and financial condition could be adversely affected.

32. ***Some of the properties used by our Company for the purposes of its operations are not owned by our Company. Any termination of the lease agreements or our failure to renew the same could adversely affect our operations.***

Currently, certain portions of factory premises used by our Company at Brajrajnagar, Amlai, Kolkata and Faridabad have been obtained on a lease or license basis. Any termination of the lease agreements or our failure to renew the same, in a timely manner and on terms and conditions acceptable to us, or at all, could adversely affect our operations.

33. ***We own certain intellectual property rights and any failure to enforce our rights could have an adverse effect on our business prospects.***

Our revenues are derived from our products bearing proprietary trademarks and brand names. We rely on trademark and copyright laws to protect our intellectual property rights. Our ability to enforce our trademarks and other intellectual property is subject to establishing our ownership of the trademark and other intellectual property as well as general litigation risks. If we are not ultimately successful in enforcing our intellectual property rights for any reason, we may experience a material adverse effect on our competitive position and our business, results of operations and financial condition may be materially and adversely affected.

There is a risk that we will not be able to obtain and perfect or maintain our own intellectual property rights or, where appropriate, license intellectual property rights necessary to support new product introductions. In addition, even if such rights are protected in India, the laws of some other countries in which our products are, or may be, sold may protect intellectual property rights to the same extent as the Indian laws. We cannot be certain that our intellectual property rights will not be invalidated, circumvented or challenged in the future, and we could incur significant costs in connection with legal actions relating to such rights that could adversely affect our business, results of operations and financial condition. If other parties infringe our intellectual property rights, they may dilute the value of our brands in the marketplace, which could diminish the value that consumers associate with our brands and harm our sales.

34. ***Our Company is involved in certain legal proceedings that, if determined against it, could adversely affect its business, financial condition and results of operations.***

Our Company is involved in certain legal proceedings pending against it at different levels of adjudication before various courts and tribunals. In accordance with the SEBI ICDR Regulations, some of these proceedings have classified as ‘*material legal proceedings*’ and the amounts claimed in such proceedings have been disclosed to the extent ascertainable and quantifiable and include amounts claimed jointly and severally from our Company and other parties. Such litigation diverts management time and attention and consumes financial resources in their defence or prosecution. No assurance can be given as to whether these matters will be settled in favour or against our Company. Any unfavourable decision in any of these matters may have an adverse effect on the business, financial condition and results of operations of our Company. For further details in relation to the material legal proceedings, please see the chapter titled “*Outstanding Litigation and Defaults*” on page [•] of this Letter of Offer.

35. ***The objects of the Issue for which funds are being raised have not been appraised by any bank or financial institution and are based on management estimates and in view of the dynamic nature of the industry in which our Company operates, we may have to revise our business plan from time to time and, consequently, the funding requirement and, the utilization of proceeds from the Issue may also change.***

Our funding requirement and deployment including repayment, in full or part, of certain borrowings availed by our Company together with interest and other charges, if any, is based on management estimates and has not been appraised by any bank or financial institution. We expect that repayment or prepayment of our borrowing could deleverage our balance sheet and make capital available for our future growth. Our funding requirements are based on our current business plan and may vary based on various factors including macroeconomic changes. In view of the dynamic nature of the industry in which we operate, we may have to revise our business plan from time to time and, consequently, the funding requirement and, the utilization of proceeds from the Issue may also change. This may also include re-

scheduling the proposed utilization of Issue Proceeds at the discretion of our management. We may make necessary changes to the utilisation of Issue Proceeds in compliance with the provisions of the Companies Act and SEBI Regulations. In the event of any variation in actual utilization of the Issue Proceeds, any increase in the deployment of funds for a particular activity may be met from funds earmarked from any other activity and/or from our internal accruals and/or cash flows from our operations and debt. Further, any such revision in the estimates may require us to revise our projected expenditure which may have a bearing on our profitability. For further details, please see “*Objects of the Issue*” on page [•] of this Letter of Offer.

36. *We have not entered into any definitive agreements to monitor the utilization of the Issue Proceeds.*

The SEBI Regulations stipulates the appointment of monitoring agency only where the issue size is in excess of ₹ 50,000 lacs. Since the Issue is for not more than ₹ 50,000 lacs, we will not be appointing a monitoring agency and the deployment of Issue Proceeds as stated in “*Objects of the Issue*” on page [•] of this Letter of Offer will not be monitored by an independent agency.

37. *Our Company has entered into, and may continue to enter into, related party transactions. Our Company cannot assure investors that it could not have achieved more favourable terms had such transactions been entered into with unrelated parties.*

Our Company has from time to time engaged in a variety of transactions with related parties. Furthermore, it is likely that our Company may continue to enter into related party transactions in the future. Our Company’s policy on transactions with related parties is that such transactions are conducted on an arm’s length basis in the ordinary course of business.

Regulations in India require disclosure of related party transactions in a listed company’s financial statements, as well as shareholders’ approval under the Companies Act, 2013. Further, there can be no assurance that the terms of the transactions that our Company enters into with related parties will be, beneficial to our Company. For further details, please see “*Financial Statements - Notes to the Audited Financial Statements*” on page [•] this Letter of Offer.

38. *Our Company may not be able to obtain or maintain adequate insurance, which could materially and adversely affect its business, results of operations and financial condition.*

Our Company’s operations are subject to hazards and risks inherent in the use of chemicals and other hazardous materials in the course of its production processes, such as explosions, chemical spills, storage tank leaks, discharges or release of hazardous substances and other environmental risks, mechanical failure of equipment at its facilities and natural disasters. In addition, many of these operating and other risks may cause personal injury and loss of life, severe damage to or destruction of our Company’s properties and the properties of others and environmental pollution and may result in suspension of operations and the imposition of civil or criminal penalties. If any or all of our Company’s production facilities are damaged in whole or in part and its operations are interrupted for a sustained period, there can be no assurance that our Company’s insurance policies will be adequate to cover the losses that may be incurred as a result of such interruption or the costs of repairing or replacing the damaged facilities or any third party claims. If our Company suffers a large uninsured loss or any insured loss suffered by it significantly exceeds its insurance coverage, its business, results of operations and financial condition may be adversely affected.

In addition, our Company’s insurance coverage is generally subject to annual renewal. In the event premium levels increase, it may not be able to obtain the same levels of coverage in the future as it currently has or it may only be able to obtain such coverage at substantially higher cost than it is currently paying. If our Company is unable to pass these costs to customers, the costs of higher insurance premiums could adversely affect its results of operations and financial condition. Alternatively, our Company may choose not to insure, which, in the event of any damage or destruction to its facilities or defects to its products, could materially and adversely affect its business, results of operations and financial condition.

39. *Any delay in the implementation or failure in the operation of our Company’s information systems could disrupt its operations and cause an unanticipated increase in costs.*

Our Company has implemented various IT solutions to cover key areas of its operations. For instance, it

has implemented systems to consolidate data and other key performance parameters. Any delay in the implementation or failure in the operation of these information systems could result in material adverse consequences, including disruption of operations, loss of information and an unanticipated increase in costs. Further, these systems are potentially vulnerable to damage or interruption from a variety of sources, which could result in a material adverse effect on our Company's operations.

40. *The Promoters and Promoter Group shall continue to exercise control over our Company.*

The Promoters have had, and will continue to have, the ability to exercise a controlling influence over the business, including over matters relating to our Company's management and policies, the outcome of corporate actions and the election of directors and supervisors. As on date of this Letter of Offer, our Promoter and Promoter Group jointly hold 38.23% of our Company's total shareholding. This significant control by the Promoters could delay, defer or prevent a change in control of our Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our Company, even if such corporate event were in our Company's best interest. As a result, the value of the Rights Equity Shares may be adversely affected.

41. *Our Company's ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures.*

The amount of future dividend payments, if any, will depend upon our Company's future earnings, financial condition, cash flows, working capital requirements, the terms and conditions of our Company's indebtedness and capital expenditures. Any declaration and payment as well as the amount of dividend will also be subject to the constitutional and contractual documents including our Company's financing documents and applicable laws and regulations in India, including, in case of any final dividend, the approval of shareholders. There can be no assurance that our Company will be able to pay dividends in the future as it has in the past.

42. *We have contingent liabilities and our profitability could be adversely affected if any of these contingent liabilities materialize.*

The contingent liabilities (as per 'Accounting Standards 29 – Provisions, Contingent Liabilities and Contingent Assets') are disclosed in the Audited Financial Statements for the Fiscal 2016. For details see "Financial Statements" on page [•]. If any of these contingent liabilities (as per 'Accounting Standards 29 – Provisions, Contingent Liabilities and Contingent Assets') materialize, our profitability may be adversely affected.

External Risk Factors

43. *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 rationalising 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.

44. *Introduction of the proposed 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 harmonise 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 rationalised 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.

45. *The proposed new taxation system could adversely affect our Company’s business.*

The Government has proposed three major reforms in Indian tax laws, namely the goods and services tax, the direct taxes code and provisions relating to general anti-avoidance rules (“GAAR”). With regard to the implementation of the direct tax code, the Government has not specified any timeline for their implementation. The direct taxes code aims to reduce distortions in tax structure, introduce moderate levels of taxation, expand the tax base and facilitate voluntary compliance. It also aims to provide greater tax clarity and stability to investors who invest in Indian projects and companies, as well as clarify the taxation provisions for international transactions. It aims to consolidate and amend laws relating to all direct taxes such as income tax, dividend distribution tax, fringe benefit tax and wealth tax in order to facilitate voluntary compliance.

With regard to GAAR, the provisions have been introduced by the Finance Act, 2012, and were scheduled to come into effect from April 1, 2013. However, in the Union Budget 2016, it was announced that modified provisions of GAAR will come into effect from the beginning of Fiscal Year 2017.

The GAAR provisions are intended to catch arrangements declared as “impermissible avoidance arrangements”, which is defined in the Income Tax Act as any arrangement, the main purpose or one of the main purposes of which is to obtain a tax benefit and which satisfy at least one of the following tests: (i) creates rights, or obligations, which are not ordinarily created between persons dealing at arms-length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act; (iii) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (iv) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes. The onus to prove that the transaction is not an “impermissible avoidance agreement” is on the assessee, that is, an arrangement shall be presumed, unless it is proved to the contrary by the assessee, to have been entered into, or carried out, for the main purpose of obtaining a tax benefit, if the main purpose of a step in, or a part of, the arrangement is to obtain a tax benefit, notwithstanding the fact that the main purpose of the whole arrangement is not to obtain a tax benefit.

If GAAR provisions are invoked, then the tax authorities will have wide powers, including the denial of tax benefit or the denial of a benefit under a tax treaty. As the taxation system is intended to undergo a significant overhaul, the consequential effects on our Company cannot be determined as at the date of this Letter of Offer and there can be no assurance that such effects would not adversely affect our Company’s business(es), financial condition(s), results of operations and the trading price of the Rights Equity Shares.

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

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

47. *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.

48. *Political instability or significant changes in the economic liberalisation 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 liberalisation 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 liberalisation and deregulation. The rate of economic liberalisation could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well.

49. *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.

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

Under current Indian tax laws and regulations, capital gains arising from the sale of shares in an Indian company are generally taxable in India. Any gain realised on the sale of listed equity shares on a stock exchange held for more than 12 months is exempted from capital gains tax in India if securities transaction tax ("STT") has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the Shares are sold. Any gain realised on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and on which no STT has been paid, will be subject to long-term capital gains tax in India. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. For further details, please see "Tax Benefit Statement" on page [•] of this Letter of Offer.

51. *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.

52. ***Public companies in India, including our Company, may be required to prepare financial statements under (“International Financial Reporting System”) IFRS or a variation thereof, 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 converged with IFRS. Accordingly, companies in India, including our Company, having a net worth of more than ₹ 50,000 lacs are mandatorily required to prepare annual financial statements under IND AS from the financial year ending on March 31, 2017. Additionally, IND AS has fundamental differences with IFRS and therefore financial statements prepared under IND AS may be substantially different from financial statements prepared under IFRS. 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 or IFRS. 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 IFRS-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.

53. ***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.

54. ***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 favourable terms or at all. Limitations on raising foreign debt may have an adverse effect on our Company’s business, financial condition and results of operations.

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

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the requirements specified by the RBI and other applicable governmental authorities. If the transfer of shares is not in compliance with such requirements or falls under any of the specified exceptions, then prior approval of the RBI and other applicable governmental authorities will be required. In addition, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or tax clearance certificate from the income tax authority. Additionally, the Indian government may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Indian government experiences extreme difficulty in stabilising 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. Issue of 73,16,742 Rights Equity Shares for cash at a price of ₹ 68 (including a premium of ₹ 67 per Rights Equity Share) aggregating up to ₹ 4,975.38 lacs on a rights basis to Eligible Shareholders in the ratio of 1 Rights Equity Share for every 28 fully paid-up Equity Share held on the Record Date.
2. As on March 31, 2016, the net worth of our Company was ₹ 40,821.79 lacs.
3. For details of our transactions with related parties during the year ended March 31, 2016 as per AS 18, the nature of such transactions and the cumulative value of such transactions, please see "*Financial Statements – Related Party Transactions*" on pages [•] respectively.
4. No selective or additional information will be available for a section of investors in any manner whatsoever.
5. There has been no financing arrangement whereby the Promoter Group, the directors of our Corporate Promoter, the Directors and their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing of this Letter of Offer with the Designated Stock Exchange.

SECTION III: INTRODUCTION

THE ISSUE

This Issue has been authorised by way of a resolution passed by our Board on September 15, 2016 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 [•] of this Letter of Offer.

	Equity Shares
Rights Equity Shares being offered by our Company	Of 73,16,742 Rights Equity Shares aggregating to ₹ 4,975.38 lacs
Rights Entitlement	1 Rights Equity Share for every 28 fully paid-up Equity Shares held on the Record Date
Record Date	November 21, 2016
Face Value per Equity Share	₹ 1
Issue Price	₹ 68 per Rights Equity Share
Issue Size	Of ₹ 4,975.38 lacs
Voting Rights	
<i>In case of show of hands</i>	One vote per member
<i>In case of poll / ballot</i>	One vote per Equity Share
Equity Shares issued and outstanding prior to the Issue	20,48,87,970 Equity Shares
Equity Shares subscribed and paid up outstanding prior to the Issue	20,48,68,760 Equity Shares
Equity Shares issued and outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	Up to 21,22,04,712 Equity Shares
Equity Shares Subscribed and paid-up and outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	Up to 21,21,85,502 Equity Shares
Security Codes	ISIN: INE592A01026 BSE: 502420 NSE: ORIENTPPR
Terms of the Issue	For details, please see chapter titled “ <i>Terms of the Issue</i> ” on page [•] of this Letter of Offer.
Use of Issue Proceeds	For details, please see chapter titled “ <i>Objects of the Issue</i> ” on page [•] of this Letter of Offer.

Terms of Payment

Due Date	Amount
On the Issue application (i.e. along with the CAF)	₹ 68, which constitutes 100% of the Issue Price payable

SUMMARY FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from our Audited Financial Statements and Condensed Interim Financial Statements.

Our summary financial information presented below, is in ₹ lacs and should be read in conjunction with the financial statements and the notes (including the significant accounting principles) thereto included in “*Financial Statements*” beginning on page [•] of this Letter of Offer.

Condensed Balance sheet as at September 30, 2016

	30-Sep-16 ₹ In lacs	31-Mar-16 ₹ In lacs
Equity and liabilities		
Shareholders' funds		
Share capital	2,048.79	2,048.79
Reserves and surplus	38,788.02	39,372.25
	40,836.81	41,421.04
Non-current liabilities		
Long-term borrowings	13,584.20	15,486.36
Deferred tax liabilities (Net)	-	32.51
Other long-term liabilities	3,389.85	3,346.95
Long-term provisions	1,866.84	1,676.34
	18,840.89	20,542.16
Current liabilities		
Short-term borrowings	19,348.17	25,818.26
Trade payables		
- total outstanding dues of micro enterprises and small enterprises	2,182.30	1,250.25
- total outstanding dues of creditors other than micro enterprises and small enterprises	18,346.16	26,019.48
Other current liabilities	11,471.06	11,661.66
Short-term provisions	2,572.13	3,227.57
	53,919.82	67,977.22
TOTAL	1,13,597.52	1,29,940.42
Assets		
Non-current assets		
Fixed assets		
Tangible assets	47,651.18	49,403.49
Intangible assets	855.31	950.39
Capital work-in-progress	4,402.03	1,661.32
Expenditure on Expansion/New projects (pending allocation)	535.89	210.77
Non-current investments	845.79	853.65
Deferred tax assets (Net)	67.52	-
Long-term loans and advances	2,865.30	3,811.33
Other non-current assets	294.98	324.05
	57,518.00	57,215.00
Current assets		
Inventories	21,757.98	22,295.58
Trade receivables	22,843.09	38,346.57
Cash and bank balances	5,234.27	5,914.62
Short-term loans and advances	5,347.70	4,971.94
Other current assets	896.48	1,196.71
	56,079.52	72,725.42
TOTAL	1,13,597.52	1,29,940.42

Condensed statement of profit and loss for the six months period ended 30 September 2016

	30-Sep-16 ₹ In lacs	30-Sep-15 ₹ In lacs
Income		
Revenue from operations (gross)	87,267.82	85,673.03
Less: excise duty	6,676.05	6,224.11
Revenue from operations (net)	80,591.77	79,448.92
Other income	628.29	756.89
Total Revenue	81,220.06	80,205.81
Expenses		
Cost of raw material & components consumed	32,459.75	34,303.07
Purchase of traded goods	12,828.96	12,136.58
(Increase) / decrease in inventories of finished goods, work-in-progress and traded goods	285.41	(326.99)
Employee benefits expense	10,097.94	9,043.94
Other expenses	21,301.22	23,533.77
Depreciation and amortization expense	2,191.07	2,232.17
Finance costs	2,222.65	2,497.72
Total Expenses	81,387.00	83,420.26
Profit / (Loss) before tax	(166.94)	(3,214.45)
Tax expenses		
Deferred tax Charge / (Credit)	(100.03)	-
Total tax expense / (Credit)	(100.03)	-
Profit / (Loss) for the period	(66.91)	(3,214.45)

Condensed Cash flow statement for the six months period ended 30 September, 2016

	30-Sep-16 ₹ In lacs	30-Sep-15 ₹ In lacs
Cash flows from operating activities	12,286.35	6,219.10
Cash (used in) investing activities	(2,281.10)	(1,070.69)
Cash (used in) financing activities	(10,690.83)	(2,826.42)
Net increase/ (decrease) in cash & cash equivalents	(685.58)	2,321.99
Cash & cash equivalents - opening balance	5,829.94	2,688.55
Cash & cash equivalents - closing balance	5,144.36	5,010.54

Balance Sheet as at 31 March 2016

	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs
Equity and liabilities		
Shareholders' funds		
Share capital	2,048.79	2,048.79
Reserves and surplus	39,372.25	37,886.61
	41,421.04	39,935.40
Non-current liabilities		
Long-term borrowings	15,486.36	8,735.29
Deferred tax liabilities (Net)	32.51	-
Other long-term liabilities	3,346.95	3,352.12
Long-term provisions	1,676.34	1,978.00
	20,542.16	14,065.41
Current liabilities		
Short-term borrowings	25,818.26	26,517.22
Trade payables		
- total outstanding dues of micro enterprises and small enterprises	1,250.25	1,126.05
- total outstanding dues of creditors other than micro enterprises and small enterprises	26,019.48	29,096.87
Other current liabilities	11,661.66	9,830.17
Short-term provisions	3,227.57	1,760.92
	67,977.22	68,331.23
TOTAL	1,29,940.42	1,22,332.04
Assets		
Non-current assets		
Fixed assets		
Tangible assets	49,403.49	50,600.76
Intangible assets	950.39	863.08
Capital work-in-progress	1,661.32	277.15
Expenditure on Expansion/New projects (pending allocation)	210.77	-
Non-current investments	853.65	869.35
Long-term loans and advances	3,262.67	1,762.25
Trade receivables	-	389.35
Other non-current assets	324.05	453.73
	56,666.34	55,215.67
Current assets		
Inventories	22,295.58	22,866.09
Trade receivables	38,346.57	36,289.90
Cash and bank balances	5,914.62	2,773.83
Short-term loans and advances	5,520.60	4,087.22
Other current assets	1,196.71	1,099.33
	73,274.08	67,116.37
TOTAL	1,29,940.42	1,22,332.04

Statement of Profit and Loss for the year ended 31 March 2016

	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs
Income		
Revenue from operations (gross)	1,96,716.95	1,79,671.72
Less: excise duty	14,681.41	12,786.32
Revenue from operations (net)	1,82,035.54	1,66,885.40
Other income	1,738.64	2,014.99
Total Revenue (I)	1,83,774.18	1,68,900.39
Expenses		
Cost of raw material & components consumed	76,420.01	76,536.35
Purchase of traded goods	29,183.81	26,378.83
(Increase) / decrease in inventories of finished goods, work-in-progress and traded goods	567.65	(4,044.74)
Employee benefits expense	18,286.73	16,518.25
Other expenses	47,631.56	48,977.23
Total Expenses (II)	1,72,089.76	1,64,365.92
Earnings before finance cost, tax, depreciation and amortization (EBITDA) (I) - (II)	11,684.42	4,534.47
Depreciation and amortization expense	4,431.00	4,370.05
Finance costs	5,118.83	4,377.99
Profit / (Loss) before tax	2,134.59	(4,213.57)
Tax expenses		
Current tax	548.66	-
Less: MAT credit entitlement	(548.66)	-
Less: Income tax refund in respect of earlier years (net)	-	(735.32)
Net Current tax Expense / (Credit)	-	(735.32)
Deferred tax Charge / (Credit)	32.51	(613.23)
Total tax expense / (Credit)	32.51	(1,348.55)
Profit / (Loss) for the year	2,102.08	(2,865.02)

Cash Flow Statement for the year ended 31 March, 2016

		31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs
(A)	Cash flow from operating activities :		
	Net profit/ (loss) before tax	2,134.59	(4,213.57)
	Non-cash adjustment to reconcile profit before tax to net cash flows		
	Depreciation and amortisation expenses	4,431.00	4,370.05
	Interest expenses	4,711.16	4,108.17
	Other borrowing cost	407.67	269.82
	(Profit)/ loss on sale of fixed assets (net)	(13.03)	133.40
	Irrecoverable debts & advances written off	53.83	49.62
	Provision for doubtful debts & advances	119.21	178.26
	Provision no longer required written back	(166.86)	(239.82)
	Unrealised foreign exchange loss/(gain) (net)	95.82	2.77
	Interest & dividend income	(592.74)	(620.54)
	Operating profit before working capital changes :	11,180.65	4,038.16
	(Decrease) in trade payables	(2,882.15)	(27.43)
	Increase/ (decrease) in long term provisions	(301.66)	93.58
	Increase/ (decrease) in short term provisions	806.00	(138.92)
	Increase in other current liabilities	958.21	559.96
	Increase/ (decrease) in other long term liabilities	(5.17)	0.70
	(Increase)/ decrease in trade receivables	(1,775.47)	6,092.06
	(Increase)/ decrease in inventories	570.51	(6,575.42)
	(Increase)/ decrease in long term loans & advances	103.07	(4.45)
	(Increase) in short term loans & advances	(721.79)	(502.48)
	(Increase)/ decrease in other long term assets	196.90	(96.30)
	(Increase) in other current assets	(29.01)	(357.29)
	Cash generated from operations:	8,100.09	3,082.17
	Direct taxes paid (net)	(488.24)	555.81
	Net cash from operating activities	7,611.85	3,637.98
(B)	Cash flow from investing activities :		
	Proceeds from sale of fixed assets	180.27	55.28
	Purchase of fixed assets	(5,923.95)	(3,666.19)
	Advance against sale of fixed assets	618.40	-
	Interest received	327.99	396.60
	Dividend received	248.10	223.87
	Fixed deposits made (net)	0.60	(38.47)
	Net cash (used in) investing activities	(4,548.59)	(3,028.91)
(C)	Cash flow from financing activities :		
	Repayment of long term loans	(2,769.19)	(1,000.00)
	Proceeds from long term loans	9,000.00	7,500.00
	Repayment of short term borrowings (net)	(698.96)	(2,201.83)
	Interest paid	(4,673.10)	(4,180.34)
	Other borrowing cost	(526.61)	(269.82)
	Dividend paid	(213.05)	(221.50)
	Dividend tax paid	(40.96)	(34.82)
	Net cash from /(used in) financing activities	78.13	(408.31)
	Net changes in cash & cash equivalents (A+B+C)	3,141.39	200.76
	Cash & cash equivalents - opening balance	2,688.55	2,487.79
	Cash & cash equivalents - closing balance	5,829.94	2,688.55

GENERAL INFORMATION

Our Company was originally incorporated as 'Orient Paper Mills Limited' under the Indian Companies Act, 1913 vide a certificate of registration dated July 25, 1936 issued by the Registrar of Joint Stock Companies, Bengal and received its certificate of commencement of business on July 30, 1936. Thereafter, the name of our Company was changed to 'Orient Paper & Industries Limited' and our Company received a fresh certificate of incorporation from the Registrar of Companies, Cuttack dated September 13, 1978.

Registered Office of our Company

Orient Paper & Industries Limited

Unit-VIII, Plot No.7,
Bhoinagar,
Bhubaneswar - 751 012,
Odisha, India

Telephone: +91 674 239 6930

Facsimile: +91 674 239 6364

Email: cosec@orientpaperindia.com

Website: www.orientpaperindia.com

CIN: L21011OR1936PLC000117

Registration Number: 000117

Address of the RoC

Our Company is registered with the RoC, which is situated at the following address:

Registrar of Companies, Cuttack

Corporate Bhawan,
3rd Floor, Plot No. 9 (P),
Sector - 1, CDA,
Cuttack – 753014,
Odisha, India

Company Secretary and Compliance Officer

Mr. Ram Prasad Dutta

Birla Building, 13th Floor, 9/1,
R.N. Mukherjee Road,
Kolkata – 700 001,
West Bengal, India

Telephone: +91 33 3057 3700

Facsimile: +91 33 2243 0490

Email: cosec@orientpaperindia.com

Lead Manager to the Issue

HDFC Bank Limited

Investment Banking Group,
Unit No 401 & 402, 4th Floor,
Tower B Peninsula Business Park,
Lower Parel, Mumbai 400 013
Maharashtra, India

Telephone: +91 22 3395 8019

Facsimile: +91 22 3078 8584

Email: opil.rights@hdfcbank.com

Investor Grievance Email: investor.redressal@hdfcbank.com

Website: www.hdfcbank.com

Contact Person: Mr. Rishi Tiwari

SEBI Registration Number: INM000011252

Legal Advisor to the Issue

Khaitan & Co

One Indiabulls Centre,
13th Floor, Tower 1, 841 Senapati Bapat Marg,
Mumbai- 400 013, Maharashtra, India
Tel: +91 22 6636 5000
Fax: +91 22 6636 5050

Khaitan & Co

Ashoka Estate, 12th Floor,
24 Barakhamba Road,
New Delhi – 110 001, India
Tel: +91 11 4151 5454
Fax: +91 22 4151 5318

Statutory Auditor of our Company

M/s. S. R. Batliboi & Co. LLP, Chartered Accountants

3rd Floor, Block 'C',
22, Camac Street,
Kolkata – 700 016
Telephone: +91 33 6615 3400
Facsimile: +91 33 6615 3750
Firm Registration Number: 301003E/E300005

Registrar to the Issue

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (West)
Mumbai 400 078
Maharashtra, India
Telephone: +91 22 6171 5400
Facsimile: +91 22 2596 0329
Email: orient.rights@linkintime.co.in
Investor Grievance E-mail: orient.rights@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Mr. Dinesh Yadav
SEBI Registration No.: INR000004058

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre-Issue/ post-Issue related matters such as non-receipt of letter of Allotment, credit of Rights Equity Shares or refund orders and such other matters. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSB where the CAF, or the plain paper application, as the case may be, was submitted by the ASBA Investors.

ASBA

For details on the ASBA process, refer to the details given in the CAF and please see chapter titled “*Terms of the Issue*” beginning on page [•] of this Letter of Offer.

Experts

Our Company has received written consent from the Statutory Auditors, M/s. S. R. Batliboi & Co. LLP, Chartered Accountants dated [•] to include their name as an “expert” under Section 2(38) of the Companies Act, 2013 in this Letter of Offer in relation to their (i) audit report dated May 6, 2016 on the financial statements of our Company for Fiscal 2016 provided under “*Financial Statements*” beginning on page [•] of this Letter of Offer, and (ii) limited review report dated October 17, 2016 on Condensed Interim Financial Statements provided under “*Financial Statements*” beginning on page [•] of this Letter of Offer, and (iii) the tax benefit statement, provided under “*Tax Benefit Statement*” on page [•] of this Letter of Offer.

Banker to the Issue

HDFC Bank Limited

FIG-OPS Department, - Lodha, I Think Techno Campus,
O-3 level, Next to Kanjurmarg Railway Station,
Kanjurmarg (East), Mumbai – 400042
Maharashtra, India

Telephone: +91 22 3075 2928

Facsimile: +91 22 2579 9801

Email: Vincent.dsouza@hdfcbank.com

Website: www.hdfcbank.com

Contact Person: Mr. Vincent Dsouza

SEBI Registration Number: INBI00000063

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSBs under the BTI Regulations for the ASBA process in accordance with the SEBI ICDR Regulations is provided on the website of SEBI at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries> and updated from time to time. Further, details relating to designated branches of SCSBs collecting the ASBA application forms are available at the above mentioned link.

Issue Schedule

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

Issue Opening Date	:	[•], 2016
Last date for receiving requests for SAFs	:	[•], 2016
Issue Closing Date	:	[•], 2016
Finalisation of basis of allotment with the Designated Stock Exchange (on or about)	:	[•], 2016
Date of Allotment (on or about)	:	[•], 2016
Initiation of Refund (on or about)	:	[•], 2016
Date of credit of Rights Equity Shares (on or about)	:	[•], 2016
Commencement of trading of Rights Equity Shares on the Stock Exchanges (on or about)	:	[•], 2016

For further details on Issue Schedule, please see “*Terms of Issue*” on page [•].

Investors are advised to ensure that the CAFs are submitted on or before the Issue Closing Date. Our Company, the Lead Manager and/or the Registrar to the Issue will not be liable for any loss on account of non-submission of CAFs or on before the Issue Closing Date.

Statement of responsibilities

As there is only one Lead Manager, inter-se allocation of responsibilities is not applicable. However, the list of major responsibilities of HDFC Bank Limited, as the Lead Manager to the issue, *inter alia*, are as follows:

Sr. No.	Activity
1.	Capital structuring with relative components and formalities such as type of instruments, etc.
2.	Drafting, design and distribution of the Letter of Offer, Abridged Letter of Offer, CAF, etc.
3.	Assistance in selection of various agencies connected with the Issue, namely Registrar to the Issue, Banker to the Issue, printers and advertising agency.
4.	Drafting and approval of all publicity material including statutory advertisements, corporate advertisements, brochures, corporate films, etc.

Sr. No.	Activity
5.	Liaising with the Stock Exchanges and SEBI, including for obtaining in-principle approval and completion of prescribed formalities with the Stock Exchanges and SEBI
6.	Post-Issue activities, which shall involve essential follow-up steps including finalisation of basis of allotment, listing of instruments and dispatch of certificates or demat credit and refunds, with the various agencies connected with the post-Issue activities such as Registrar to the Issue and Banker to the Issue.

Monitoring Agency

Since the Issue is for not more than ₹ 50,000 lacs, our Company is not required to appoint a monitoring agency to monitor the utilisation of the Net Proceeds in terms of Regulation 16 of the SEBI ICDR Regulations.

Credit Rating

As the Issue is of Equity Shares, there is no requirement of credit rating for this Issue.

Appraising Entity

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

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, our Company shall refund the entire subscription amount within the prescribed time. In the event that there is a delay of making refunds beyond such period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws.

Debenture trustee

As this is an Issue of Equity Shares, there is no requirement to appoint a debenture trustee for this Issue.

Underwriting

The Issue shall not be underwritten.

Principal terms of loans and assets charged as security

For details in relation to the principal terms of loans and assets charged as security in relation to these loans availed by our Company, please see chapter titled “*Financial Statements*” on page [•] of this Letter of Offer.

CAPITAL STRUCTURE

The share capital of our Company as on the date of this Letter of Offer, is as set forth below:

(in ₹ lacs, except share data)

		Aggregate Value at Face Value*	Aggregate Value at Issue Price
1	AUTHORISED SHARE CAPITAL		
	75,00,00,000 Equity Shares of ₹ 1 each	7,500.00	NA
	25,00,000 Preference Shares of ₹ 100 each	2,500.00	NA
2	ISSUED CAPITAL BEFORE THE ISSUE		
	20,48,87,970 Equity Shares	2,048.88	NA
3	SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE ISSUE		
	20,48,68,760 Equity Shares	2,048.79**	NA
4	PRESENT ISSUE IN TERMS OF THIS LETTER OF OFFER		
	Of 73,16,742 Equity Shares	73.17 ⁽¹⁾	4,975.38
5	ISSUED CAPITAL AFTER THE ISSUE		
	21,22,04,712 Equity Shares	2,122.05	NA
6	SUBSCRIBED AND PAID-UP CAPITAL AFTER THE ISSUE		
	21,21,85,502 Equity Shares	2,121.86 ⁽²⁾	NA
SECURITIES PREMIUM ACCOUNT		<i>(in ₹ lacs*)</i>	
Before the Issue		0.00	
After the Issue		4,902.22^	

*The figures have been rounded off.

**The figure includes the sum of ₹9,605 as partly paid up capital for 19,210 equity shares at ₹ 0.50 per equity share, which were subsequently forfeited.

^ Assuming full subscription and Allotment of the Rights Equity Shares in the Issue.

⁽¹⁾ The Issue has been authorised by a resolution of our Board passed at its meeting held on September 15, 2016, pursuant to Section 62 of the Companies Act, 2013.

⁽²⁾ Assuming full subscription and Allotment in the Issue.

Notes to the Capital Structure

1. Shareholding Pattern of the Equity Shares of our Company as per the last filing with the Stock Exchanges

Pursuant to Regulation 31 of the SEBI Listing Regulations, the holding of specified securities is divided into the following three categories:

- Promoter and Promoter Group;
- Public; and
- Non-Promoter - Non-Public.

The following are the statements representing the shareholding pattern of our Company, as on September 30, 2016:

(a) Statement showing shareholding pattern of the Promoter and Promoter Group

	Category and name of the shareholders	No. of shareholder	No. of fully paid up equity shares held	Partly paid up equity shares held	No. of shares underlying depository receipts	Total no. of shares held	Shareholding calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including warrants)	Shareholding as a % assuming full conversion of convertible securities (as percentage of diluted share capital)	Number of locked in shares		Number of shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
								No of Voting Rights			Total as a % of Total Voting Rights			No (a)	As a% of total shares held	No (a)	As a% of total shares held	
								Class X	Class Y	Total								
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII= IV+V+VI)	(VIII)	(IX)				(X)	(XI) = (VII) + (X) as a % of A+B+C2	(XII)		(XIII)		(XIV)
(1)	Indian					0	0			0	0	0	0		0			
(a)	Individuals/ Hindu Undivided Family	6	7371250	0	0	7371250	3.6	7371250	0	7371250	3.6	0	3.6	0	0			7371250
	Amita Birla		260000	0	0	260000	.13	260000	0	260000	.13	0	.13	0	0			260000
	Avani Birla		130000	0	0	130000	.06	130000	0	130000	.06	0	.06	0	0			130000
	Avanti Birla		130000	0	0	130000	.06	130000	0	130000	.06	0	.06	0	0			130000
	Chandra Kant Birla		2897570	0	0	2897570	1.41	2897570	0	2897570	1.41	0	1.41	0	0			2897570
	Nirmala Birla		3673680	0	0	3673680	1.79	3673680	0	3673680	1.79	0	1.79	0	0			3673680
	Shyam Sundar Jajodia		280000	0	0	280000	.14	280000	0	280000	.14	0	.14	0	0			280000
(b)	Central Government / State Governments	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0
	Name																	
(c)	Financial Institutions/ Banks	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0
	Name																	

	Category and name of the shareholders	No. of shareholder	No. of fully paid up equity shares held	Partly paid up equity shares held	No. of shares underlying depository receipts	Total no. of shares held	Shareholding calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including warrants)	Shareholding as a % assuming full conversion of convertible securities (as percentage of diluted share capital) (XI) = (VII) + (X) as a % of A+B+C2	Number of locked in shares		Number of shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
								No of Voting Rights			Total as a % of Total Voting Rights			No (a)	As a% of total shares held	No (a)	As a% of total shares held	
								Class X	Class Y	Total								
														(IX)				
(I)	(III)	(IV)	(V)	(VI)	(VII= IV+V+VI)	(VIII)	(IX)				(X)	(XI) = (VII) + (X) as a % of A+B+C2	(XII)		(XIII)		(XIV)	
(d)	Any Other (specify)	12	70958672	0	0	70958672	34.64	70958672	0	70958672	34.64	0	34.64	0	0			70958672
	Bodies Corporate	12	70958672	0	0	70958672	34.64	70958672	0	70958672	34.64	0	34.64	0	0			70958672
	Amer Investments (Delhi) Ltd		1422000	0	0	1422000	.69	1422000	0	1422000	.69	0	.69	0	0			1422000
	Hindusthan Discounting Company Ltd		2231000	0	0	2231000	1.09	2231000	0	2231000	1.09	0	1.09	0	0			2231000
	National Engineering Industries Ltd		537400	0	0	537400	.26	537400	0	537400	.26	0	.26	0	0			537400
	Jaipur Finance and Dairy Products pvt. Ltd		208000	0	0	208000	.1	208000	0	208000	.1	0	.1	0	0			208000
	India Silica Magnesite Works Ltd		200000	0	0	200000	.1	200000	0	200000	.1	0	.1	0	0			200000
	Universal Trading Co Ltd		844280	0	0	844280	.41	844280	0	844280	.41	0	.41	0	0			844280
	Central India Industries Ltd		50643627	0	0	50643627	24.72	50643627	0	50643627	24.72	0	24.72	0	0			50643627
	Rajasthan Industries Ltd		504000	0	0	504000	.25	504000	0	504000	.25	0	.25	0	0			504000
	Shekhavati Investments And Traders Ltd		12320865	0	0	12320865	6.01	12320865	0	12320865	6.01	0	6.01	0	0			12320865
	Ashok Investment Corporation Ltd		260000	0	0	260000	.13	260000	0	260000	.13	0	.13	0	0			260000
	Gwalior Finance Corporation Ltd		1592500	0	0	1592500	.78	1592500	0	1592500	.78	0	.78	0	0			1592500
	Bengal		195000	0	0	195000	.1	195000	0	195000	.1	0	.1	0	0			195000

	Category and name of the shareholders	No. of shareholder	No. of fully paid up equity shares held	Partly paid up equity shares held	No. of shares underlying depository receipts	Total no. of shares held	Shareholding calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including warrants)	Shareholding as a % assuming full conversion of convertible securities (as percentage of diluted share capital) (XI) = (VII) + (X) as a % of A+B+C2	Number of locked in shares		Number of shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
								No of Voting Rights			Total as a % of Total Voting Rights			No (a)	As a % of total shares held	No (a)	As a % of total shares held	
								Class X	Class Y	Total								
														(IX)				
	Rubber Co Ltd																	
	Sub-total (A)(1)	18	78329922	0	0	78329922	38.24	78329922	0	78329922	38.24	0	38.24	0	0			78329922
(2)	Foreign	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0
(a)	Individuals (Non-resident individuals/ Foreign Individuals)	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0
	Name																	
(b)	Government	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0
	Name																	
(c)	Institutions	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0
	Name																	
(d)	Foreign Portfolio Investor	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0
	Name																	
(e)	Any Other (specify)	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0
	Name																	
	Sub Total (A) (2)	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	18	78329922	0	0	78329922	38.24	78329922	0	78329922	38.24	0	38.24	0	0			78329922

(b) Statement showing shareholding pattern of the Public shareholder

	Category and name of the shareholders	No. of shareholder	No. of fully paid up equity shares held	Partly paid up equity shares held	No. of shares underlying depository receipts	Total no. of shares held	Shareholding calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including warrants)	Total Shareholding, as a % assuming full conversion of convertible securities (as percentage of diluted share capital)	Number of locked in shares		Number of shares pledged or otherwise encumbered		Number of equity shares held in dematerial ised form
								No of Voting Rights			Total as a % of Total Voting Rights			No (a)	As a % of total shares held (b)	No (Not applicable) (a)	As a % of total shares held (Not applicable)	
								Class X	Class Y	Total								
(I)	(III)	(IV)	(V)	(VI)	(VII= IV+V+VI)	(VIII)	(IX)				(X)	(XI)	(XII)		(XIII)		(XIV)	
(1)	Institutions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(a)	Mutual Funds/	11	22278772	0	0	22278772	10.87	22278772	0	22278772	10.87	0	10.87	0	0			22276772
	Reliance Capital Trustee Co. Ltd.	2	19291758	0	0	19291758	9.42	19291758	0	19291758	9.42	0	9.42	0	0			19291758
(b)	Venture Capital Funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0
	Name																	
(c)	Alternate Investment Funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0
	Name																	
(d)	Foreign Venture Capital Investors	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0
	Name																	
(e)	Foreign Portfolio Investors	4	3892118	0	0	3892118	1.9	3892118	0	3892118	1.9	0	1.9	0	0			3892118
	Copthall Mauritius Investment Ltd.	1	2784335	0	0	2784335	1.36	2784335	0	2784335	1.36	0	1.36	0	0			2784335
(f)	Financial Institutions Banks	12	182239	0	0	182239	.09	182239	0	182239	.09	0	.09	0	0			88779
	Name																	
(g)	Insurance Companies	3	10205888	0	0	10205888	4.98	10205888	0	10205888	4.98	0	4.98	0	0			10205888
	ICICI Prudential Life Insurance Company Ltd.	0	2142999	0	0	2142999	1.05	2142999	0	2142999	1.05	0	1.05	0	0			2142999
	Life Insurance Corporation of India	0	2506096	0	0	2506096	1.22	2506096	0	2506096	1.22	0	1.22	0	0			2506096

	Category and name of the shareholders	No. of shareholder	No. of fully paid up equity shares held	Partly paid up equity shares held	No. of shares underlying depository receipts	Total no. of shares held	Shareholding calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including warrants)	Total Shareholding, as a % assuming full conversion of convertible securities (as percentage of diluted share capital)	Number of locked in shares		Number of shares pledged or otherwise encumbered		Number of equity shares held in dematerial ised form
								No of Voting Rights			Total as a % of Total Voting Rights			No (a)	As a % of total shares held (b)	No (Not applicable) (a)	As a % of total shares held (Not applicable)	
								Class X	Class Y	Total								
(I)	(III)	(IV)	(V)	(VI)	(VII= IV+V+VI)	(VIII)					(X)	(XI)					(XIV)	
	National Insurance Company Ltd.	0	2806096	0	0	2806096	1.37	2806096	0	2806096	1.37	0	1.37	0	0			2806096
(h)	Provident Funds / Pension Funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0
	Name																	
(i)	Any Other (Specify)	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0
	Name																	
	Sub-Total (B)(1)	30	36559017	0	0	36559017	17.84	36559017	0	36559017	17.84	0	17.84	0	0			36463557
(2)	Central Government/ State Government(s)/ President of India	1	4000	0	0	4000	0	4000	0	4000	0	0	0	0	0			0
	Name																	
	Sub-Total (B)(2)	1	4000	0	0	4000	0	4000	0	4000	0	0	0	0	0			0
(3)	Non-institutions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(a)	Individuals –	21175	47726357	0	0	47726357	23.3	47726357	0	47726357	23.3	0	23.3	0	0	0	0	45801487
	i. Individual shareholders holding nominal share capital up to ₹ 2 lakhs,	21153	34864914	0	0	34864914	17.02	34864914	0	34864914	17.02	0	17.02	0	0			33722484
	ii. Individual shareholders holding nominal share capital in excess of ₹ 2 lakhs	22	12861443	0	0	12861443	6.28	12861443	0	12861443	6.28	0	6.28	0	0			12079003
	Siddharth Iyer	0	2500000			2500000	1.22	2500000		2500000	1.22		1.22		0			2500000

	Category and name of the shareholders	No. of shareholder	No. of fully paid up equity shares held	Partly paid up equity shares held	No. of shares underlying depository receipts	Total no. of shares held	Shareholding calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including warrants)	Total Shareholding, as a % assuming full conversion of convertible securities (as percentage of diluted share capital)	Number of locked in shares		Number of shares pledged or otherwise encumbered		Number of equity shares held in dematerial ised form	
								No of Voting Rights			Total as a % of Total Voting Rights			No (a)	As a% of total shares held (b)	No (Not applicable) (a)	As a% of total shares held (Not applicable)		
								Class X	Class Y	Total									
(I)	(III)	(IV)	(V)	(VI)	(VII= IV+V+VI)	(VIII)	(IX)				(X)	(XI)	(XII)		(XIII)		(XIV)		
(b)	NBFCs registered with RBI	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0
	Name																		
(c)	Employee Trusts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0
	Name																		
(d)	Overseas Depositories (holding DRs) (balancing figure)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0
	Name																		
(e)	Any Other (specify)	1335	42249464	0	0	42249464	20.62	42249464	0	42249464	20.62	0	20.62	0	0				41895614
	Param Capital Research Pvt Ltd.	2764496	2764496	0	0	2764496	1.35	2764496	0	2764496	1.35	0	1.35	0	0				2764496
	Birla Institute Of Technology & Science	3519850	3519850	0	0	3519850	1.72	3519850	0	3519850	1.72	0	1.72	0	0				3519850
	Shri Jagannath Educational Institute	3170000	3170000	0	0	3170000	1.55	3170000	0	3170000	1.55	0	1.55	0	0				3170000
	Sri Govinddeo Educational Institute	3005000	3005000	0	0	3005000	1.47	3005000	0	3005000	1.47	0	1.47	0	0				3005000
	Rukmani Birla Educational Society	3472140	3472140	0	0	3472140	1.69	3472140	0	3472140	1.69	0	1.69	0	0				3472140
	Shri Venkateshwara Educational Institute	2851860	2851860	0	0	2851860	1.39	2851860	0	2851860	1.39	0	1.39	0	0				2851860

	Category and name of the shareholders	No. of shareholder	No. of fully paid up equity shares held	Partly paid up equity shares held	No. of shares underlying depository receipts	Total no. of shares held	Shareholding calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including warrants)	Total Shareholding, as a % assuming full conversion of convertible securities (as percentage of diluted share capital)	Number of locked in shares		Number of shares pledged or otherwise encumbered		Number of equity shares held in dematerial ised form
								No of Voting Rights			Total as a % of Total Voting Rights			No (a)	As a % of total shares held (b)	No (Not applicable) (a)	As a % of total shares held (Not applicable)	
								Class X	Class Y	Total								
														(IX)				
	(I)	(III)	(IV)	(V)	(VI)	(VII= IV+V+VI)	(VIII)	(IX)				(X)	(XI)	(XII)		(XIII)		(XIV)
	Sub-Total (B)(3)	22510	89975821	0	0	89975821	43.92	89975821	0	89975821	43.92	0	43.92	0	0			87697101
	Total Public Shareholding (B) = (B)(1) + (B)(2) + (B)(3)	22541	126538838	0	0	126538838	61.76	126538838	0	126538838	61.76	0	61.76	0	0			124160658

(c) Statement showing shareholding pattern of the Non-Promoter – Non-Public shareholder

	Category and name of the shareholders	No. of shareholder	No. of fully paid up equity shares held	Partly paid up equity shares held	No. of shares underlying depository receipts	Total no. of shares held	Shareholding calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including warrants)	Total Shareholding, as a % assuming full conversion of convertible securities (as percentage of diluted share capital)	Number of locked in shares		Number of shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form (Not Applicable)
								No of Voting Rights			Total as a % of Total Voting Rights			No (a)	As a % of total shares held (b)	No (Not applicable) (a)	As a % of total shares held (Not applicable)	
								Class X	Class Y	Total								
(I)	(III)	(IV)	(V)	(VI)	(VII= IV+V+ VI)	(VIII)					(X)	(XI)					(XIV)	
(1)	Custodian/ DR Holder															NA		
(a)	Name of DR Holders (if available)															NA		
(i)	Name															NA		
(ii)	Name															NA		
(2)	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)															NA		
(a)	Name															NA		
	Total Non-Promoter-Non Public Shareholding (C) = (C)(1) +(C)(2)															NA		

Pursuant to Schedule VIII, Part E - (5)VI (C)(8) SEBI ICDR Regulations, the following is a statement showing details of the shareholders holding more than 1% of the total number of Equity Shares of our Company, as on September 30, 2016.

Sr. No.	Name of shareholder	No. of shareholders	No. of fully paid up equity shares held	Total no. of shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) as a % of (A+B+C2)	Number of Locked in shares		Number of shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
						No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
1.	Central India Industries Ltd.	1	5,06,43,627	5,06,43,627	24.72	00	00	00	00	5,06,43,627
2.	Reliance Capital Trustee Company Ltd. A/c. Reliance Growth Fund	1	1,47,91,433	1,47,91,433	7.22	00	00	00	00	1,47,91,433
3.	Shekhavati Investments and Traders Ltd.	1	1,23,20,865	1,23,20,865	6.01	00	00	00	00	1,23,20,865
4.	Life Insurance Corporation of India	1	55,56,793	55,56,793	2.71	00	00	00	00	55,56,793
5.	Reliance Capital Trustee Company Ltd. A/c. Reliance Small Cap Fund	1	45,00,325	45,00,325	2.20	00	00	00	00	45,00,325
6.	Nirmala Birla	1	36,73,680	36,73,680	1.79	00	00	00	00	36,73,680
7.	Birla Institute of Technology and Science	1	35,19,850	35,19,850	1.72	00	00	00	00	35,19,850
8.	Rukmani Birla Educational Society	1	34,72,140	34,72,140	1.69	00	00	00	00	34,72,140
9.	Shri Jagannath Educational Institute	1	31,70,000	31,70,000	1.55	00	00	00	00	31,70,000
10.	Sri Govinddeo Educational Institute	1	30,05,000	30,05,000	1.47	00	00	00	00	30,05,000
11.	Chandra Kant Birla	1	28,97,570	28,97,570	1.41	00	00	00	00	28,97,570

Sr. No.	Name of shareholder	No. of shareholders	No, of fully paid up equity shares held	Total no. of shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) as a % of (A+B+C2)	Number of Locked in shares		Number of shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
						No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
12.	Shri Venkateshwara Educational Institute	1	28,51,860	28,51,860	1.39	00	00	00	00	28,51,860
13.	Copthall Mauritius Investment Ltd	1	27,84,335	27,84,335	1.36	00	00	00	00	27,84,335
14.	Param Capital Research Pvt.Ltd.	1	27,64,496	27,64,496	1.35	00	00	00	00	27,64,496
15.	National Insurance Company Ltd.	1	25,06,096	25,06,096	1.22	00	00	00	00	25,06,096
16.	Siddharth Iyer	1	25,00,000	25,00,000	1.22	00	00	00	00	25,00,000
17.	Hindusthan Discounting Company Ltd.	1	22,31,000	22,31,000	1.09	00	00	00	00	22,31,000
18.	ICICI Prudential Life Insurance Company Ltd.	1	21,42,999	21,42,999	1.05	00	00	00	00	21,42,999

2. No Equity Shares have been acquired by the Promoters or members of the Promoter Group in the last one year immediately preceding the date of filing of this Letter of Offer with the Designated Stock Exchange.
3. **Subscription to the Issue by the Promoters and Promoter Group**

Central India Industries Limited by way of its letter dated [•] has undertaken on behalf of itself, other Promoter and Promoter Group to: (a) subscribe, on their own account or through Promoter and Promoter Group for Equity Shares being offered to them pursuant to the Rights Issue; or (b) apply on their own account or through Promoter and Promoter Group for any Equity Shares renounced in their favour by other members of Promoter and Promoter Group; or (c) apply on their own account or through Promoter and Promoter Group for any additional Equity Shares in the Rights Issue to the extent of any unsubscribed portion of the Rights Issue, subject to applicable law.

The acquisition of Rights Equity Shares by the Promoters and members of the Promoter Group shall not result in a change of control of the management of our Company. Our Company is in compliance with Regulation 38 of the Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.
4. The Issue being a rights issue, as per Regulation 34(c) of the SEBI ICDR Regulations, the requirements of promoter's contribution and lock-in are not applicable.
5. Our Company does not have any employee stock option scheme or employee stock purchase scheme.
6. Our Company does not have any outstanding warrants, options or rights to convert debentures, loans or other instruments into Equity Shares as on the date of this Letter of Offer.
7. As on date of this Letter of Offer there are no outstanding compulsory convertibles debt instruments issued by our Company.
8. Our Company undertakes to not make any 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 this Letter of Offer with the Stock Exchanges and until the commencement of trading of the Rights Equity Shares to be issued pursuant to the Issue.
9. The ex-rights price of the Equity Shares as per Regulation 10(4)(b) of the Takeover Regulations is ₹ 76.17.
10. If our Company does not receive minimum subscription of 90% of the Issue, our Company shall refund the entire subscription amount within the prescribed time. In the event, that there is a delay of making refunds beyond such period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws.
11. At any given time, there shall be only one denomination of the Equity Shares of our Company.
12. All Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Letter of Offer.
13. For details of the Equity Shares held by our Promoters, which have been pledged or locked-in, see section titled "***Shareholding Pattern of the Equity Shares of our Company as per the last filing with the Stock Exchanges***" above. None of the Equity Shares held by the members of our Promoter Group are locked-in, pledged or otherwise encumbered.
14. For further details on the terms of the Issue, please see chapter titled "***Terms of the Issue***" on page [•] of this Letter of Offer.

OBJECTS OF THE ISSUE

Our Company proposes to utilise the Net Proceeds from the Issue towards prepayment and/or repayment, in full or part, of certain borrowings availed by our Company together with interest and other charges, if any.

The objects set out in the Memorandum of Association enable us to undertake our existing activities and the activities carried out until now. The borrowings availed by our Company, which are proposed to be prepaid and/or repaid, in full or part along with the interest from the Net Proceeds of the Issue, are for activities carried out as enabled by the objects clause of the Memorandum of Association.

Issue Proceeds

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

Particulars	Estimated amount (in ₹ lacs)
Gross Proceeds from the Issue	4,975.38
(Less) Issue related expenses	201.50
Net Proceeds from the Issue	4,773.88

Requirement of funds and utilisation of Net Proceeds

The proposed utilisation of the Net Proceeds is set forth in the table below:

Particulars	Estimated amount (in ₹ lacs)
Repayment, in full or part, of certain borrowings availed by our Company together with interest and other charges, if any	4,000.00
General corporate purposes*	773.88
Total	4,773.88

* The amount shall not exceed 25% of the Gross Proceeds of the Fresh Issue.

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.

Details of the objects of the Issue

The details in relation to objects of the Issue are set forth herein below.

1. Prepayment and / or repayment, in full or part, of certain borrowings availed by our Company together with interest and other charges, if any

Our Company has entered into certain financing arrangements with, amongst others, various banks/ financial institutions. As of October 31, 2016, the total outstanding borrowings of our Company, including short term and long term borrowings were ₹ 38,324.00 lacs.

Our Company proposes to utilise an estimated amount of ₹ 4,000.00 lacs from the Net Proceeds towards repayment, in full or in part, of certain borrowings 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 2017, is also, and will be, based on various commercial considerations including, amongst others, the interest rate on the loan facility, the amount of the loan outstanding and the remaining tenor of the loan and applicable law governing such borrowings.

Given the nature of these borrowings and the terms of repayment, the aggregate outstanding loan amounts may vary from time to time. In addition to the above, our Company may, from time to time, enter into further financing arrangements and draw down funds thereunder. In such cases or in case any of the above loans are prepaid and /

or repaid or further drawn-down prior to the completion of the Issue, our Company may utilise this component of the Net Proceeds towards repayment of such additional indebtedness.

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 favourable debt-equity ratio in the near future and enabling utilisation 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:

Sr. No.	Name of the Lender	Nature of borrowings and sanctioned amount	Amount outstanding as at October 31, 2016 (in ₹ lacs)	Interest rate	Prepayment penalty	Repayment date / Schedule	Security	Amount proposed to prepaid and/or repaid out of the Net Proceeds (in ₹ lacs)
Secured Borrowings								
1.	STCI Finance Limited	Short term loan facility of ₹ 4,000 lacs	4,000.00	10.25% per annum with monthly rests	The applicable prepayment penalty is 2% on the amount being prepaid. Prepayment penalty shall not be applicable in case of payment: <ul style="list-style-type: none"> • to the extent of margin call; • made after four months; and • on account of an event of default. 	To be repaid within period of 5 months from the date of disbursement with a bullet repayment at the end of the tenor.	Pledge of equity shares of Century Textile & Industries Limited	4,000.00
2.	State Bank of India	Short term working capital demand loan facility of ₹ 2,500 lacs	2,503.00	9.20%	Not applicable	To be repaid within period of 90 days, i.e., by January 25, 2017.	Primary - First charge on all the current assets of our Company, including book debts on <i>pari passu</i> basis with other working capital lenders. Collateral - Second charge on the movable and immovable fixed assets on the Brajrajnagar and Amlai properties of our Company on <i>pari passu</i> basis with other working capital lenders.	

As certified by [•], through their certificate dated [•] ("**Utilisation Certificate**"), no exceptions have been reported in the loans set out in the table above being utilised by our Company for the respective purposes

for which they were raised.

The scheduled repayment/prepayment of the loans availed by our Company as set out above shall be based on various factors including (i) any conditions attached to the loans and our ability to prepay the loans and time taken to fulfil such requirements; (ii) levy of any prepayment penalties and the quantum thereof; (iii) provisions of any law, rules, regulations and contracts governing such borrowings; and (iv) other commercial considerations, including, the interest rate on the loan facility, the amount of the loan outstanding and the remaining tenor of the loan.

In addition to the above, our Company may, from time to time, draw down further funds under the above financing arrangements. In such cases, our Company may utilize the Net Proceeds towards prepayment and / or repayment of such additional indebtedness.

2. General Corporate Purposes

We, will have flexibility in utilizing the balance Net Proceeds of the Issue, if any, for general corporate purposes, subject to such utilisation not exceeding 25% of the Gross Proceeds in accordance with Regulation 4(4) of the SEBI ICDR Regulations, including but not restricted towards strategic initiatives and acquisitions, tie-ups, joint ventures, investment in subsidiaries, funding initial stages of equity contribution towards our projects, working capital requirements, part or full debt repayment, strengthening of our marketing capabilities, meeting expenses incurred in the ordinary course of business and towards any exigencies and towards repayment and prepayment penalty on loans as may be applicable.

In case of variations in the actual utilization of funds designated for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any which are not applied to the other purposes set out above.

In addition to the above, our Company may utilize the Net Proceeds towards other expenditure (in the ordinary course of business) considered expedient and approved periodically by the Board. Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirement and deployment of funds may also change. This may also include rescheduling the proposed utilization of Net Proceeds and increasing or decreasing expenditure for a particular object i.e., the utilization of Net Proceeds. In case of a shortfall in the Net Proceeds, our management may explore a range of options including utilizing our internal accruals or seeking debt from future lenders. Our management expects that such alternate arrangements would be available to fund any such shortfall. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes. In the event that we are unable to utilize the entire amount that we have currently estimated for use out of Net Proceeds in a Fiscal, we will utilize such unutilized amount in the next Fiscal.

Issue expenses

The total expenses of the Issue are estimated to be ₹ 201.50 lacs. The break-up for the Issue expenses is as follows:

Sr. No.	Activity Expense	Estimated amount (in ₹ lacs) ⁽¹⁾	Percentage of total estimated Issue expenditure (%) ⁽¹⁾	Percentage of Issue size (%) ⁽¹⁾
1.	Fees of the Lead Manager, legal advisors, Registrar to the Issue, auditors, including out of pocket expenses	179.55	89.11	3.61
2.	Printing and stationery, distribution, postage, Advertising and marketing expenses etc.	9.48	4.70	0.19
3.	Other expenses (including fees payable to SEBI and Stock Exchange, etc.)	12.48	6.19	0.25
Total estimated Issue expenditure		201.50	100.00	4.05

⁽¹⁾ Assuming full subscription and Allotment in the Issue.

Bridge financing facilities

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

Interim use of Net Proceeds

Our Company intends to deposit the Net Proceeds with scheduled commercial banks included in the second schedule of the Reserve Bank of India Act, 1934. Our Company confirms that pending utilisation of the Net Proceeds for the objects of the Issue, it shall not utilise the Net Proceeds for any investment in the equity markets, real estate or related products.

Monitoring of utilisation of funds

In terms of Regulation 16 of the SEBI ICDR Regulations, there is no requirement for a monitoring agency as the size of the Issue does not exceed ₹ 50,000 lacs. Our Board and Audit Committee shall monitor the utilisation of the Net Proceeds. Our Company will disclose the utilisation of the Net Proceeds, including any interim use, under a separate head specifying the purpose for which such proceeds have been utilised along with details, if any in relation to all the Net Proceeds that have not been utilised thereby also indicating investments, if any, of such unutilised Net Proceeds in our balance sheet for the relevant financial years subsequent to the successful completion of the Issue.

Pursuant to Regulation 32(3) of the SEBI Listing Regulations, our Company shall on a quarterly basis disclose to the audit committee of the Board (“**Audit Committee**”) the uses and applications of the Net Proceeds. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Letter of Offer and place it before the Audit Committee. Such disclosure shall be made only until such time that Net Proceeds have been utilised in full. The statement shall be certified by the Auditor of our Company. Furthermore, in accordance with Regulation 32(1)(a) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement including material deviations, if any, in the utilisation of the proceeds of the Offer from the objects of the Offer as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results, after placing the same before the Audit Committee and the Board.

Appraising entity

None of the objects of the Issue for which the Net Proceeds will be utilised have been appraised.

Variation in Objects

In accordance with Sections 13(8) and 27 of the Companies Act, 2013 and the SEBI ICDR Regulations, our Company shall not vary the objects of the Fresh Issue without our Company being authorised to do so by the Shareholders by way of a special resolution through a postal ballot. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution (“**Postal Ballot Notice**”) shall specify the prescribed details as required under the Companies Act. The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English and one in Odiya, the vernacular language of the jurisdiction where our Registered Office is situated. Our Promoters will be required to provide an exit opportunity to such Shareholders who do not agree to the above stated proposal, at a price as prescribed by SEBI, in this regard.

Other confirmations

No part of the proceeds of the Issue will be paid by our Company to the Promoters, the Promoter Group, the Directors, or key management personnel.

SECTION IV: TAX BENEFIT STATEMENT

To

The Board of Directors
Orient Paper & Industries Limited
9/1, R.N. Mukherjee Road
Kolkata-700001

Dear Sirs,

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

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 is 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:

- the Company or its shareholders will continue to obtain these benefits in future; or
- 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 rights 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 S. R. Batliboi & Co LLP

Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

Per Sanjay Kumar Agarwal

Partner
Membership No.: 055596

Place: Kolkata

Date: [•]

ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL DIRECT TAX BENEFITS AVAILABLE TO ORIENT PAPER & INDUSTRIES LIMITED AND ITS SHAREHOLDERS

Outlined below are the possible special direct tax benefits available to the Company and its shareholders under the current direct tax laws i.e. the Income Tax Act, 1961 (Amended as per the Finance Act (No. 2), 2016).

Special Tax benefits available to the Company

No special tax benefit is available to the Company.

Special Tax benefits available to the Shareholders

No special tax benefit is available to the Shareholders.

Note:

- The above Statement of Possible Special Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares;
- The above Statement of Possible Special Direct Tax Benefits sets out the possible Special Direct tax benefits available to the Company and its shareholders under the current tax laws presently in force in India;
- This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue;

SECTION V: OUR MANAGEMENT

Our Articles of Association provides that our Board shall consist of minimum three Directors and not more than 11 Directors. As of the date of this Letter of Offer, our Company has seven directors, of which one Director is an executive Director, five Directors are independent Directors, including a woman Director and one Director is non-independent, non-executive Director.

Our Board

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

Name, designation, address, occupation, term and DIN	Age (in years)	Other Directorships
Name: Mr. Chandra Kant Birla Designation: Chairman and non-executive Director Address: 24, Aurangzeb Road, New Delhi – 110 001, Delhi, India Occupation: Industrialist Term: Liable to retire by rotation DIN: 00118473	62	1. ASS AG Switzerland; 2. AVTEC Limited; 3. Birla Associates Private Limited (Singapore); 4. Birla Brothers Private Limited; 5. Birlasoft (India) Limited; 6. Birlasoft (UK) Limited; 7. Birlasoft Incorporated (USA); 8. HIL Limited; 9. National Engineering Industries Limited; 10. Neosym Industry Limited; and 11. Orient Cement Limited.
Name: Mr. Manohar Lal Pachisia Designation: Managing Director and Chief executive officer Address: 3 rd Floor, 4 Alipore Park Place, Kolkata – 700 027, West Bengal, India Occupation: Service Term: From September 23, 2015 to March 31, 2017 DIN: 00065431	71	1. Birla Buildings Limited; 2. Birlasoft (India) Limited; 3. GMMCO Limited; 4. Gwalior Finance Corporation Limited; 5. National Bearing Company (Jaipur) Limited; 6. National Engineering Industries Limited; 7. Nigeria Engineering Works Limited; 8. Orient Electric Limited; 9. Orient Electricals Limited; 10. Soorya Vanijya & Investment Limited; and 11. Special Engineering Services Limited.
Name: Mr. Basant Kumar Jhavar Designation: Non-executive independent Director Address: 51/F Gariahat Road, Kolkata – 700 019, West Bengal, India Occupation: Industrialist Term: For a period of five years from July 22, 2014 DIN: 00086237	81	1. KGVK Agro Limited; 2. KGVK Social Enterprise Limited; and 3. Usha Martin Limited.
Name: Mr. Amitabha Ghosh Designation: Non-executive independent	86	1. Kesoram Industries Limited; 2. Shreyas Shipping and Logistics Limited; 3. Shreyas Relay Systems Limited; and

Name, designation, address, occupation, term and DIN	Age (in years)	Other Directorships
<p>Director</p> <p>Address: Flat No. 32, Meher Naz, 91, Cuffe Parade, Mumbai – 400 005, Maharashtra, India</p> <p>Occupation: Consultant</p> <p>Term: For a period of five years from July 22, 2014</p> <p>DIN: 00055962</p>		<p>4. Zenith Fibres Limited.</p>
<p>Name: Mr. Michael Bastian</p> <p>Designation: Non-executive independent Director</p> <p>Address: Cecilia, 1186, 22nd Cross, 14th Main, H. S. R. Layout, Sector – III, Bangalore – 560 102</p> <p>Occupation: Consultant</p> <p>Term: For a period of five years from July 22, 2014</p> <p>DIN: 00458062</p>	72	<p>1. Artson Engineering Limited; and</p>
<p>Name: Mr. Narendra Singh Sisodia</p> <p>Designation: Non-executive independent Director</p> <p>Address: 403, Pearl Blossom, B-30 Jyoti Marg, Bapu Nagar, Jaipur – 302 015, Rajasthan, India</p> <p>Occupation: Retired IAS Officer</p> <p>Term: For a period of five years from July 22, 2014</p> <p>DIN: 06363951</p>	71	<p>1. Carrier Air Conditioning & Refrigeration Limited.</p>
<p>Name: Ms. Gauri Rasgotra</p> <p>Designation: Non-executive independent Director</p> <p>Address: 6B, HUDCO Place, Andrews Ganj Extension, Behind Ansal Plaza, New Delhi – 110 049, Delhi, India</p> <p>Occupation: Professional</p> <p>Term: For a period of 5 years from August 23, 2016</p>	48	<p>1. HIL Limited.</p>

Name, designation, address, occupation, term and DIN	Age (in years)	Other Directorships
DIN: 06862334		

Brief Profile of our Directors

Mr. Chandra Kant Birla, aged 62 years, is our Chairman and a non-executive Director of our Company. He was appointed as a Director of our Company in 1978. He heads the C. K. Birla group which is involved in various business verticals such as cement, paper, chemicals consumer durables, auto components, precision bearings, building materials, construction, earth moving equipment, information technology, etc.

Mr. Manohar Lal Pachisia, aged 71 years, is the Managing Director and Chief Executive Officer of our Company. He holds a bachelor's degree in commerce. He has been associated with our Company since 1997.

Mr. Basant Kumar Jhavar, aged 81 years, is an Independent Director of our Company. He has been associated with our Company since 1983. He currently serves as the chairman emeritus of Usha Martin Group. Prior to joining our Company, he has served in the capacity of a director of ICICI Bank Limited and as a trustee with Unit Trust of India, as a nominee of the Industrial Bank of India. Mr. Jhavar is a member of CII National Council and has also chaired its national committee meetings.

Mr. Amitabha Ghosh, aged 86 years, is an Independent Director of our Company. He is a chartered accountant registered with the Institute of Chartered Accountants of England and Wales. He has been associated with our Company since 1994. Prior to joining our Company, he was appointed as the 16th Governor of the Reserve Bank of India in the year 1985 and has held various senior managerial positions such as the chairman of the Reserve Bank of India Service Board and chairman and managing director of Allahabad Bank.

Mr. Michael Bastian, aged 72 years, is an Independent Director of our Company. He is a Fellow member of the Institute of Chartered Accountants of India. He has been associated with our Company since 2009.

Mr. Narendra Singh Sisodia, aged 71 years, is an Independent Director of our Company. He is a retired officer of the Indian Administrative Service and has held positions such as Secretary in the Ministry of Finance and Ministry of Defence. He holds a master's degree in arts from Rajasthan University and was a fellow of the Edward S. Mason Program in Public Policy and Management in Developing Countries at the Harvard University, USA. He has been associated with our Company since 2012.

Ms. Gauri Rasgotra, aged 48 years, is an Independent Director of our Company. She holds a graduate degree in law from the Gujarat University. She is a practicing lawyer registered with the Bar Council of Gujarat. She has been associated with our Company since 2014. Prior to joining our Company, she has been associated with the George Washington University Law School where she was appointed as the first director of the India Studies Centre.

Confirmations

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

Further, none of our Directors are associated with the securities market, in any manner and there is or has been no action taken by SEBI against our Directors or any entity in which our Directors are involved in as promoters or directors.

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

Relationship between the Directors

None of our Directors are related to each other.

Details of service contracts entered with Directors

There are no service contracts entered between our Company and our Directors which provide for benefits upon termination of employment.

Arrangement or understanding with major shareholders, customers, suppliers or others

None of our Directors or members of our senior management have been appointed pursuant to any arrangement or understanding with our major shareholders, customers, suppliers or others.

SECTION VI: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Particulars	Page no.
Condensed Interim Financial Statements	F-1
Audited Financial Statements	F-26

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Report on Review of Interim Financial Information

The Board of Directors

Orient Paper & Industries Limited

Introduction

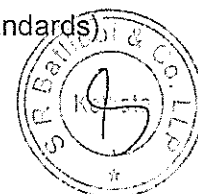
1. We have reviewed the accompanying condensed balance sheet of Orient Paper & Industries Limited as of September 30, 2016 and the related condensed statements of profit & loss and cash flows for the six month period then ended, together referred to as "Condensed Interim Financial Statements". Management is responsible for the preparation and presentation of this Condensed Interim Financial Statements in accordance with the recognition and measurement principles of accounting generally accepted in India including those specified under the Accounting Standards specified under section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules 2014 and Companies (Accounting Standards) Amendment Rules, 2016. Our responsibility is to express a conclusion on this Condensed Interim Financial Statements based on our review.

Scope of Review

2. We conducted our review in accordance with Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

3. Based on our review, nothing has come to our attention that causes us to believe that the accompanying Condensed Interim Financial Statements is not prepared, in all material respects, in accordance with the recognition and measurement principles of accounting generally accepted in India including those specified under the Accounting Standards specified under section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules 2014 and Companies (Accounting Standards) Amendment Rules, 2016.



Matter of Emphasis

4. Without qualifying our conclusion, we draw attention to Note 34 to the accompanying Condensed Interim Financial Statements regarding remuneration paid to Managing Director during the years ended March 31, 2015 and March 31, 2016 in excess of the limit prescribed under Section 197 read with Schedule V to the Companies Act, 2013, by Rs.178.19 lacs and Rs.177.70 lacs respectively. As informed to us, waiver application has been filed by the Company with the Central Government for the above excess remuneration and pending receipt of the approval, no adjustments to financial statements have been made.

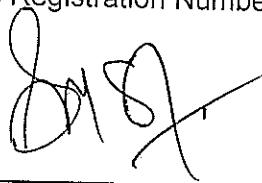
Other matters

5. This report on the Condensed Interim Financial Statements is issued solely for the use of management of the Company for the purpose of inclusion in the Letter of Offer pursuant to the proposed rights issue of equity shares by the Company, and should not be used or referred to for any other purpose, or distributed to any other person, without our prior written consent.
6. We report that the comparative figures in the condensed statement of profit and loss and condensed cash flow statement for the six months period ended September 30, 2015 were not subjected to any audit/ review by us.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

Firm's Registration Number: 301003E / E300005



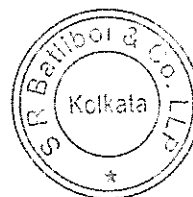
per **Sanjay Kumar Agarwal**

Partner

Membership Number: 060352

Place of Signature: New Delhi

Date: October 17, 2016



Orient Paper & Industries Ltd.
Condensed Balance Sheet as at 30th September, 2016

	Notes	30-Sep-16 ₹ In lacs	31-Mar-16 ₹ In lacs
Equity and liabilities			
Shareholders' funds			
Share capital	3	2,048.79	2,048.79
Reserves and surplus	4	38,788.02	39,372.25
		<u>40,836.81</u>	<u>41,421.04</u>
Non-current liabilities			
Long-term borrowings	5	13,584.20	15,486.36
Deferred tax liabilities (Net)	14	-	32.51
Other long-term liabilities	6	3,389.85	3,346.95
Long-term provisions	7	1,866.84	1,676.34
		<u>18,840.89</u>	<u>20,542.16</u>
Current liabilities			
Short-term borrowings	8	19,348.17	25,818.26
Trade payables	9		
- total outstanding dues of micro enterprises and small enterprises		2,182.30	1,250.25
- total outstanding dues of creditors other than micro enterprises and small enterprises		18,346.16	26,019.48
Other current liabilities	9	11,471.06	11,661.66
Short-term provisions	7	2,572.13	3,227.57
		<u>53,919.82</u>	<u>67,977.22</u>
TOTAL		<u>113,597.52</u>	<u>129,940.42</u>
Assets			
Non-current assets			
Fixed assets			
Tangible assets	10	47,651.18	49,403.49
Intangible assets	11	855.31	950.39
Capital work-in-progress		4,402.03	1,661.32
Expenditure on Expansion/New projects (pending allocation)	12	535.89	210.77
Non-current investments	13	845.79	853.65
Deferred tax assets (Net)	14	67.52	-
Long-term loans and advances	15	2,865.30	3,811.33
Other non-current assets	16.2	294.98	324.05
		<u>57,518.00</u>	<u>57,215.00</u>
Current assets			
Inventories	17	21,757.98	22,295.58
Trade receivables	16.1	22,843.09	38,346.57
Cash and bank balances	18	5,234.27	5,914.62
Short-term loans and advances	15	5,347.70	4,971.94
Other current assets	16.2	896.48	1,196.71
		<u>56,079.52</u>	<u>72,725.42</u>
TOTAL		<u>113,597.52</u>	<u>129,940.42</u>

Basis of preparation of Condensed Interim Financial Statements 2

The accompanying notes are an integral part of the condensed interim financial statements.

As per our report of even date

For S.R. Batliboi & Co. LLP

Firm registration number: 301003E / E300005

Chartered Accountants

per Sanjay Kumar Agarwal

Partner

Membership no.: 060352

Place: New Delhi

Date: 17th October, 2016



For and on behalf of the board of directors

Managing Director

President Finance & CFO

Company Secretary

Orient Paper & Industries Ltd.

Condensed Statement of Profit and Loss for the six months period ended 30th September, 2016

	Notes	30-Sep-16 ₹ In lacs	30-Sep-15 ₹ In lacs
Income			
Revenue from operations (gross)	19	87,267.82	85,673.03
Less: excise duty		6,676.05	6,224.11
Revenue from operations (net)		80,591.77	79,448.92
Other income	20	628.29	756.89
Total Revenue		81,220.06	80,205.81
Expenses			
Cost of raw material & components consumed	21	32,459.75	34,303.07
Purchase of traded goods	22 (a)	12,828.96	12,136.58
(Increase) / decrease in inventories of finished goods, work-in-progress and traded goods	22	285.41	(326.99)
Employee benefits expense	23	10,097.94	9,043.94
Other expenses	24	21,301.22	23,533.77
Depreciation and amortization expense	25	2,191.07	2,232.17
Finance costs	26	2,222.65	2,497.72
Total Expenses		81,387.00	83,420.26
Profit / (Loss) before tax		(166.94)	(3,214.45)
Tax expenses			
Deferred tax Charge / (Credit)		(100.03)	-
Total tax expense / (Credit)		(100.03)	-
Profit / (Loss) for the period		(66.91)	(3,214.45)
 Basic & Diluted Earnings per equity share [nominal value of share ₹1 (31 March 2016: ₹1) (₹)]	27	(0.03)	(1.57)

Basis of preparation of Condensed Interim Financial Statements 2

The accompanying notes are an integral part of the condensed interim financial statements.

As per our report of even date

For S.B. Batliboi & Co. LLP

Firm registration number: 301003E / E300005

Chartered Accountants

per Sanjay Kumar Agarwal
Partner


Membership no.: 060352

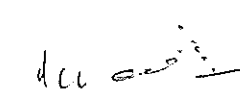
Place: New Delhi

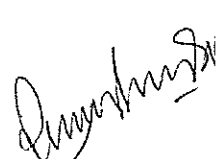
Date: 17th October, 2016



For and on behalf of the board of directors


Managing Director


President Finance & CFO


Company Secretary

Orient Paper & Industries Ltd.

Condensed Cash Flow Statement for the six months period ended 30 September, 2016

	30-Sep-16 ₹ In lacs	30-Sep-15 ₹ In lacs
Cash flows from operating activities	12,286.35	6,219.10
Cash (used in) investing activities	(2,281.10)	(1,070.69)
Cash (used in) financing activities	(10,690.83)	(2,826.42)
Net increase/ (decrease) in cash & cash equivalents	(685.58)	2,321.99
Cash & cash equivalents - opening balance	5,829.94	2,688.55
Cash & cash equivalents - closing balance	5,144.36	5,010.54

Basis of preparation of Condensed Interim Financial Statements

2

As per our report of even date.

For S.R.Batliboi & Co. LLP

Firm registration number: 301003E / E300005

Chartered Accountants

per Sanjay Kumar Agarwal
Partner

Membership no.: 060352

Place: New Delhi

Date: 17th October, 2016



For and on behalf of the board of directors


Managing Director


President Finance & CFO


Company Secretary

1. Corporate information

Orient Paper & Industries Ltd. ("the Company") is a public company domiciled in India. Its shares are listed on National and Bombay Stock Exchanges in India. The Company is primarily engaged in manufacture and sale of Paper, Electrical Consumer Durables, Chemicals, Industrial Blowers and Air Pollution Control Equipments. The Company presently has manufacturing facilities at Amlai, Brajrajnagar, Faridabad, Noida and Kolkata.

2. Basis of preparation of Condensed Interim Financial Statements

These condensed interim financial statements of the Company have been prepared in accordance with the recognition and measurement principles of accounting generally accepted in India including those specified under the Accounting Standards specified under section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules 2014 and Companies (Accounting Standards) Amendment Rules, 2016. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies followed in the preparation of these condensed interim financial statements are consistent with those followed in the most recent annual financial statements of the Company i.e for the year ended March 31 2016.



3. Share capital

	30-Sep-16 ₹ In lacs	31-Mar-16 ₹ In lacs
Authorised shares (No. in lacs)		
7,500 (31 March 2016: 7,500) Equity Shares of ₹1/- each	7,500.00	7,500.00
25 (31 March 2016: 25) Preference Shares of ₹100/- each	2,500.00	2,500.00
Issued Shares (No. in lacs)		
2,048.88 (31 March 2016 : 2,048.88) Equity Shares of ₹1/- each	2,048.88	2,048.88
Total issued capital	2,048.88	2,048.88
Subscribed and paid-up shares (No. in lacs)		
2,048.69 (31 March 2016: 2,048.69) Equity Shares of ₹1/- each	2,048.69	2,048.69
Add: Forfeited shares (Amount Originally Paid-Up)	0.10	0.10
Total subscribed and paid-up share capital	2,048.79	2,048.79

(a) Reconciliation of the shares outstanding at the beginning and at the end of the period

Equity shares

	30-Sep-16		31-Mar-16	
	No. in lacs	₹ In lacs	No. in lacs	₹ In lacs
At the beginning of the period / year	2,048.69	2,048.69	2,048.69	2,048.69
Issued during the period / year	-	-	-	-
Outstanding at the end of the period / year	2,048.69	2,048.69	2,048.69	2,048.69

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the period ended 30th September, 2016, the amount of per share dividend recognized as distributions to equity shareholders was ₹ Nil per share (31 March 2016: ₹ 0.25 per share).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	30-Sep-16		31-Mar-16	
	No. in lacs	% holding in the class	No. in lacs	% holding in the class
Equity shares of ₹1 each fully paid				
Central India Industries Limited	506.44	24.72%	506.44	24.72%
Reliance Capital Trustee Co. Ltd A/c Reliance Growth Fund	147.91	7.22%	136.23	6.65%
Shekhavati Investments & Traders Ltd.	123.21	6.01%	123.21	6.01%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

4. Reserves and surplus

	30-Sep-16 ₹ In lacs	31-Mar-16 ₹ In lacs
Investment Subsidy	15.00	15.00
Revaluation reserve		
Balance as per the last financial statements	599.95	599.95
Less: adjusted against fixed assets *	517.32	-
	82.63	599.95
Less: Transferred to surplus in the Statement of Profit & Loss	82.63	-
	-	599.95
General reserve		
Balance as per the last financial statements	27,654.52	27,654.52
Surplus in the Statement of Profit and Loss		
Balance as per last financial statements	11,102.78	9,617.14
Add: Transferred from Revaluation reserve	82.63	-
Profit / (Loss) for the period / year	(66.91)	2,102.08
Less: Appropriations		
Proposed equity dividend (amount per share ₹ Nil (31 March 2016: ₹ 0.25))	-	512.17
Tax on proposed equity dividend	-	104.27
Total appropriations	-	616.44
Net surplus in the statement of profit and loss	11,118.50	11,102.78
Total reserves and surplus	38,788.02	39,372.25

* Pursuant to Companies (Accounting Standards) Amendment Rules, 2016



5. Long-term borrowings

	Non-current portion		Current maturities	
	30-Sep-16	31-Mar-16	30-Sep-16	31-Mar-16
	₹ In lacs	₹ In lacs	₹ In lacs	₹ In lacs
Term loans (Secured)				
(a) From a Financial Institution	1,500.00	2,000.00	1,000.00	1,000.00
(b) From Banks	8,088.24	8,970.59	1,764.71	1,764.71
(c) From Others	3,250.00	3,750.00	750.00	250.00
Other loans (Secured)				
Finance Lease Obligation	745.96	765.77	32.81	29.74
	13,584.20	15,486.36	3,547.52	3,044.45
Less amount disclosed under the head "other current liabilities" (note 9)	-	-	(3,547.52)	(3,044.45)
Net amount	13,584.20	15,486.36	-	-

Notes:

(a) Term loan from a Financial Institution is secured by first pari-passu charge on the fixed assets (both present and future) pertaining to the Paper plants at Amlai & Brajrajnagar and carries interest @ 12.05% p.a. (31 March 2016: 12.05 % p.a.) and is repayable in 10 equal quarterly instalments upto 28 March, 2019.

(b) Term loan from Banks are secured by first pari-passu charge on the fixed assets (both present and future) pertaining to the paper plants at Amlai & Brajrajnagar. Term loan of ₹ 4852.95 lacs carries interest @ 11.10 % p.a. (31 March 2016: 11.10% p.a.) and ₹ 5000 lacs carries interest @ 10.55% p.a. (31 March 2016: 10.55% p.a.). The above loans are repayable in 11 equal quarterly instalments and 20 unequal quarterly instalments upto 28 May, 2019 and 8 February, 2023 respectively.

(c) Term loan from others is secured by pari-passu first charge on the fixed assets (both present and future) pertaining to the Paper plants at Amlai and Brajrajnagar and carries interest @ 11.00% p.a. (31 March 2016: 11.00% p.a.) and is repayable in 16 equal quarterly instalments upto 21 December, 2020.

(d) Finance lease obligation is secured against the plant & machinery taken on lease. The gross investments in lease, i.e. lease obligation plus interest, is payable in 117 monthly instalments of ₹ 13.50 lacs each.

6. Other long-term liabilities

	30-Sep-16	31-Mar-16
	₹ In lacs	₹ In lacs
Trade & Other Deposits	3,389.85	3,346.95
	3,389.85	3,346.95

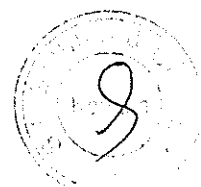
7. Provisions

	Long-term		Short-term	
	30-Sep-16	31-Mar-16	30-Sep-16	31-Mar-16
	₹ In lacs	₹ In lacs	₹ In lacs	₹ In lacs
Provision for employee benefits				
Provision for gratuity	750.59	653.04	738.89	642.89
Provision for leave benefits	788.41	726.08	213.76	196.85
	1,539.00	1,379.12	952.65	839.74
Other provisions				
Provision for warranties	327.84	297.22	1,329.44	1,481.35
Provision for Taxation (Net of advance tax ₹ 258.62 lacs (31 March 2016: ₹ 258.62 lacs))	-	-	290.04	290.04
Proposed equity dividend	-	-	-	512.17
Provision for tax on proposed equity dividend	-	-	-	104.27
	327.84	297.22	1,619.48	2,387.83
	1,866.84	1,676.34	2,572.13	3,227.57

Provision for warranties

A provision is recognized for expected warranty claims on products based on management estimate of present obligation in this regard during the warranty period, computed on the basis of past experience of levels of repairs and returns. It is expected that the entire provision will be utilized within two years of the Balance Sheet date, since the warranty period is generally for one or two years. The table below gives information about movement in warranties provisions.

	30-Sep-16	31-Mar-16
	₹ In lacs	₹ In lacs
At the beginning of the period / year	1,778.57	1,201.90
Arising during the period / year	187.75	1,717.82
Utilized during the period / year	(309.04)	(1,141.15)
At the end of the period / year	1,657.28	1,778.57
Current portion	1,329.44	1,481.35
Non-current portion	327.84	297.22



8. Short-term borrowings

	30-Sep-16 ₹ In lacs	31-Mar-16 ₹ In lacs
Cash credit (including Working Capital Demand Loans) from banks (secured)	14,191.71	13,191.54
Other Loans :-		
Secured :		
Term Loan from Others	-	3,000.00
Unsecured :		
Term Loans		
From a Bank	5,000.00	4,000.00
From Others	-	5,000.00
Buyers Credit	156.46	626.72
	19,348.17	25,818.26

Notes:

1. Cash credit (including Working Capital Demand Loans) from banks are secured against hypothecation of stock in trade, stock in progress, raw materials, stores and chemicals, book debts and other current assets of the Company and second charge on fixed assets pertaining to the Paper plants at Amlai & Brajrajnagar of the Company and are repayable on demand. The above loans carry interest @ 9.25% p.a. to 10.80% p.a. (31 March 2016 :@ 9.75% p.a. to 10.80% p.a.)
2. Loan from Others was secured against pledge of shares held as investments in Century Textiles & Industries Limited by the Company and carried interest @ 10.50% p.a.(31 March 2016: 10.50% p.a) and was repayable on 16 August, 2016.
3. Unsecured Term Loans from a Bank / Others carry interest @ 9.25% to 9.50% p.a.(31 March 2016 : @ 9.80% to 10.90% p.a) and are repayable in 45 days to 90 days .
4. Buyers Credit carries interest @ 1.18 % to 1.23% (31 March 2016 @ 0.86 % to 1.18%) p.a and is repayable in 90 days .

9. Other current liabilities

	30-Sep-16 ₹ In lacs	31-Mar-16 ₹ In lacs
Trade payables (including acceptances of ₹ Nil (31 March 2016: ₹ 7.85 lacs)) (refer note 35 for details of dues to micro and small enterprises)		
- total outstanding dues of micro enterprises and small enterprises	2,182.30	1,250.25
- total outstanding dues of creditors other than micro enterprises and small enterprises	18,346.16	26,019.48
	20,528.46	27,269.73
Other liabilities		
Payables against purchase of Fixed Assets	984.97	1,776.51
Current maturities of long-term borrowings (note 5)	3,514.71	3,014.71
Current portion of finance lease obligations (note 5)	32.81	29.74
Advance against Sale of goods/ fixed Assets	2,669.61	1,526.97
Interest accrued but not due on borrowings	95.94	123.36
Preference Share Redemption Amount	5.18	5.18
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
Unpaid dividend	66.77	79.56
Others		
Trade & Other Deposits	343.05	390.92
Current portion of Deferred Payment Liabilities (Voluntary Retirement Scheme)	0.10	0.24
Statutory dues payable	3,734.71	4,680.55
Other Miscellaneous	23.21	33.92
	11,471.06	11,661.66
	31,999.52	38,931.39

10. Tangible assets

	Freehold Land	Leasehold Land	Factory Buildings	Non-Factory Buildings (b)	Railway Sidings	Plant and equipment (e)	Furniture and fixtures	Office equipment	Vehicles	Total
										₹ In lacs
Cost or valuation At 1 April 2015	223.03	202.45	6,029.33	3,356.76	96.89	80,611.03	1,452.58	841.27	483.78	93,297.12
Additions	-	-	285.62	-	-	2,634.23	100.32	191.83	19.76	3,231.76
Disposals / Deductions	0.04	-	-	8.33	-	546.32	1.30	5.97	96.51	658.47
At 31 March 2016	222.99	202.45	6,314.95	3,348.43	96.89	82,698.94	1,551.60	1,027.13	407.03	95,870.41
										(a)
Additions						887.08	23.44	22.25		932.77
Disposals / Deductions				1.86		134.26	18.57		13.71	171.10
Adjusted against withdrawal of Revaluation Reserve	179.05	166.75	957.52	696.93	34.32	3,035.68	-	-	-	5,070.25
At 30 September 2016	43.94	35.70	5,354.73	2,649.64	62.57	80,416.08	1,556.47	1,049.38	393.32	91,561.83
										(a)
Depreciation At 1 April 2015	-	114.19	2,089.70	1,086.77	68.52	37,767.85	745.09	542.06	282.18	42,696.36
Charge for the year	-	4.41	232.17	82.02	1.94	3,628.27	164.11	114.21	34.66	4,261.79
Disposals / Deductions	-	-	-	6.29	-	432.06	1.17	4.74	46.97	491.23
At 31 March 2016	-	118.60	2,321.87	1,162.50	70.46	40,964.06	908.03	651.53	269.87	46,466.92
Charge for the period	-	1.92	101.40	30.40	0.97	1,794.91	64.01	71.00	14.35	2,078.96
Adjusted against withdrawal of Revaluation Reserve	-	104.19	764.69	614.06	34.32	3,035.68	-	-	-	4,552.94
Disposals / Deductions	-	-	-	1.47	-	70.25	0.41	-	10.16	82.29
At 30 September 2016	-	16.33	1,658.58	577.37	37.11	39,663.04	971.63	722.53	274.06	43,910.55
										(c)
Net Block										
At 31 March 2016	222.99	83.85	3,993.08	2,185.93	26.43	41,734.88	643.57	375.60	137.16	49,403.49
At 30 September 2016	43.94	19.37	3,696.15	2,072.27	26.46	40,763.04	594.84	326.85	119.26	47,651.18

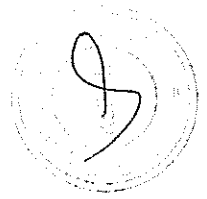
a. Includes assets held in Joint Ownership ₹1,344.72 lacs (31 March 2016, ₹1,344.72 lacs), which have been charged against the amount payable as rent for the land and proportionate share of expenses.

b. Includes ₹ 79.87 lacs (31 March 2016, ₹ 79.87 lacs) in respect of flats whose registration in the Company's name is pending.

c. Includes depreciation ₹ 5.30 lacs (31 March 2016, ₹ 188.64 lacs) on assets at Brajrajnagar unit, where manufacturing operations were not carried on during the year.

d. Land, Buildings and Plant & Equipments of the Paper units at Amlai & Brajrajnagar, Air Conditioning unit at Kolkata and land at Faridabad unit of the Company were revalued in earlier years and the resultant surplus thereon was transferred to Revaluation Reserve.

e. Includes plant and equipment taken on finance lease :- gross block of ₹ 800 lacs (31 March 2016: ₹ 800 lacs) and Net block ₹ 762.00 lacs (31 March 2016: ₹ 787.33 lacs)



11. Intangible assets

	₹ In lacs	
	Computer software	Technical Know How
Gross block		
At 1 April 2015	686.03	760.97
Additions	240.82	-
At 31 March 2016	926.85	760.97
Additions	9.17	9.17
At 30 September 2016	936.02	760.97
Amortization		
At 1 April 2015	559.72	14.20
Charge for the year	78.41	75.10
At 31 March 2016	638.13	89.30
Charge for the period	66.59	37.66
At 30 September 2016	704.72	126.96
Net block		
At 31 March 2016	288.72	661.67
At 30 September 2016	231.30	624.01

12. Details of Expenditure on Expansion/New Projects: (Pending Allocation)

	30-Sep-16 ₹ In lacs	31-Mar-16 ₹ In lacs
a) Pre-Operative & Trial		
Run Expenses:		
Salary & Wages	112.29	87.32
Interest	187.62	51.89
Insurance	11.88	-
Miscellaneous Expenses	13.33	71.56
	325.12	210.77
b) Add: Balance brought forward from previous year	210.77	-
d) Balance carried to Balance Sheet	535.89	210.77



13. Non-current investments	30-Sep-16 ₹ In lacs	31-Mar-16 ₹ In lacs
Investment property (at cost less accumulated depreciation)		
Cost of land and building given on operating lease (a)	809.61	809.61
Less: Accumulated depreciation	155.22	147.36
Net block	654.39	662.25
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity instruments		
Investment in joint venture		
173.99 lacs (31 March 2016: 173.99 lacs) Equity shares of K.Sh 20 each fully paid-up in Panafrikan Paper Mills (E.A) Ltd. (Valued at the rate of exchange prevailing on the date of payments or allotments) (At cost less provision for other than temporary diminution in value ₹ 413.92 lacs (31 March 2016 ₹ 413.92 lacs)	-	-
Government securities (unquoted)		
6 Years National Savings Certificates (b)	0.90	0.90
Non-trade investments (valued at cost unless stated otherwise)		
Investment in equity instruments (quoted)		
0.25 lac (31 March 2016: 0.25 lac) equity shares of ₹10 each fully paid-up in Tungabhadra Industries Ltd. (At Cost less provision for diminution ₹ 0.77 lac (31 March 2016: ₹ 0.77 lac)	-	-
200 (31 March 2016: 200) equity shares of ₹10 each fully paid-up in Crissa Textiles Mills Ltd. (At Cost less provision for diminution ₹ 0.02 lac (31 March 2016: ₹ 0.02 lac)	-	-
9.06 lacs (31 March 2016: 9.06 lacs) equity shares of ₹10 each fully paid-up in Hyderabad Industries Ltd.	127.12	127.12
15.45 lacs (31 March 2016: 15.45 lacs) equity shares of ₹10 each fully paid-up in Century Textiles & Industries Ltd.	6.73	6.73
Investment in equity instruments (unquoted)		
0.30 lac (31 March 2016: 0.30 lac) equity shares of ₹10 each fully paid-up in Birla Buildings Ltd.	3.01	3.01
0.06 lac (31 March 2016: 0.06 lac) equity shares of ₹10 each fully paid-up in GMMCO Ltd.	53.64	53.64
Total	191.40	191.40
Aggregate amount of quoted investments (Market value: ₹20140.57 lacs (31 March 2016: ₹12,855.99 lacs))	133.85	133.85
Aggregate amount of unquoted investments	57.55	57.55
Carrying value of investment property	654.39	662.25
Aggregate provision for diminution in value of investments	414.71	414.71

Notes:

- a) The Company along with other co-owners, has developed a plot of land and constructed a building thereon at 25, Barakhamba Road, New Delhi, where the Company's share is 15%. The registration of the said plot of land of value ₹ 432.94 lacs (31 March 2016: ₹ 432.94 lacs) in the name of the Company is still pending.
- b) Government Securities of Face Value ₹ 0.90 lac (31 March 2016: ₹ 0.90 lac) are lodged with Government Departments as Security Deposits.

14. Deferred tax Assets / (Liability) (net)

	30-Sep-16 ₹ In lacs	31-Mar-16 ₹ In lacs
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting	7,832.48	7,859.23
Gross deferred tax liability	7,832.48	7,859.23
Deferred tax asset		
Impact of expenditure charged to the Statement of Profit and Loss in the current period/year but allowed for tax purposes on payment basis	1,366.07	1,352.14
Provision for doubtful debts and advances	295.21	240.31
Provision for warranties	573.55	615.53
Unabsorbed depreciation and carried forward business loss	5,665.17	5,628.74
Gross deferred tax asset	7,900.00	7,836.72
Net deferred tax Assets / (Liability)	67.52	(32.51)



15. Loans and advances

	Non-current		Current	
	30-Sep-16 ₹ In lacs	31-Mar-16 ₹ In lacs	30-Sep-16 ₹ In lacs	31-Mar-16 ₹ In lacs
(Unsecured)				
Capital advances				
Considered good	871.11	1,808.46	-	-
Trade & Other Deposits				
Considered good	802.05	819.21	17.03	24.13
Considered doubtful	-	-	10.00	10.00
	802.05	819.21	27.03	34.13
Less: Provision for doubtful Trade & Other Deposits	-	-	10.00	10.00
(B)	802.05	819.21	17.03	24.13
Advances recoverable in cash or in kind or for value to be received or pending adjustments				
Considered good	112.31	111.47	2,207.65	2,490.47
Considered doubtful	-	-	12.87	12.86
	112.31	111.47	2,220.52	2,503.33
Less: Provision for doubtful advances	-	-	12.87	12.86
(C)	112.31	111.47	2,207.65	2,490.47
Other loans and advances (Considered Good)				
Loan to employees	2.00	-	-	2.83
Deposits against demand under dispute	515.58	512.11	97.56	97.56
Prepaid Expenses	13.59	11.42	234.31	290.70
Advance payment of Income tax, tax deducted at source & refunds receivable etc. (Net of provision for tax ₹ 26.50 lacs (31 March 2016: ₹ 26.50 lacs))	-	-	1,377.58	737.48
MAT Credit Entitlement	548.66	548.66	-	-
Balances with Excise, Customs, Port Trusts and Other Government Authorities	-	-	1,413.57	1,328.77
(D)	1,079.83	1,072.19	3,123.02	2,457.34
Total (A+B+C+D)	2,855.30	3,811.33	5,347.70	4,971.94

Advances due by director/ officer of the Company.

	Non-current		Current	
	30-Sep-16 ₹ In lacs	31-Mar-16 ₹ In lacs	30-Sep-16 ₹ In lacs	31-Mar-16 ₹ In lacs
Advances due by director of the Company	-	-	127.42	62.43

16. Trade receivables and other assets

16.1. Trade receivables

	Current	
	30-Sep-16 ₹ In lacs	31-Mar-16 ₹ In lacs
Outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	55.03	25.79
Unsecured, considered good	496.28	409.97
Considered doubtful	742.72	584.74
	1,294.03	1,020.50
Less: Provision for doubtful trade receivables	742.72	584.74
(A)	551.31	435.76
Other receivables		
Secured, considered good	2,072.91	2,649.33
Unsecured, considered good	20,218.87	35,261.48
Considered doubtful	100.29	99.64
	22,392.07	38,010.45
Less: Provision for doubtful trade receivables	100.29	99.64
(B)	22,291.78	37,910.81
(A)+(B)	22,843.09	38,346.57



16.2. Other Assets

	Non-current		Current	
	30-Sep-16	31-Mar-16	30-Sep-16	31-Mar-16
	₹ In lacs	₹ In lacs	₹ In lacs	₹ In lacs
Unsecured, considered good				
Interest accrued on Loans, Debts, Deposits etc	-	-	4.50	20.16
Export Benefit Receivable	-	-	460.93	680.12
Claims & Refunds Receivable	149.48	149.48	372.91	409.71
Unamortised ancillary cost of borrowings	145.50	174.57	58.14	86.72
	294.98	324.05	896.48	1,196.71

17. Inventories

		30-Sep-16	31-Mar-16
	Note	₹ In lacs	₹ In lacs
Valued at Lower of Cost and Net Realisable Value			
Raw materials & components	21	6,684.44	7,054.87
Work-in-progress	22	1,092.37	1,007.12
Finished goods	22	7,389.07	8,093.89
Traded goods	22	3,725.58	3,452.15
Stores, Chemicals and spare parts etc.		2,784.04	2,597.82
At Estimated Realisable Value			
By-Products		0.69	1.95
Scrap		81.79	87.78
		21,757.98	22,295.58
The above includes stock in transit:			
Finished Goods		249.10	234.58
Traded goods		8.60	34.47
Stores, Chemicals and spare Parts etc.		163.01	20.72
		420.71	289.77

18. Cash and bank balances

	30-Sep-16	31-Mar-16
	₹ In lacs	₹ In lacs
Cash and cash equivalents		
Balances with banks:		
- On current accounts (including ₹ 5.18 lacs (31 March 2016, ₹ 5.18 lacs) in earmarked accounts)	5,059.79	5,728.39
- Deposits with original maturity of less than three months	0.09	0.09
- On unpaid dividend account	66.77	79.56
Cheques on hand	-	0.93
Unpaid matured deposits	3.60	3.60
Cash on hand	14.11	17.37
	5,144.36	5,829.94
Other bank balances *		
Deposits with original maturity for more than 12 months	0.86	0.86
Deposits with original maturity for more than 3 months but less than 12 months	89.05	83.82
	89.91	84.68
	5,234.27	5,914.62

* Receipts/Pass Books for ₹ 77.26 lacs (31 March 2016: ₹ 77.26 lacs) are lodged with Government Departments/Banks as security.



Orient Paper & Industries Ltd.

Notes to condensed financial statements for the six months period 30 September 2016

19. Revenue from operations

	30-Sep-16 ₹ In lacs	30-Sep-15 ₹ In lacs
Revenue from operations		
Sale of products		
Finished goods	70,885.20	70,177.65
Traded goods	16,759.79	16,267.24
	87,644.99	86,444.89
Less: Cash Discount, Rebates etc.	2,015.64	2,600.77
	85,629.35	83,844.12
Other operating revenue		
Scrap sales	975.14	1,049.91
Export Incentives	458.54	553.10
Other Receipts	204.79	225.90
Revenue from operations (gross)	87,267.82	85,673.03
Less: Excise duty	6,676.05	6,224.11
Revenue from operations (net)	80,591.77	79,448.92

20. Other income

	30-Sep-16 ₹ In lacs	30-Sep-15 ₹ In lacs
Interest income on		
Debts, deposits, advances etc.	33.82	26.64
Dividend income on		
Long-term investments	177.12	178.10
Rental income on investment property	113.88	149.69
Insurance & Other Claims	18.35	111.50
Rent & Hire Charges	121.60	115.22
Unspent Liabilities, Provisions no longer required and Unclaimed Balances written back	61.45	104.40
Gain on Exchange Rate Fluctuations (net)	14.15	-
Profit on sale of fixed assets (net)	-	1.19
Miscellaneous Income	87.92	70.15
	628.29	756.89

21. Cost of raw materials & components consumed

	30-Sep-16 ₹ In lacs	30-Sep-15 ₹ In lacs
Inventory at the beginning of the period	7,054.87	7,054.42
Add: Purchases & procurement expenses / job charges	32,207.40	33,518.68
	39,262.27	40,573.10
Less: Sales	118.08	128.45
Less: inventory at the end of the period	6,684.44	6,141.58
Cost of raw materials & components consumed	32,459.75	34,303.07

Details of raw materials & components consumed

	30-Sep-16 ₹ In lacs	30-Sep-15 ₹ In lacs
Bamboo	1,629.29	3,269.48
Wood	4,406.44	4,480.27
Salt	696.29	763.71
Copper Wire Road & Strips	2,763.55	3,122.60
CRCA, Silicon Sheets & Plates	3,034.91	2,791.84
Blades for Ceiling Fans	3,523.61	2,907.80
Miscellaneous Items #	16,405.66	16,967.37
	32,459.75	34,303.07

It is not practicable to furnish item wise details in view of large number of items which differ in size and nature, each being less than 10% in value of the total.



Orient Paper & Industries Ltd.

Notes to condensed financial statements for the six months period 30 September 2016

22. (Increase)/decrease in inventories

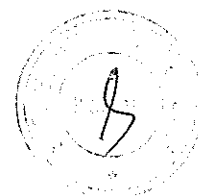
	30-Sep-16	30-Sep-15
	₹ In lacs	₹ In lacs
Inventories at the end of the period		
Traded goods	3,725.58	3,096.09
Work-in-progress	1,092.37	1,004.26
Finished goods	7,389.07	9,377.40
By Products	0.69	2.70
Scrap	81.79	80.99
	<u>12,289.50</u>	<u>13,561.44</u>
Inventories at the beginning of the period		
Traded goods	3,445.82	3,361.60
Work-in-progress	1,007.12	924.46
Finished goods	8,100.22	8,772.78
By Products	1.95	4.03
Scrap	87.79	171.51
	<u>12,642.90</u>	<u>13,234.38</u>
	<u>353.40</u>	<u>(327.06)</u>
(Increase)/decrease of excise duty on inventory	<u>(67.99)</u>	<u>0.07</u>
	<u>285.41</u>	<u>(326.99)</u>

22 (a) Details of purchase of traded goods

	30-Sep-16	30-Sep-15
	₹ In lacs	₹ In lacs
Electrical Fans	6,241.43	6,445.66
Lights & Luminaries	2,510.79	3,414.10
Appliances	4,053.84	2,216.24
Switchgears	22.90	60.58
	<u>12,828.96</u>	<u>12,136.58</u>

23. Employee benefits expense

	30-Sep-16	30-Sep-15
	₹ In lacs	₹ In lacs
Salaries, wages and bonus	8,784.97	7,706.62
Contribution to provident and other funds	506.05	479.77
Gratuity expense	180.83	299.63
Staff welfare expenses	626.09	557.92
	<u>10,097.94</u>	<u>9,043.94</u>



Orient Paper & Industries Ltd.

Notes to condensed financial statements for the six months period 30 September 2016

24. Other expenses

	30-Sep-16 ₹ In lacs	30-Sep-15 ₹ In lacs
Consumption of stores	3,061.44	3,546.53
Handling & Other charges to contractors	724.18	720.69
Power and fuel	4,955.86	5,520.66
Packing, Freight and forwarding charges	4,173.06	4,561.85
Rent & Hire Charges	810.77	763.97
Rates and taxes	180.83	161.49
Insurance	120.47	130.18
Repairs and maintenance		
Plant and machinery	966.41	1,079.27
Buildings	183.37	199.89
CSR Expenditure	39.01	38.89
Advertising and sales promotion	1,865.46	2,548.80
Directors' Sitting Fees	21.50	11.50
Commission on sales	318.21	307.86
Payment to auditor		
As auditor:		
Audit fee	16.25	16.25
Limited review	13.00	8.40
In other capacity:		
Tax audit fee	4.00	4.00
For certificates & other services	1.46	3.06
Reimbursement of expenses	1.46	0.82
Warranty Claims (net)	657.82	801.44
Exchange Rate Fluctuations (net)	-	111.29
Professional & Consultancy Charges	605.55	641.40
Bad debts / advances written off (net of reversals)	29.60	56.71
Sales Tax, Surcharge & Turnover Tax etc.	67.68	75.32
Provision for doubtful debts and advances	158.63	55.84
Loss on sale of fixed assets (net)	8.63	28.01
Miscellaneous expenses	2,316.57	2,139.65
	21,301.22	23,533.77

25. Depreciation and amortization expense

	30-Sep-16 ₹ In lacs	30-Sep-15 ₹ In lacs
Depreciation of tangible assets	2,078.96	2,153.75
Amortization of intangible assets	104.25	70.57
Depreciation of investment property	7.86	7.85
	2,191.07	2,232.17

26. Finance costs

	30-Sep-16 ₹ In lacs	30-Sep-15 ₹ In lacs
Interest on loans	2,045.45	2,249.64
Other Borrowing Cost	177.20	248.08
	2,222.65	2,497.72

27. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	30-Sep-16 ₹ In lacs	30-Sep-15 ₹ In lacs
Profit / (Loss) after Tax	(66.91)	(3,214.45)
Net profit for calculation of basic and diluted EPS	(66.91)	(3,214.45)
	No. In Lacs	No. In Lacs
Weighted average number of equity shares in calculating basic & diluted EPS	2,048.69	2,048.69
Basic & Diluted Earnings per equity share (nominal value of share ₹1 (31 March 2016: ₹1) (₹)	(0.03)	(1.57)

28. Interest in a joint venture

The Company has 29.34% share of interest valuing ₹ 413.92 lacs in its Joint Venture Company namely Pan African Paper Mills (EA) Limited, Kenya which is engaged in the manufacturing of Paper.

The Company has ceased to have joint control over the above Joint Venture Company subsequent to suspension of operations from 30th January, 2009 and in view of the circumstances arising thereafter. Accordingly, no disclosure for interest in said Joint Venture asset, liabilities, income, expenses etc. have been made in these accounts.



29. Segment information

The primary segment reporting format is determined to be business segments as the company's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Accordingly, the Company has identified "Paper" and "Electrical Consumer Durables" as the business segments.

Paper – Consists of manufacture and sale of pulp, paper & board and chemicals.

Electrical Consumer Durables – Consists of manufacture / purchase and sale of Electric Fans – ceiling, portable and airflow, along with Components and Accessories thereof, Lights & Luminaries, Appliances & Switchgears.

Others – Consist of other miscellaneous business/services comprising less than 10% revenues.

The Company primarily operates in India and therefore the analysis of geographical segments is demarcated into its Indian and Overseas Operations.



Orient Paper & Industries Ltd.
Notes to condensed financial statements for the six months period ended 30 September 2016

Business segments
For the period ended 30th September, 2016

Particulars	₹ in lacs			
	Paper	Electrical Consumer Durables	Others	Total
Revenue *				
External	22,594.03	57,561.85	435.89	80,591.77
Inter segment	-	-	-	-
Total	22,594.03	57,561.85	435.89	80,591.77
Results				
Segment results	(39.88)	2,500.37	71.71	2,532.20
Unallocated Income / (Expenses) (net of unallocable expenses/income)				(476.49)
Operating profit				2,055.71
Finance costs				2,222.65
Profit / (Loss) before tax				(166.94)
Income tax expense / (credit)				(100.03)
Net profit / (Loss)				(66.91)
As at 30th September, 2016				
Segment assets	54,608.39	53,521.96	422.80	108,553.15
Unallocated assets				5,044.37
Total assets				113,597.52
Segment liabilities	13,454.47	18,138.04	200.18	31,792.69
Unallocated liabilities				40,968.02
Total liabilities				72,760.71
Other segment information				
Capital expenditure:- **				
Tangible assets	2660.65	332.33	-	2,992.98
Intangible assets	-	9.17	-	9.17
Depreciation ***	1,130.86	926.68	1.00	2,058.54
Amortization	-	104.25	-	104.25

Orient Paper & Industries Ltd.
Notes to condensed financial statements for the six months period ended 30 September 2016

As at and for the period ended 30th September, 2015

Particulars	Paper	Electrical Consumer Durables	Others	Total
Revenue *				
External	23,833.07	55,312.10	303.75	79,448.92
Inter segment	-	-	-	-
Total	23,833.07	55,312.10	303.75	79,448.92
Results				
Segment results	(757.17)	433.48	11.62	(312.07)
Unallocated Income / (Expenses) (net of unallocable expenses/income)				(404.66)
Operating profit				(716.73)
Finance costs				2,497.72
Profit / (Loss) before tax				(3,214.45)
Income tax expense / (credit)				-
Net profit / (Loss)				(3,214.45)
As at 31st March, 2016				
Segment assets	56,189.78	69,108.02	350.04	125,647.84
Unallocated assets				4,292.58
Total assets				129,940.42
Segment liabilities	12,281.48	26,713.51	145.53	39,140.52
Unallocated liabilities				49,378.86
Total liabilities				88,519.38
Other segment information for the period ended September 30, 2015				
Capital expenditure:- **				
Tangible assets	218.01	656.93	-	874.94
Intangible assets	-	10.33		10.33
Depreciation ***	1,229.05	902.54	1.04	2,132.63
Amortization	-	70.57	-	70.57



Geographical segments

The Company primarily operates in India and therefore the analysis of geographical segments is demarcated into its Indian and Overseas Operations.

	₹ in lacs		
Period ended 30th September, 2016	India	Overseas	Total
Revenue *			
Sales to external customers	70,791.21	9,800.56	80,591.77
Other segment information			
Segment assets	106,050.33	2,502.82 #	108,553.15

	₹ in lacs		
Period ended 30th September, 2015	India	Overseas	Total
Revenue *			
Sales to external customers	68,589.55	10,859.37	79,448.92
Other segment information			
Segment assets (as at March 31, 2016)	122,448.07	3,199.77 #	125,647.84

represents trade receivable

Note: The Company has common fixed assets for producing goods for domestic and overseas markets. Hence, separate figures for fixed assets / additions to fixed assets have not been furnished.

* Net of excise duty.

** Excluding ₹ Nil (30 September 2015, ₹ 1.56 lacs) being unallocated corporate/other assets.

*** Excluding ₹ 28.29 lacs (30 September 2015, ₹ 28.97 lacs) on unallocated corporate/other assets.



Orient Paper & Industries Ltd.
Notes to condensed financial statements for the six months period ended 30 September 2016

30. Related party disclosures

Names of related parties and related party relationship

Related parties with whom transactions have taken place during the period	
Associate	Central India & Industries Ltd
Key management personnel	Mr. M.L. Pachisia (Managing director)
	Mr. P. K. Sonthalia (President Finance & CFO)
	Mr. Rakesh Khanna
	Mr. Ajay Gupta
	Mr. B.S.Gilra
Enterprises owned or significantly influenced by key management personnel or their relatives	Mr. R.P.Dutta (Company Secretary)
	Origami Tissues
	Origami Products
	Origami Cellulo Pvt Ltd
	Origami Enterprises

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial period:

a. Sale of goods	₹ in lacs			
	Period ended	Sale of goods	Miscellaneous Receipts	Amount owed by related parties
Enterprises owned or significantly influenced by key management personnel or their relatives	30-Sep-16	-	-	-
	30-Sep-15	19.00	-	-
	30-Sep-16	-	-	-
	30-Sep-15	3.64	-	-
	30-Sep-16	-	-	-
	30-Sep-15	29.03	-	-
	30-Sep-16	-	2.14	-
	30-Sep-15	-	3.78	0.16 **
	30-Sep-16	-	2.14	-
	30-Sep-15	51.67	3.78	0.16 **
Total				
** As at March 31, 2016				

Orient Paper & Industries Ltd.
Notes to condensed financial statements for the six months period ended 30 September 2016

b. Dividend Paid

	Period ended	Dividend Paid	Amount owed by related parties	Amount owed to related parties
Associate				
Central India & Industries Ltd	30-Sep-16	126.61	-	-
	30-Sep-15	50.64	- **	- **
Key management personnel				
Mr. M.L. Pachisia	30-Sep-16	0.09	-	-
	30-Sep-15	0.04	- **	- **
Total	30-Sep-16	126.70	-	-
	30-Sep-15	50.68	- **	- **

** As at March 31, 2016

c. Remuneration to key managerial personnel

	Transaction during the period	Amount owed by related parties	Amount owed to related parties
Mr. M.L. Pachisia	30-Sep-16	163.37	94.92
	30-Sep-15	162.98	-
Mr. P. K. Sonthalia (President Finance & CFO)	30-Sep-16	84.97	-
	30-Sep-15	76.66	-
Mr. Rakesh Khanna	30-Sep-16	115.21	-
	30-Sep-15	98.90	-
Mr. Ajay Gupta	30-Sep-16	56.92	-
	30-Sep-15	43.92	-
Mr. B.S. Gilra	30-Sep-16	16.83	-
	30-Sep-15	15.88	-
Mr. R.P. Dutta (Company Secretary)	30-Sep-16	10.26	-
	30-Sep-15	8.16	-
Total	30-Sep-16	447.56	94.92
	30-Sep-15	406.50	-

** As at March 31, 2016

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

31. Capital and other commitments

Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) ₹1356.50 lacs (31 March 2016: ₹ 890.51 lacs).

32. Contingent liabilities

	30-Sep-16 ₹ In lacs	31-Mar-16 ₹ In lacs
a) Outstanding bank guarantees	4,547.21	3,960.65
b) Bills Discounted under channel finance facilities	-	1,839.57
c) Demands/claims by various Government authorities and others not acknowledged as debts and contested by the Company: (*)		
Excise Duty	2,010.60	2,124.34
Sales Tax	647.62	638.79
Income Tax	234.50	234.50
Water Tax	9,356.74	8,287.38
Cess on Captive Power consumption	5,713.67	5,415.55
Krishi Upaj Mandi Fees	1,229.56	1,229.56
Others	2,936.20	2,727.10
	<u>22,128.89</u>	<u>20,657.22</u>
Against the above, payments have been made under protest and/ or debts have been withheld by respective parties.	845.48	842.00

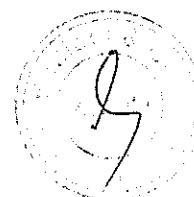
(*) Based on discussions with the solicitors/ favourable decisions in similar cases/legal opinions taken by the Company, the management believes that the Company has a good chance of success in above-mentioned cases and hence, no provision there against is considered necessary.

d) Outstanding claims from employees not acknowledged as debts, including Bonus claims under adjudication and wages for suspension period at Brijrajnagar Unit.

Amount unascertainable

e). In October 1963, the paper division of the Company had applied to the Public Work Department (Irrigation) of the Madhya Pradesh State Government for drawing water without any charge from Some River upto 1165 Million Cubic Feet (MCF) with the provision for increase upto 2500 MCF on full development of paper mill, the permission for which was granted by the State Government. In August 2000, the Madhya Pradesh State Government issued a notification and decided to levy charges on water consumption from river resources for industrial purposes with retrospective effect from June, 1998, the constitutional validity of which was challenged by the Company by way of a writ petition in the High Court of Madhya Pradesh. During the pendency of the said writ petition, the Water Resource Department (WRD) of the State Government started raising the bill for consumption of water on the basis of assumption of total quantum of water allowed to be drawn by the Company at 2500 MCF whereas, as per the Company, the quantum of water allowed to be drawn was 1165 MCF and the Company had never drawn the water even upto the initial quantity of 1165 MCF since it had not attained full development of the paper mill. One of the major reasons for not being able to achieve full development was frequent and perennial shortage of water. Based on an interim order passed by the Madhya Pradesh High Court in the aforesaid writ petition, the Company started paying water charges based on actual consumption of water (less than 1165 MCF), while the WRD of the State Government continued to raise bills on the basis of assumed consumption of 2500 MCF plus interest and penalty thereon. In January 2009, the High Court of Madhya Pradesh upheld the constitutional validity of August 2000 notification. After the aforesaid judgement, the Company paid ₹ 908.47 lacs being the difference amount between the assumed quantity of 1165 MCF and the actual consumption, while the WRD of the State Government continued to raise the bills on the basis of assumed quantity of water consumption of 2500 MCF till April 2009, when the Company entered into a new agreement with the WRD of the State Government for water consumption of only 440 MCF effective from May 2009. The total balance demand for the aforesaid period amounts to ₹ 50,418.30 lacs (including interest and penalty of ₹ 49,005.30 lacs) as at 30 September 2016, for which no provision has been made in the books. The WRD of the State Government issued a notice for recovery of aforesaid demand in February 2015, against which the Company filed a writ petition in the Madhya Pradesh High Court and obtained an interim stay on the recovery. Also, Madhya Pradesh High Court has set aside demand for penal interest in a similar case for another Company. The Company has been legally advised that it has a fit case for quashing the present demand.

33. The Board of Directors of the Company has decided to demerge the Consumer electric business of the Company by transferring the same on a going concern basis to a newly formed wholly owned subsidiary namely "Orient Electric Limited" through a scheme of arrangement w.e.f. March 1, 2017, which is subject to approval of honourable High Court & Shareholders.



Orient Paper & Industries Ltd.

Notes to condensed financial statements as at and for the six months period ended 30th September, 2016

34. Due to inadequacy of profit, remuneration paid to Managing Director of the Company during the years ended 31 March 2015 and 31 March 2016 has exceeded the limit prescribed under section 197 read with schedule V of the Companies Act, 2013. The Company has applied to the Central government, for approval of excess remuneration amounting to ₹.178.19 lacs and Rs.177.70 lacs for the year ended 31 March 2015 and 31 March 2016 respectively.

35. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

	30-Sep-16 ₹ In lacs	31-Mar-16 ₹ In lacs
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year/ period		
Principal amount due to micro and small enterprises	2,182.30	1,250.25
Interest due on above	-	-
	2,182.30	1,250.25
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year/ period	-	139.71
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year/ period	-	1.05
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-

36. Previous year/ period figures

Previous period's figures have been regrouped and rearranged wherever necessary.

As per our report of even date

For S.R.Batliloi & Co. LLP
Firm registration number: 301003E / E300005
Chartered Accountants

per Sanjay Kumar Agarwal
Partner
Membership no.: 060352

Place: New Delhi
Date: 17th October, 2016



For and on behalf of the board of directors

Managing Director

President Finance & CFO

Company Secretary

INDEPENDENT AUDITOR'S REPORT

To the Members of Orient Paper & Industries Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Orient Paper & Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial



statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, its profit, and its cash flows for the year ended on that date.

Emphasis of Matter

- (a) We draw attention to Note 35 to the financial statements regarding non provision of water tax demand amounting to Rs.47,434.91 lacs (including interest and penalty of Rs.46,021.91 lacs) against which the Company has filed writ petition with the Hon'ble High Court and obtained an interim stay on the recovery, as more fully described therein. Pending final decision in the matter, no adjustments are considered necessary at this stage.
- (b) We draw attention to Note 36 to the financial statements regarding remuneration paid to/provided for the Managing Director of the Company during the years ended March 31, 2015 and March 31, 2016 which is in excess of the limit prescribed under Section 197 of the Act read with Schedule V to the Act, by Rs.178.19 lacs and Rs. 177.70 lacs respectively. As informed to us, waiver application has since been filed by the Company for the year ended March 31, 2015 and the Company is in the process of filing waiver application for the year ended March 31, 2016 with the Central Government for the above excess remuneration. Pending the filing of waiver application and receipt of the approval, no adjustments to financial statements have been made.

Our Opinion is not qualified in respect of the above matters.

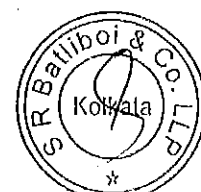
Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act

we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;
- (f) The matter (a) described under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company, in case of an unfavourable decision;
- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer note 34 and 35 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.



S.R. BATLIBOI & Co. LLP

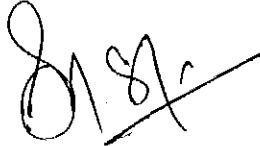
Chartered Accountants

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



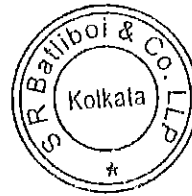
per Sanjay Kumar Agarwal

Partner

Membership Number: 060352

Place: New Delhi

Date: May 06, 2016



Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of Orient Paper & Industries Limited as at and for the year ended March 31, 2016

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification (except for assets of the written down value of Rs. 544.68 lacs at Brajrajnagar unit, due to suspension of production activities) which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification. However, discrepancies, if any, at Brajrajnagar unit are unascertainable due to non-verification of fixed assets for the reasons mentioned above.
- (c) According to information and explanations given by the management, the title deeds of immovable properties, included in Fixed Assets and Investment Property are held in the name of the Company except in respect of land valuing Rs. 432.94 lacs, held in joint ownership and flats valuing Rs.79.87 lacs whose registration in the name of the Company is still pending. Further, in respect of land aggregating to Rs.150.11lacs as at March 31, 2016 pertaining to the Company's Electric unit at Faridabad for which original title deeds were not available with the Company and hence we are unable to comment on the same, although the photocopies of the title deeds were made available to us.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year except for the value of Rs.32.90 lacs at Brajrajnagar unit, due to suspension of production activities and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost

records under section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.
- (b) According to the information and explanations given to us, undisputed dues in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues outstanding, at the year end, for a period of more than six months from the date they became payable are as follows

Name of the statute	Nature of the dues	Amount (Rs in lacs)	Period to which the amount relates	Due Date	Date of Payment
Orissa Municipal Act	Industrial Licence Fees	26.73	1996-97 to 2014-15	Beginning of the respective years	Not yet Paid

- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty on custom, duty of excise and value added tax on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Period to which the amount relates	Amount (Rs in lacs)	Forum where dispute is pending
Central Excise and Customs Act, 1944	Disallowance of Cenvat credit on inputs and capital goods	1979-83, 1986-98, 2000-2015	546.22	Deputy/Assistant Commissioner / Commissioner/ High Court/ CESTAT
	Inclusion of interest in Assessable value	1994-96	10.99	CESTAT
	Disallowance of refund on post manufacturing expenses of paper	1976-77 to 1983-84	149.06	Deputy Commissioner
	Differential duty on manufacture of paper/ duty on various inputs due to difference in classification/ Duty on shortage /excess etc.	1975 to 1977, 1978 to 1985, 1993-97, 2000-01, 2002-03 & 2005-07	81.74	Asst Commissioner/ Commissioner Appeals/ Appellate Tribunal/ CESTAT

Name of the statute	Nature of the dues	Period to which the amount relates	Amount (Rs in lacs)	Forum where dispute is pending
Income Tax Act, 1961	Tax deducted at source (short deduction)	2005-06 to 2012-13	2.16	Commissioner of Income Tax (Appeals)
MP Sales Tax Act, 1961/Central Sales Tax Act 1956	Demand with respect to disallowance of cash discount, levy of higher rate of purchase tax, difference in classification of goods etc.	1998-99, 2000-02 & 2005-06	54.23	Asst Commissioner /Appellate Board/High Court
Other State/Central Sales Tax Acts	Sales tax on stock transfer/export sales, non-submission of forms, penalty etc.	Various	353.94	Asst. Commissioner/ Deputy Commissioner/ Sales Tax officer / Sales Tax Appellate Tribunal/ High court
M.P. Upkar Adhinium, 2004	Energy development cess on consumption of Captive power including surcharge	2001-2002 to 2011-12	5.415.55	Supreme Court

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution or banks. The Company did not have any outstanding dues in respect of Government or debenture holders during the year.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purpose for which the loans were obtained. The Company has not raised any money by way of initial public offer / further public offer / debt instruments during the year.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, during the year the remuneration paid to/provided for the Managing Director of the Company is in excess of the limit prescribed under section 197 read with Schedule V to the Companies Act, 2013 by Rs. 177.70 lacs. Further, the Company has also paid managerial remuneration for the years 2013-14 and 2014-15 in excess of the limit

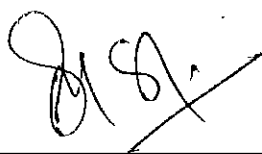
prescribed under the applicable Companies Act by Rs. 127.42 lacs and Rs. 178.19 lacs respectively. The Company's application to the Central Government for such excess remuneration paid in 2014-15 is pending approval by the concerned authority and pending disposal of the same, no steps have been taken for recovery of the excess amount so paid. Also, the Company has shown the amount of Rs 127.42 lacs as recoverable from the Managing Director in respect of excess remuneration paid for the year 2013-14 due to non-approval of the same by the Central Government and steps are being taken to recover the said amount. Also refer EOM para (b) in the main audit report.

- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



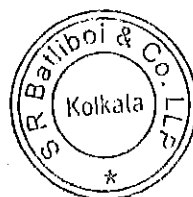
per **Sanjay Kumar Agarwal**

Partner

Membership Number: 060352

Place: New Delhi

Date: May 06, 2016



**ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE
FINANCIAL STATEMENTS OF ORIENT PAPER & INDUSTRIES LIMITED**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section
143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Orient Paper & Industries Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components

S.R. BATLIBOI & Co. LLP

Chartered Accountants

of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



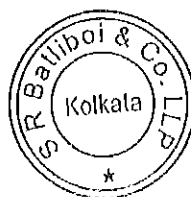
per Sanjay Kumar Agarwal

Partner

Membership Number: 060352

Place: New Delhi

Date: May 06, 2016



Orient Paper & Industries Ltd.
Balance Sheet as at 31 March 2016

	Notes	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs
Equity and liabilities			
Shareholders' funds			
Share capital	3	2,048.79	2,048.79
Reserves and surplus	4	39,372.25	37,886.61
		<u>41,421.04</u>	<u>39,935.40</u>
Non-current liabilities			
Long-term borrowings	5	15,486.36	8,735.29
Deferred tax liabilities (Net)	14	32.51	-
Other long-term liabilities	6	3,346.95	3,352.12
Long-term provisions	7	1,676.34	1,978.00
		<u>20,542.16</u>	<u>14,065.41</u>
Current liabilities			
Short-term borrowings	8	25,818.26	26,517.22
Trade payables	9		
- total outstanding dues of micro enterprises and small enterprises		1,250.25	1,126.05
- total outstanding dues of creditors other than micro enterprises and small enterprises		26,019.48	29,096.87
Other current liabilities	9	11,661.66	9,830.17
Short-term provisions	7	3,227.57	1,760.92
		<u>67,977.22</u>	<u>68,331.23</u>
TOTAL		<u><u>129,940.42</u></u>	<u><u>122,332.04</u></u>
Assets			
Non-current assets			
Fixed assets			
Tangible assets	10	49,403.49	50,600.76
Intangible assets	11	950.39	863.08
Capital work-in-progress		1,661.32	277.15
Expenditure on Expansion/New projects (pending allocation)	12	210.77	-
Non-current investments	13	853.65	869.35
Long-term loans and advances	15	3,262.67	1,762.25
Trade receivables	16.1	-	389.35
Other non-current assets	16.2	324.05	453.73
		<u>56,666.34</u>	<u>55,215.67</u>
Current assets			
Inventories	17	22,295.58	22,866.09
Trade receivables	16.1	38,346.57	36,289.90
Cash and bank balances	18	5,914.62	2,773.83
Short-term loans and advances	15	5,520.60	4,087.22
Other current assets	16.2	1,196.71	1,099.33
		<u>73,274.08</u>	<u>67,116.37</u>
TOTAL		<u><u>129,940.42</u></u>	<u><u>122,332.04</u></u>
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For S.R.Batilbol & Co. LLP
Firm registration number: 301003E / E300005
Chartered Accountants

per Sanjay Kumar Agarwal
Partner
Membership no.: 060352

Place: New Delhi
Date: 6th May, 2016



For and on behalf of the board of directors

C. K. Bhatia

Chairman

President Finance & CFO

M. K. Bhatia

Managing Director

Company Secretary

Orient Paper & Industries Ltd.
Statement of Profit and Loss for the year ended 31 March 2016

	Notes	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs
Income			
Revenue from operations (gross)	19	196,716.95	179,671.72
Less: excise duty		14,681.41	12,786.32
Revenue from operations (net)		182,035.54	166,885.40
Other income	20	1,738.64	2,014.99
Total Revenue (I)		183,774.18	168,900.39
Expenses			
Cost of raw material & components consumed	21	76,420.01	76,536.35
Purchase of traded goods	22	29,183.81	26,378.83
(Increase) / decrease in inventories of finished goods, work-in-progress and traded goods	22	567.65	(4,044.74)
Employee benefits expense	23	18,286.73	16,518.25
Other expenses	24	47,631.56	48,977.23
Total Expenses (II)		172,089.76	164,365.92
Earnings before finance cost, tax, depreciation and amortization (EBITDA) (I) - (II)		11,684.42	4,534.47
Depreciation and amortization expense	25	4,431.00	4,370.05
Finance costs	26	5,118.83	4,377.99
Profit / (Loss) before tax		2,134.59	(4,213.57)
Tax expenses			
Current tax		548.66	-
Less: MAT credit entitlement		(548.66)	-
Less: Income tax refund in respect of earlier years (net)		-	(735.32)
Net Current tax Expense / (Credit)		-	(735.32)
Deferred tax Charge / (Credit)		32.51	(613.23)
Total tax expense / (Credit)		32.51	(1,348.55)
Profit / (Loss) for the year		2,102.08	(2,865.02)
 Basic & Diluted Earnings per equity share [nominal value of share ₹1 (31 March 2015: ₹1) (Rs.)]	27	1.03	(1.40)

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R.Batliboi & Co. LLP

Firm registration number: 301003E / E300005

Chartered Accountants

per Sanjay Kumar Agarwal
Partner

Membership no.: 060352

Place: New Delhi

Date: 6th May, 2016



For and on behalf of the board of directors

C. K. Datta

Chairman

W. B. Datta

Managing Director

Sanjay Kumar Agarwal
President Finance & CFO

Ramprasad Sharma
Company Secretary

Orient Paper & Industries Ltd.

Cash Flow Statement for the year ended 31 March, 2016

	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs
(A) Cash flow from operating activities :		
Net profit/ (loss) before tax	2,134.59	(4,213.57)
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation expenses	4,431.00	4,370.05
Interest expenses	4,711.16	4,108.17
Other borrowing cost	407.67	269.82
(Profit)/ loss on sale of fixed assets (net)	(13.03)	133.40
Irrecoverable debts & advances written off	53.83	49.62
Provision for doubtful debts & advances	119.21	178.26
Provision no longer required written back	(166.86)	(239.82)
Unrealised foreign exchange loss/(gain) (net)	95.82	2.77
Interest & dividend income	(592.74)	(620.54)
Operating profit before working capital changes :	11,180.65	4,038.16
(Decrease) in trade payables	(2,882.15)	(27.43)
Increase/ (decrease) in long term provisions	(301.66)	93.58
Increase/ (decrease) in short term provisions	806.00	(138.92)
Increase in other current liabilities	958.21	559.96
Increase/ (decrease) in other long term liabilities	(5.17)	0.70
(Increase)/ decrease in trade receivables	(1,775.47)	6,092.06
(Increase)/ decrease in inventories	570.51	(6,575.42)
(Increase)/ decrease in long term loans & advances	103.07	(4.45)
(Increase) in short term loans & advances	(721.79)	(502.48)
(Increase)/ decrease in other long term assets	196.90	(96.30)
(Increase) in other current assets	(29.01)	(357.29)
Cash generated from operations:	8,100.09	3,082.17
Direct taxes paid (net)	(488.24)	555.81
Net cash from operating activities	7,611.85	3,637.98
(B) Cash flow from investing activities :		
Proceeds from sale of fixed assets	180.27	55.28
Purchase of fixed assets	(5,923.95)	(3,666.19)
Advance against sale of fixed assets	618.40	-
Interest received	327.99	396.60
Dividend received	248.10	223.87
Fixed deposits made (net)	0.60	(38.47)
Net cash (used in) investing activities	(4,548.59)	(3,028.91)
(C) Cash flow from financing activities :		
Repayment of long term loans	(2,769.19)	(1,000.00)
Proceeds from long term loans	9,000.00	7,500.00
Repayment of short term borrowings (net)	(698.96)	(2,201.83)
Interest paid	(4,673.10)	(4,180.34)
Other borrowing cost	(526.61)	(269.82)
Dividend paid	(213.05)	(221.50)
Dividend tax paid	(40.96)	(34.82)
Net cash from/(used in) financing activities	78.13	(408.31)
Net changes in cash & cash equivalents (A+B+C)	3,141.39	200.76
Cash & cash equivalents - opening balance *	2,688.55	2,487.79
Cash & cash equivalents - closing balance *	5,829.94 **	2,688.55 **

Summary of significant accounting policies 2.1

* Represents cash and bank balances as indicated in note 18 and excludes ₹ 84.68 lacs (₹ 85.28 lacs) being fixed deposits with maturity of more than three months.

** Includes ₹ 79.56 lacs (₹ 87.74 lacs) lying in unpaid dividend account

Note: The above Cash Flow has been prepared under the indirect method set out in Accounting Standard - 3 on Cash Flow Statement notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014.

As per our report of even date.

For S.R.Batilboi & Co. LLP

Firm registration number: 301003E / E300005

Chartered Accountants

per Sanjay Kumar Agarwal
Partner

Membership no.: 060352

Place: New Delhi
Date: 6th May, 2016



For and on behalf of the board of directors

C.R. Bala

Chairman

M. Radic

Managing Director

President Finance & CFO

Company Secretary

Orient Paper & Industries Ltd.

Notes to financial statements as at and for the year ended 31 March 2016

1. Corporate information

Orient Paper & Industries Ltd. ("the Company") is a public company domiciled in India. Its shares are listed on National and Bombay Stock Exchanges in India. The Company is primarily engaged in manufacture and sale of Paper, Electrical Consumer Durables, Chemicals, Industrial Blowers and Air Pollution Control Equipments. The Company presently has manufacturing facilities at Amlai, Brajrajnagar, Faridabad, Noida and Kolkata.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention except in case of assets for which revaluation is carried out.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Summary of significant accounting policies

(a) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(b) Tangible fixed assets

Tangible fixed assets are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price inclusive of duties (net of cenvat), taxes (net of VAT / CST), incidental expenses, erection / commissioning expenses etc. and borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components of building and machinery. When significant parts of fixed assets are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on an existing fixed asset, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the year during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

Machinery spares which can be used only in connection with an item of fixed asset and whose use as per technical assessment is expected to be irregular, are capitalised and depreciated over the residual life of the respective assets.

(c) Depreciation on tangible fixed assets

The classification of plant and machinery into continuous and non-continuous process is done as per technical certification and depreciation thereon is provided accordingly.

Depreciation on fixed assets is provided under Straight Line Method (except for furniture, fixtures and vehicles valuing ₹ 707.26 lacs (31 March 2015, ₹ 696.94 lacs) where Written Down Value method is followed) using the rates arrived at based on the useful lives estimated by the management which is in line with Schedule II of the Companies Act, 2013. The Company has used the following rates to provide depreciation on its fixed assets :-



Orient Paper & Industries Ltd.

Notes to financial statements as at and for the year ended 31 March 2016

Class of Asset	Useful Lives estimated by the management (years)
Factory Buildings	30
Non-Factory Buildings	5 to 60
Railway Sidings	15
Plant and equipments	3 to 40
Furnitures & Fixtures	8 to 10
Computers (included under plant & equipments)	3
Office Equipments	5
Vehicles	8 to 10

Depreciation on assets added / disposed off during the year is provided on pro-rata basis with reference to the date of addition/disposal.

The management has estimated, supported by independent assessment by professionals, the useful lives of certain plant and equipment as 3 to 20 years. These lives are lower than those indicated in Schedule II to the Companies Act, 2013.

Leasehold properties are depreciated over the primary period of lease or their respective useful lives, whichever is shorter.

(d)(i) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the Statement of Profit and Loss in the year in which the expenditure is incurred. Research costs are expensed as incurred.

(d)(ii) Amortisation of Intangible assets

Intangible assets are amortized on a straight line basis over the estimated useful economic life of the asset. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the effect that useful life of an intangible asset exceeds ten years, the Company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

Intangible assets being Specialized Software and Technical Know how are amortised on a straight line basis over their useful lives of 3 years and 10 years respectively.

(e) Leases

Finance Lease:

Where the Company is lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the Statement of Profit and Loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.



Orient Paper & Industries Ltd.

Notes to financial statements as at and for the year ended 31 March 2016

Operating Lease:

Where the Company is lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

Where the Company is the lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets/ investment property. Lease income on an operating lease is recognized in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Statement of Profit and Loss.

(f) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the year they occur.

(g) Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses, including impairment on inventories, are recognized in the statement of profit and loss, except for previously revalued plant, property and equipment, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation. After impairment, if any, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(h) Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, its value is deducted in arriving at the carrying amount of the related asset.

(i) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.



Orient Paper & Industries Ltd.

Notes to financial statements as at and for the year ended 31 March 2016

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(i)(a) Investment property

An investment in land or buildings, which is not intended to be occupied substantially for use by, or in the operations of the Company, is classified as investment property. Investment properties are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the investment property to its working condition for the intended use.

Depreciation on investment property is calculated on a straight-line basis using the rate arrived at based on the useful life estimated by the management. The Company has used the following rates to provide depreciation on its Investment Property :-

Class of Asset	Useful Lives estimated by the management (years)
Non-Factory Buildings	60
Plant and equipments	15
Office Equipments	5

On disposal of an investment property, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

(j) Inventories

Raw materials components, stores, chemicals and spare parts are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials components, stores, chemicals and spare parts is determined on annual weighted average / transaction moving weighted average method.

Work-in-progress, finished goods and traded goods are valued at lower of cost and net realizable value. Cost includes cost of direct materials, labour, and a proportion of manufacturing overheads based on normal operating capacity. Cost of Work-in-progress is determined on annual weighted average basis. Cost of finished goods includes excise duty and is determined on annual weighted average basis.

By-products are valued at net realisable value.

Saleable scrap, whose cost is not identifiable, is valued at net realisable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(k) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:



Orient Paper & Industries Ltd.

Notes to financial statements as at and for the year ended 31 March 2016

Sale of goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, which usually take place (or happens) on delivery of the goods. The Company collects sales taxes and value added taxes on behalf of the government and, therefore, they are excluded from revenue as these are not economic benefits flowing to the Company. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the Statement of Profit and Loss.

Dividends

Dividend income is recognized when the Company's right to receive dividend is established by the reporting date.

Claims / Refunds

Insurance & other claims / refunds, due to uncertainty in realisation, are accounted for on acceptance / actual receipt basis.

(I) Foreign currency translation

Foreign currency transactions and balances

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

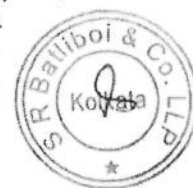
Foreign currency monetary items are translated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined. Investment in foreign companies are considered at the exchange rates prevailing on the date of their acquisition.

Exchange differences

Exchange differences arising on the settlement/conversion of monetary items are recognized as income or expenses in the year in which they arise.

Forward exchange contracts entered into to hedge foreign currency risk of an existing asset / liability

The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense / income over the life of the contract. Exchange differences on such contracts are recognized in the Statement of Profit and Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the year.



Orient Paper & Industries Ltd.

Notes to financial statements as at and for the year ended 31 March 2016

(m) Retirement and other employee benefits

Retirement benefit in the form of Provident Fund and Superannuation Schemes are defined contribution schemes. The Company has no obligation, other than the contribution payable to the respective funds. The Company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

Gratuity liability is defined benefit obligation and is provided for on the basis of actuarial valuation done on projected unit credit method at the end of Balance Sheet date. Actuarial gains and losses are recognized in full in the year in which they occur in the Statement of Profit and Loss.

The Company treats accumulated leaves expected to be carried forward beyond twelve months, as long term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the end of each financial year. The Company presents the leave as current liability in the Balance Sheet, to the extent it does not have an unconditional right to defer its settlement beyond 12 months after the reporting date. Where company has unconditional legal and contractual right to defer the settlement for the period beyond 12 months, the same is presented as non current liability. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.

(n) Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the Statement of Profit and Loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum alternate tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under The Income-tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.



Orient Paper & Industries Ltd.

Notes to financial statements as at and for the year ended 31 March 2016

(o) Segment reporting

Identification of segments

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which the customers of the Company are located.

Allocation of common costs

Common allocable costs are allocated to each segment on a case to case basis applying the ratio, appropriate to each relevant case. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segment on a reasonable basis, are included under the head "Unallocated".

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

(p) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(q) Provisions

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

(q)(a) Warranty Provisions

Provisions for warranty-related costs are recognised when the product is sold or service provided. Provision is based on historical experience. The estimate of such warranty-related costs is revised annually.

(r) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.



Orient Paper & Industries Ltd.

Notes to financial statements as at and for the year ended 31 March 2016

(s) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(t) Derivative instruments not for trading or speculation

In accordance with the ICAI announcement, derivative contracts, other than foreign currency forward contracts covered under AS 11, are marked to market on a portfolio basis, and the loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the statement of profit and loss. Gains are ignored as a matter of prudence.

(u) Excise Duty & Custom Duty

Excise duty on Finished goods stock lying at the factories is accounted for at the point of manufacture of goods and accordingly, is considered for valuation of finished goods stock lying in the factories as on the Balance Sheet date. Similarly, customs duty on imported materials in transit / lying in bonded warehouse is accounted for at the time of import / bonding of materials.

(v) Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI of the Companies Act, 1956, the Company has elected to present earnings before finance costs, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the Statement of Profit and Loss. In the measurement of EBITDA, the Company does not include depreciation and amortization expense, finance costs and tax expense.



Orient Paper & Industries Ltd.
Notes to financial statements as at and for the year ended 31 March 2016

3. Share capital

	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs
Authorised shares (No. in lacs)		
7,500 (31 March 2015: 7,500) Equity Shares of ₹1/- each	7,500.00	7,500.00
25 (31 March 2015: 25) Preference Shares of ₹100/- each	2,500.00	2,500.00
Issued Shares (No. in lacs)		
2,048.88 (31 March 2015 : 2,048.88) Equity Shares of ₹1/- each	2,048.88	2,048.88
Total issued capital	2,048.88	2,048.88
Subscribed and paid-up shares (No. in lacs)		
2,048.69 (31 March 2015: 2,048.69) Equity Shares of ₹1/- each	2,048.69	2,048.69
Add: Forfeited shares (Amount Originally Paid-Up)	0.10	0.10
Total subscribed and paid-up share capital	2,048.79	2,048.79

(a) Reconciliation of the shares outstanding at the beginning and at the end of the year

Equity shares	31-Mar-16		31-Mar-15	
	No. in lacs	₹ In lacs	No. in lacs	₹ In lacs
At the beginning of the year	2,048.69	2,048.69	2,048.69	2,048.69
Issued during the year	-	-	-	-
Outstanding at the end of the year	2,048.69	2,048.69	2,048.69	2,048.69

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31 March 2016, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 0.25 per share (31 March 2015: ₹ 0.10 per share).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	31-Mar-16		31-Mar-15	
	No. in lacs	% holding in the class	No. in lacs	% holding in the class
Equity shares of ₹1 each fully paid				
Central India Industries Limited	506.44	24.72%	506.44	24.72%
Reliance Capital Trustee Co. Ltd A/c Reliance Growth Fund	136.23	6.65%	136.23	6.65%
Shekhavali Investments & Traders Ltd.	123.21	6.01%	123.21	6.01%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

4. Reserves and surplus

	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs
Investment Subsidy	15.00	15.00
Revaluation reserve		
Balance as per the last financial statements	599.95	599.95
General reserve		
Balance as per the last financial statements	27,654.52	27,902.82
Less: Adjustment on account of implementation of Schedule II of Companies Act, 2013 (net of deferred tax)	-	248.30
Closing Balance	27,654.52	27,654.52
Surplus in the Statement of Profit and Loss		
Balance as per last financial statements	9,617.14	12,727.99
Profit / (Loss) for the year	2,102.08	(2,865.02)
Less: Appropriations		
Proposed equity dividend (amount per share ₹ 0.25 (31 March 2015: ₹ 0.10))	512.17	204.87
	104.27	40.96
Tax on proposed equity dividend	616.44	245.83
Total appropriations	11,102.78	9,617.14
Net surplus in the statement of profit and loss	39,372.25	37,886.61
Total reserves and surplus	39,372.25	37,886.61



Orient Paper & Industries Ltd.
Notes to financial statements as at and for the year ended 31 March 2016
5. Long-term borrowings

	Non-current portion		Current maturities	
	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs
Term loans (Secured)				
(a) From a Financial Institution	2,000.00	3,000.00	1,000.00	1,000.00
(b) From Banks	8,970.59	5,735.29	1,764.71	1,764.71
(c) From Others	3,750.00	-	250.00	-
Other loans (Secured)				
Finance Lease Obligation	765.77	-	29.74	-
	15,486.36	8,735.29	3,044.45	2,764.71
Less amount disclosed under the head "other current liabilities" (note 9)	-	-	(3,044.45)	(2,764.71)
Net amount	15,486.36	8,735.29	-	-

Notes:

(a) Term loan from a Financial Institution is secured by first pari-passu charge on the fixed assets (both present and future) pertaining to the Paper plants at Amlai & Brajrajnagar and carries interest @ 12.05% p.a. (31 March 2015: 12.50 % p.a.) and is repayable in 20 equal quarterly instalments starting from 28 June, 2014 (upto 28 March, 2019).

(b) Term loan from Banks are secured by first pari-passu charge on the fixed assets (both present and future) pertaining to the Paper plants at Amlai & Brajrajnagar. Term loan of ₹ 5735.29 lacs carries interest @ 11.10 % p.a. (31 March 2015: 11.50% p.a.) and ₹ 5000 lacs carries interest @ 10.55% p.a. (31 March 2015: Nil). The above loans are repayable in 17 equal quarterly instalments starting from 28 May, 2015 and 20 unequal quarterly instalments starting from 08 May, 2018 respectively. (upto 28 May, 2019 and 8 February, 2023 respectively)

(c) Term loan from others is secured by pari-passu first charge on the fixed assets (both present and future) pertaining to the Paper plants at Amlai and Brajrajnagar and carries interest @ 11.00% p.a. (31 March 2015: Nil) and is repayable in 16 equal quarterly instalments starting from 21 March, 2017 (upto 21 December, 2020).

(d) Finance lease obligation is secured against the plant & machinery taken on lease. The gross investments in lease, i.e. lease obligation plus interest, is payable in 117 monthly instalments of ₹ 13.50 lacs each.

6. Other long-term liabilities

	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs
Trade & Other Deposits	3,346.95	3,352.12
	3,346.95	3,352.12

7. Provisions

	Long-term		Short-term	
	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs
Provision for employee benefits				
Provision for gratuity (note 28)	653.04	864.72	642.89	585.21
Provision for leave benefits	726.08	670.68	196.85	170.58
	1,379.12	1,535.40	839.74	755.79
Other provisions				
Provision for warranties	297.22	442.60	1,481.35	759.30
Provision for Taxation (Net of advance tax ₹ 258.62 lacs (31 March 2015: Nil))	-	-	290.04	-
Proposed equity dividend	-	-	512.17	204.87
Provision for tax on proposed equity dividend	-	-	104.27	40.96
	297.22	442.60	2,387.83	1,005.13
	1,676.34	1,978.00	3,227.57	1,760.92

Provision for warranties

A provision is recognized for expected warranty claims on products based on management estimate of present obligation in this regard during the warranty period, computed on the basis of past experience of levels of repairs and returns. It is expected that the entire provision will be utilized within two years of the Balance Sheet date, since the warranty period is generally for one or two years. The table below gives information about movement in warranties provisions.

	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs
At the beginning of the year	1,201.90	1,451.14
Arising during the year	1,717.82	977.50
Utilized during the year	(1,141.15)	(1,226.74)
At the end of the year	1,778.57	1,201.90
Current portion	1,481.35	759.30
Non-current portion	297.22	442.60



Orient Paper & Industries Ltd.

Notes to financial statements as at and for the year ended 31 March 2016

8. Short-term borrowings

	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs
Cash credit (including Working Capital Demand Loans) from banks (secured)	13,191.54	13,104.44
Other Loans :-		
Secured :		
Term Loan from Others	3,000.00	3,793.75
Unsecured :		
Term Loans		
From a Bank	4,000.00	4,000.00
From Others	5,000.00	5,000.00
Buyers Credit	626.72	619.03
	25,818.26	26,517.22

Notes:

1. Cash credit (including Working Capital Demand Loans) from banks are secured against hypothecation of stock in trade, stock in progress, raw materials, stores and chemicals, book debts and other current assets of the Company and second charge on fixed assets pertaining to the Paper plants at Amlai & Brajrajnagar of the Company and are repayable on demand. The above loans carry interest @ 9.75% p.a. to 10.60% p.a. (31 March 2015 :10.25 % p.a. to 11.35% p.a.)

2. Loan from Others is secured against pledge of shares held as investments in Century Textiles & Industries Limited by the Company and carries interest @ 10.50% p.a.(31 March 2015: 11.25%) and is repayable on 16 August, 2016.

3. Unsecured Term Loans from a Bank / Others carry interest @ 9.80% to 10.90% p.a.(31 March 2015 : 10.25% to 11.00%) and are repayable in 90 days to 366 days .

4. Buyers Credit carries interest @ 0.86 % to 1.16% (31 March 2015 0.86 % p.a. to 1.16 %) p.a and is repayable in 90 days .

9. Other current liabilities

	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs
Trade payables (including acceptances of ₹ 7.85 lacs (31 March 2015: ₹ 71.09 lacs)) (refer note 38 for details of dues to micro and small enterprises)		
- total outstanding dues of micro enterprises and small enterprises	1,250.25	1,126.05
- total outstanding dues of creditors other than micro enterprises and small enterprises	26,019.48	29,096.87
	27,269.73	30,222.92
Other liabilities		
Payables against purchase of Fixed Assets	1,776.51	1,831.25
Current maturities of long-term borrowings (note 5)	3,014.71	2,764.71
Current portion of finance lease obligations (note 5)	29.74	-
Advance against Sale of goods/ fixed Assets	1,526.97	532.63
Interest accrued but not due on borrowings	123.36	85.30
Preference Share Redemption Amount	5.18	5.18
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
Unpaid dividend	79.56	87.74
Others		
Trade & Other Deposits	390.92	333.44
Current portion of Deferred Payment Liabilities (Voluntary Retirement Scheme)	0.24	2.79
Statutory dues payable	4,680.55	4,164.54
Other Miscellaneous	33.92	22.59
	11,661.66	9,830.17
	38,931.39	40,053.09



Orient Paper & Industries Ltd.
Notes to financial statements for the year ended 31 March 2016

10. Tangible assets

	Freehold Land	Leasehold Land	Factory Buildings	Non-Factory Buildings (b)	Railway Sidings	Plant and equipment (e)	Furniture and fixtures	Office equipment	Vehicles	Total
₹ in lacs										
Cost or valuation										
At 1 April 2014	223.03	202.45	5,996.34	3,358.09	96.89	77,836.71	1,289.75	663.80	469.05	90,136.11
Additions	-	-	91.85	-	-	3,797.81	166.28	178.56	72.73	4,307.23
Disposals / Deductions	-	-	58.86	1.33	-	1,023.49	3.45	1.09	58.00	1,146.22
At 31 March 2015	223.03	202.45	6,029.33	3,356.76	96.89	80,611.03	1,452.58	841.27	483.78	93,297.12 (a)
Additions	-	-	285.62	-	-	2,634.23	100.32	191.83	19.76	3,231.76
Disposals / Deductions	0.04	-	-	8.33	-	546.32	1.30	5.97	96.51	658.47
At 31 March 2016	222.99	202.45	6,314.95	3,348.43	96.89	82,698.94	1,551.60	1,027.13	407.03	95,870.41 (a)
Depreciation										
At 1 April 2014	-	110.16	1,880.68	998.66	65.11	34,076.00	612.43	368.66	253.67	38,365.37
Charge for the year	-	4.03	198.35	77.98	3.40	3,711.46	115.81	113.68	44.36	4,289.07
Charge to general reserve	-	-	24.12	10.13	0.01	258.43	17.52	60.27	0.48	370.96
Disposals / Deductions	-	-	13.45	-	-	278.04	0.67	0.55	16.33	309.04
At 31 March 2015	-	114.19	2,089.70	1,086.77	68.52	37,767.85	745.09	542.06	282.18	42,696.36 (c)
Charge for the year	-	4.41	232.17	82.02	1.94	3,628.27	164.11	114.21	34.66	4,261.79
Disposals / Deductions	-	-	-	6.29	-	432.06	1.17	4.74	46.97	491.23
At 31 March 2016	-	118.60	2,321.87	1,162.50	70.46	40,964.06	908.03	651.53	269.87	46,466.92
Net Block										
At 31 March 2015	223.03	88.26	3,939.63	2,269.99	28.37	42,843.18	707.49	299.21	201.60	50,600.76
At 31 March 2016	222.99	83.85	3,993.08	2,185.93	26.43	41,734.88	643.57	375.60	137.16	49,403.49

a. Includes assets held in Joint Ownership ₹1,344.72 lacs (31 March 2015, ₹1,344.72 lacs), which have been charged against the amount payable as rent for the land and proportionate share of expenses.

b. Includes ₹ 79.87 lacs (31 March 2015, ₹ 79.87 lacs) in respect of flats whose registration in the Company's name is pending.

c. Includes depreciation ₹ 188.64 lacs (31 March 2015: ₹ 197.06 lacs) on assets at Brajrajnagar unit, where manufacturing operations were not carried on during the year.

d. Land, Buildings and Plant & Equipments of the Paper units at Amlai & Brajrajnagar, Air Conditioning unit at Kolkata and land at Faridabad unit of the Company were revalued in earlier years and the resultant surplus thereon was transferred to Revaluation Reserve.

e. Includes plant and equipment taken on finance lease :- gross block of ₹ 800 lacs (31 March 2015: ₹ Nil) and Net block ₹ 787.33 lacs (31 March 2015: ₹ Nil)



Orient Paper & Industries Ltd.
Notes to financial statements for the year ended 31 March 2016
11. Intangible assets

	Computer software	Technical Know How	Total
Gross block			
At 1 April 2014	564.94	-	564.94
Additions	121.09	750.97	872.06
At 31 March 2015	686.03	750.97	1,437.00
Additions	240.82	-	240.82
At 31 March 2016	926.85	750.97	1,677.82
Amortization			
At 1 April 2014	488.64	-	488.64
Charge for the year	71.08	14.20	85.28
At 31 March 2015	559.72	14.20	573.92
Charge for the year	78.41	75.10	153.51
At 31 March 2016	638.13	89.30	727.43
Net block			
At 31 March 2015	126.31	736.77	863.08
At 31 March 2016	288.72	661.67	950.39

12. Details of Expenditure on Expansion/New Projects: (Pending Allocation)

	31-Mar-16 ₹ in lacs	31-Mar-15 ₹ in lacs
a) Pre-Operative & Trial Run Expenses:		
Salary & Wages	87.32	151.82
Interest	51.89	-
Rent	-	150.00
Miscellaneous Expenses	71.56	46.50
	210.77	348.32
b) Add: Balance brought forward from previous year	-	71.29
c) Less: Allocated to Fixed Assets during the year	-	(419.61)
d) Balance carried to Balance Sheet	210.77	-



Orient Paper & Industries Ltd.

Notes to financial statements as at and for the year ended 31 March 2016

13. Non-current investments		
	31-Mar-16	31-Mar-15
	₹ In lacs	₹ In lacs
Investment property (at cost less accumulated depreciation)		
Cost of land and building given on operating lease (a)	809.61	809.61
Less: Accumulated depreciation	147.36	131.66
Net block	662.25	677.95
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity instruments		
Investment in joint venture		
173.99 lacs (31 March 2015: 173.99 lacs) Equity shares of K. Sh 20 each fully paid-up in Panafrikan Paper Mills (E.A) Ltd. (Valued at the rate of exchange prevailing on the date of payments or allotments)	-	-
(At cost less provision for other than temporary diminution in value ₹ 413.92 lacs (31 March 2015 ₹ 413.92 lacs))		
Government securities (unquoted)		
6 Years National Savings Certificates (b)	0.90	0.90
Non-trade Investments (valued at cost unless stated otherwise)		
Investment in equity instruments (quoted)		
0.25 lac (31 March 2015: 0.25 lac) equity shares of ₹10 each fully paid-up in Tungabhadra Industries Ltd.	-	-
(At Cost less provision for diminution ₹ 0.77 lac (31 March 2015: ₹ 0.77 lac))		
200 (31 March 2015: 200) equity shares of ₹10 each fully paid-up in Orissa Textiles Mills Ltd.	-	-
(At Cost less provision for diminution ₹ 0.02 lac (31 March 2015: ₹ 0.02 lac))		
9.06 lacs (31 March 2015: 9.06 lacs) equity shares of ₹10 each fully paid-up in Hyderabad Industries Ltd.	127.12	127.12
15.45 lacs (31 March 2015: 15.45 lacs) equity shares of ₹10 each fully paid-up in Century Textiles & Industries Ltd. (c)	6.73	6.73
Investment in equity instruments (unquoted)		
0.30 lac (31 March 2015: 0.30 lac) equity shares of ₹10 each fully paid-up in Birla Buildings Ltd.	3.01	3.01
0.06 lac (31 March 2015: 0.06 lac) equity shares of ₹10 each fully paid-up in GMMCO Ltd.	53.64	53.64
Total	191.40	191.40
	853.65	869.35
Aggregate amount of quoted investments (Market value: ₹12,855.99 lacs (31 March 2015: ₹15,381.36 lacs))	133.85	133.85
Aggregate amount of unquoted investments	57.55	57.55
Carrying value of investment property	662.25	677.95
Aggregate provision for diminution in value of investments	414.71	414.71

a) The Company along with other co-owners, has developed a plot of land and constructed a building thereon at 25, Barakhamba Road, New Delhi, where the Company's share is 15%. The registration of the said plot of land of value ₹ 432.94 lacs (31 March 2015: ₹ 432.94 lacs) in the name of the Company is still pending.

b) Government Securities of Face Value ₹ 0.90 lac (31 March 2015: ₹ 0.90 lac) are lodged with Government Departments as Security Deposits.

c) Pledged as security against short term loans taken (note 8)



Orient Paper & Industries Ltd.
Notes to financial statements as at and for the year ended 31 March 2016
14. Deferred tax liability (net)

	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting	7,869.23	7,673.82
Gross deferred tax liability	7,869.23	7,673.82
Deferred tax asset		
Impact of expenditure charged to the Statement of Profit and Loss in the current year but allowed for tax purposes on payment basis	1,352.14	1,269.86
Provision for doubtful debts and advances	240.31	199.87
Provision for warranties	615.53	408.52
Unabsorbed depreciation and carried forward business loss	5,628.74	5,795.57
Gross deferred tax asset	7,836.72	7,673.82
Net deferred tax Liability	32.51	-

15. Loans and advances

	Non-current		Current	
	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs
(Unsecured)				
Capital advances				
Considered good	1,808.46	206.77	-	-
Considered doubtful	-	1.80	-	-
	1,808.46	208.57	-	-
Less: Provision for doubtful Capital Advances	-	1.80	-	-
(A)	1,808.46	206.77	-	-
Trade & Other Deposits				
Considered good	819.21	960.87	24.13	36.69
Considered doubtful	-	-	10.00	10.00
	819.21	960.87	34.13	46.69
Less: Provision for doubtful Trade & Other Deposits	-	-	10.00	10.00
(B)	819.21	960.87	24.13	36.69
Advances recoverable in cash or in kind or for value to be received or pending adjustments				
Considered good	111.47	106.78	2,490.47	2,191.05
Considered doubtful	-	-	12.86	-
	111.47	106.78	2,503.33	2,191.05
Less: Provision for doubtful advances	-	-	12.86	-
(C)	111.47	106.78	2,490.47	2,191.05
Other loans and advances (Considered Good)				
Loan to employees	-	-	2.83	-
Deposits against demand under dispute	512.11	481.99	97.56	157.25
Prepaid Expenses	11.42	5.84	290.70	227.77
Advance payment of Income tax, tax deducted at source & refunds receivable etc. (Net of provision for tax ₹ 26.50 lacs (31 March 2015: ₹ 26.50 lacs))	-	-	737.48	507.86
MAT Credit Entitlement	-	-	548.66	-
Balances with Excise, Customs, Port Trusts and Other Government Authorities	-	-	1,328.77	966.60
(D)	523.53	487.83	3,006.00	1,859.48
Total (A+B+C+D)	3,262.67	1,762.25	5,520.60	4,087.22

Advances due by director/ officer of the Company.

	Non-current		Current	
	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs
Advances due by director of the Company	-	-	62.43	-



Orient Paper & Industries Ltd.

Notes to financial statements as at and for the year ended 31 March 2016

16. Trade receivables and other assets

16.1. Trade receivables

	Non-current		Current	
	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs
Outstanding for a period exceeding six months from the date they are due for payment				
Secured, considered good	-	-	25.79	25.50
Unsecured, considered good	-	-	409.97	500.41
Considered doubtful	-	-	584.74	469.49
	-	-	1,020.50	995.40
Less: Provision for doubtful trade receivables	-	-	584.74	469.49
(A)	-	-	435.76	525.91
Other receivables				
Secured, considered good	-	-	2,649.33	2,437.64
Unsecured, considered good	-	389.35	35,261.48	33,326.35
Considered doubtful	-	-	99.64	106.74
	-	389.35	38,010.45	35,870.73
Less: Provision for doubtful trade receivables	-	-	99.64	106.74
(B)	-	389.35	37,910.81	35,763.99
(A)+(B)	-	389.35	38,346.57	36,289.90

16.2. Other Assets

	Non-current		Current	
	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs
Unsecured, considered good				
Interest accrued on Loans, Debts, Deposits etc.	-	-	20.16	3.51
Export Benefit Receivable	-	-	680.12	684.66
Claims & Refunds Receivable	149.48	346.38	409.71	376.16
Unamortised ancillary cost of borrowings	174.57	107.35	86.72	35.00
	324.05	453.73	1,196.71	1,099.33

17. Inventories

	Note	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs
Valued at Lower of Cost and Net Realisable Value			
Raw materials & components	21	7,054.87	7,054.42
Work-in-progress	22	1,007.12	924.46
Finished goods	22	8,093.89	8,772.78
Traded goods	22	3,452.15	3,361.60
Stores, Chemicals and spare parts etc.		2,597.82	2,577.29
At Estimated Realisable Value			
By-Products		1.95	4.03
Scrap		87.78	171.51
		22,295.58	22,866.09
The above includes stock in transit:			
Finished Goods		234.58	109.40
Traded goods		34.47	-
Stores, Chemicals and spare Parts etc.		20.72	20.69
		289.77	130.09

18. Cash and bank balances

	Current	
	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs
Cash and cash equivalents		
Balances with banks:		
– On current accounts (including ₹ 5.18 lacs (31 March 2015, ₹ 5.18 lacs) in earmarked accounts)	5,728.39	2,569.91
– Deposits with original maturity of less than three months	0.09	0.09
– On unpaid dividend account	79.56	87.74
In Post office savings bank account	-	0.68
Cheques on hand	0.93	1.60
Unpaid matured deposits	3.60	3.60
Cash on hand	17.37	24.93
	5,829.94	2,688.55
Other bank balances *		
Deposits with original maturity for more than 12 months	0.86	8.85
Deposits with original maturity for more than 3 months but less than 12 months	83.82	76.63
	84.68	85.28
	5,914.62	2,773.83

* Receipts/Pass Books for ₹ 77.26 lacs (31 March 2015: ₹ 77.28 lacs) are lodged with Government Departments/Banks as security.



Orient Paper & Industries Ltd.
Notes to financial statements as at and for the year ended 31 March 2016
19. Revenue from operations

	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs
Revenue from operations		
Sale of products		
Finished goods	160,018.97	147,262.91
Traded goods	37,762.41	32,945.44
	197,781.38	180,208.35
Less: Cash Discount, Rebates etc.	4,864.04	5,090.19
	192,917.34	175,118.16
Other operating revenue		
Scrap sales	2,369.41	3,321.34
Export Incentives	1,178.36	1,029.42
Other Receipts	251.84	202.80
Revenue from operations (gross)	196,716.95	179,671.72
Less: Excise duty	14,681.41	12,786.32
Revenue from operations (net)	182,035.54	166,885.40

Detail of products sold

	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs
Finished goods sold		
Paper & Board	44,867.32	42,029.28
C.S.Lye	4,945.12	4,253.58
C.S.Flakes	4,040.58	2,970.61
Liquid Chlorine	187.05	195.59
Hydrochloric Acid	53.84	96.50
Electrical Fans	79,693.88	79,119.36
Lights & Luminaries	21,277.40	14,277.22
Switchgears	804.65	3.28
Air Pollution Control Equipments	196.48	171.79
Industrial Blowers	429.69	449.84
Other Miscellaneous Items	120.67	193.57
	156,616.68	143,760.60
Traded goods sold		
Electrical Fans	18,046.58	16,423.23
Lights & Luminaries	10,077.66	7,798.78
Appliances	8,128.46	7,137.55
Switch Gear	47.96	-
	36,300.66	31,357.56
	192,917.34	175,118.16

20. Other income

	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs
Interest income on		
Debts, deposits, advances etc.	344.64	398.67
Dividend income on		
Long-term investments	248.10	223.87
Rental income on investment property	299.38	214.38
Insurance & Other Claims	145.35	340.77
Rent & Hire Charges	261.01	254.09
Unspent Liabilities, Provisions no longer required and Unclaimed	166.86	239.82
Balances written back	-	131.98
Gain on Exchange Rate Fluctuations (net)	-	-
Profit on sale of fixed assets (net)	13.03	-
Miscellaneous Income	260.27	213.41
	1,738.64	2,014.99



Orient Paper & Industries Ltd.
Notes to financial statements as at and for the year ended 31 March 2016

21. Cost of raw materials & components consumed

	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs
Inventory at the beginning of the year	7,054.42	5,057.43
Add: Purchases & procurement expenses / job charges	76,820.65	78,667.94
	83,875.07	83,725.37
Less: Sales	400.19	134.60
Less: Inventory at the end of the year	7,054.87	7,054.42
Cost of raw materials & components consumed	76,420.01	76,536.35

Details of raw materials & components consumed

	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs
Bamboo	5,379.42	8,180.42
Wood	10,368.34	7,972.92
Salt	1,560.69	1,513.24
Copper Wire Road & Strips	6,583.81	8,162.18
CRCA, Silicon Sheets & Plates	6,650.24	9,052.27
Blades for Ceiling Fans	7,763.88	8,569.04
Miscellaneous Items #	38,113.63	33,086.28
	76,420.01	76,536.35

It is not practicable to furnish item wise details in view of large number of items which differ in size and nature, each being less than 10% in value of the total.

Details of Inventory

	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs
Raw materials & components		
Bamboo	1,233.00	1,307.30
Wood	901.62	842.34
Salt	236.28	180.76
Copper Wire Road & Strips	163.36	193.40
CRCA, Silicon Sheets & Plates	75.61	117.92
Blades for Ceiling Fans	214.63	237.90
Miscellaneous Items	4,230.37	4,174.80
	7,054.87	7,054.42

22. (Increase)/ decrease in Inventories

	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs
Inventories at the end of the year		
Traded goods	3,452.15	3,361.60
Work-in-progress	1,007.12	924.46
Finished goods	8,093.89	8,772.78
By Products	1.95	4.03
Scrap	87.78	171.51
	12,642.89	13,234.38
Inventories at the beginning of the year		
Traded goods	3,361.60	2,690.06
Work-in-progress	924.46	900.09
Finished goods	8,772.78	4,926.41
By Products	4.03	3.40
Scrap	171.51	98.23
	13,234.38	8,618.19
	591.49	(4,616.19)
(Increase)/decrease of excise duty on inventory	(23.84)	571.45
	567.65	(4,044.74)

Details of purchase of traded goods

	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs
Electrical Fans	14,604.44	14,049.92
Lights & Luminaries	8,419.56	6,520.71
Appliances	6,118.31	5,794.19
Switchgears	41.50	14.01
	29,183.81	26,378.83



Orient Paper & Industries Ltd.
Notes to financial statements as at and for the year ended 31 March 2016
Details of inventory

	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs
Traded goods		
Electrical Fans	690.68	559.32
Lights & Luminaries	1,210.08	944.43
Appliances	1,532.04	1,843.84
Switchgears	19.35	14.01
	<u>3,452.15</u>	<u>3,361.60</u>
Work-in-progress		
Paper	355.03	351.53
Salt	16.43	16.63
CS Lye	289.87	286.59
Fans & Components	302.65	216.61
Lights & Luminaries	40.23	50.75
Air Pollution Control Equipments	0.49	0.24
Industrial Blowers	2.42	2.11
	<u>1,007.12</u>	<u>924.46</u>
Finished goods		
Pulp, Paper & Board	1,306.27	1,793.58
C.S.Lye	76.92	291.12
C.S.Flakes	34.75	11.90
Electrical Fans	5,758.92	6,161.98
Lights & Luminaries	687.88	451.18
Switchgears	221.04	49.54
Air Pollution Control Equipments	2.96	9.43
Industrial Blowers	5.15	4.05
	<u>8,093.89</u>	<u>8,772.78</u>
By-products		
Liquid Chlorine	1.88	3.42
Hydrochloric Acid	0.27	0.61
	<u>1.95</u>	<u>4.03</u>

23. Employee benefits expense

	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs
Salaries, wages and bonus	15,786.19	13,974.37
Contribution to provident and other funds	951.51	890.65
Gratuity expense (note 28)	326.20	543.81
Staff welfare expenses	1,222.83	1,109.42
	<u>18,286.73</u>	<u>16,518.25</u>

24. Other expenses

	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs
Consumption of stores (after adjusting Sales & Claims ₹ 0.83 lacs (31 March 2015, ₹ 3.20 lacs)	7,128.57	7,498.64
Handling & Other charges to contractors	1,513.74	1,463.39
Power and fuel	10,898.19	11,998.79
Packing, Freight and forwarding charges	9,819.09	9,643.22
Rent & Hire Charges	1,544.57	1,226.21
Rates and taxes	323.13	335.67
Insurance	262.34	216.22
Repairs and maintenance		
Plant and machinery	2,199.98	2,081.43
Buildings	407.42	433.79
CSR Expenditure	74.71	83.38
Advertising and sales promotion	4,647.93	6,847.97
Directors' Sitting Fees	22.00	29.80
Commission on sales	712.45	635.56
Payment to auditor		
As auditor:		
Audit fee	32.50	32.50
Limited review	19.50	19.50
In other capacity:		
Tax audit fee	8.00	7.50
For certificates & other services	13.03	3.56
Reimbursement of expenses	1.67	4.37
Payment to cost auditor	1.07	0.53
Warranty Claims	3,005.47	2,204.97
Less: Utilisation against provision	<u>(1,141.15)</u>	<u>(1,226.74)</u>
	<u>1,864.32</u>	<u>978.23</u>



Orient Paper & Industries Ltd.

Notes to financial statements as at and for the year ended 31 March 2016

Exchange Rate Fluctuations (net)	98.64	-
Professional & Consultancy Charges	1,460.21	1,015.85
Bad debts / advances written off (net of reversals)	53.83	49.62
Sales Tax, Surcharge & Turnover Tax etc.	163.97	198.48
Provision for doubtful debts and advances	119.21	178.26
Loss on sale of fixed assets (net)	-	133.40
Miscellaneous expenses	4,221.49	3,861.36
	47,631.56	48,977.23

25. Depreciation and amortization expense

	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs
Depreciation of tangible assets	4,261.79	4,269.07
Amortization of Intangible assets	153.51	85.28
Depreciation of Investment property	15.70	15.70
	4,431.00	4,370.05

26. Finance costs

	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs
Interest on loans	4,711.16	4,108.17
Other Borrowing Cost	407.67	269.82
	5,118.83	4,377.99

27. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs
Profit / (Loss) after Tax	2,102.08	(2,865.02)
Net profit for calculation of basic and diluted EPS	2,102.08	(2,865.02)
	No. In Lacs	No. in Lacs
Weighted average number of equity shares in calculating basic & diluted EPS	2,048.69	2,048.69
Basic & Diluted Earnings per equity share [nominal value of share ₹1 (31 March 2015: ₹1) (Rs.)]	1.03	(1.40)

28. Gratuity - Defined Benefit Plan

The Company has a defined benefit gratuity plan. Every employee who has completed at least five years or more of service is entitled to Gratuity on terms not less favourable than the provisions of The Payment of Gratuity Act, 1972. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the plan.

Statement of Profit and Loss

Net employee benefit expense recognized in the employee cost

	Gratuity 31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs
Current service cost	268.89	224.14
Interest cost on benefit obligation	337.32	320.46
Expected return on plan assets	(273.61)	(250.94)
Past Service Cost	-	-
Net actuarial(gain) / loss recognized in the year	60.70	340.70
Net benefit expense *	393.30	634.36
Actual return on plan assets	249.71	219.74

* Includes ₹ 67.10 lacs (31 March, 2015 ₹ 90.55 lacs) debited under other head of expenses

Balance sheet

Benefit asset/ liability

	Gratuity 31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs
Present value of defined benefit obligation	(4,675.50)	(4,400.37)
Fair value of plan assets	3,379.57	2,950.44
Plan asset / (liability)	(1,295.93)	(1,449.93)



Orient Paper & Industries Ltd.

Notes to financial statements as at and for the year ended 31 March 2016

Changes in the present value of the defined benefit obligation are as follows

	Gratuity	
	31-Mar-16	31-Mar-15
	₹ In lacs	₹ In lacs
Opening defined benefit obligation	4,400.37	3,993.85
Current service cost	268.89	224.14
Interest cost	337.32	320.46
Benefits paid	(367.88)	(447.59)
Actuarial (gains) / losses on obligation	36.80	309.51
Past Service Cost	-	-
Closing defined benefit obligation	4,675.50	4,400.37

Changes in the fair value of plan assets are as follows:

	Gratuity	
	31-Mar-16	31-Mar-15
	₹ In lacs	₹ In lacs
Opening fair value of plan assets	2,950.44	2,608.42
Expected return	273.61	250.94
Contributions by employer	531.11	505.79
Benefits paid	(351.69)	(383.52)
Actuarial gains / (losses)	(23.90)	(31.19)
Closing fair value of plan assets	3,379.57	2,950.44

The Company expects to contribute ₹ 550 lacs to gratuity fund in the next year (31 March 2015: ₹ 525 lacs).

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	Gratuity	
	31-Mar-16	31-Mar-15
	100%	100%
Investments with insurer		

The principal assumptions used in determining gratuity obligation for the Company's plan are shown below:

	Gratuity	
	31-Mar-16	31-Mar-15
Discount rate	8.00%	8.00%
Expected return on plan assets	9.00%	9.00%
Mortality Rate	Indian Lives (2006-2008) (modified) Ult.	Indian Assured Lives (2006-2008) (modified) Ult.

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

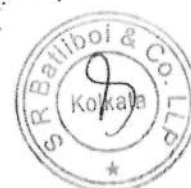
Amounts for the current and previous four periods are as follows:

	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12
	₹ In lacs	₹ In lacs	₹ In lacs	₹ In lacs	₹ In lacs
Gratuity					
Defined benefit obligation	4,675.50	4,400.37	3,993.85	3,716.19	4,625.71
Plan assets	3,379.57	2,950.44	2,608.42	2,277.08	2,641.20
Surplus / (deficit)	(1,295.93)	(1,449.93)	(1,385.43)	(1,439.11)	(1,984.51)
Experience adjustments on plan liabilities	(36.80)	(36.89)	21.32	(330.80)	(228.95)
Experience adjustments on plan assets	(23.90)	(31.19)	(17.87)	(13.99)	(23.59)

* The management has relied on the overall actuarial valuation conducted by the actuary.

Defined Contribution Plan

	31-Mar-16	31-Mar-15
	₹ In lacs	₹ In lacs
Contribution to Provident / Pension Funds	761.12	721.00
Contribution to Superannuation Fund	175.80	153.61



Orient Paper & Industries Ltd.

Notes to financial statements as at and for the year ended 31 March 2016

29. Leases

Finance lease: company as lessee

The company has a finance lease contract for plant and machinery. This lease has terms of renewal and bargain purchase option. However, there is no escalation clause. Each renewal is at the option of lessee. Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

	31-Mar-16		31-Mar-15	
	Minimum Payments ₹ In lacs	Present Value of MLP ₹ In lacs	Minimum Payments ₹ In lacs	Present Value of MLP ₹ In lacs
Within 1 year	162.00	29.74	-	-
After one year but not more than five years	810.00	253.14	-	-
More than five years	725.50	512.63	-	-
Total minimum lease payments	1697.50	795.51	-	-
Less: amounts representing finance charges	901.99	-	-	-
Present value of minimum lease payments	795.51	795.51	-	-

Operating lease: Company as lessee

Certain office premises, depots etc. are obtained on operating leases. The lease term is for 1-3 years and renewable for further period either mutually or at the option of the Company. There is no escalation clause in the lease agreements. There are no restrictions imposed by lease arrangements. There are no subleases. The leases are cancellable.

	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs
Lease payments made for the year	1,544.57	1,226.21
Contingent rent recognized in the Statement of Profit & Loss	-	-
	1,544.57	1,226.21

Operating lease: Company as lessor

The Company has leased out certain buildings on operating leases. The lease term is for 1-3 years and thereafter renewable. There is escalation clause in the lease agreements. The rent is not based on any contingencies. There are no restrictions imposed by lease arrangements. The leases are cancellable.

30. Interest in a joint venture

The Company has 29.34% share of interest valuing ₹ 413.92 lacs in its Joint Venture Company namely Pan African Paper Mills (EA) Limited, Kenya which is engaged in the manufacturing of Paper.

The Company has ceased to have joint control over the above Joint Venture Company subsequent to suspension of operations from 30th January, 2009 and in view of the circumstances arising thereafter. Accordingly, no disclosure for interest in said Joint Venture asset, liabilities, income, expenses etc. have been made in these accounts.



Orient Paper & Industries Ltd.
Notes to financial statements for the year ended 31 March 2016

31. Segment information

The primary segment reporting format is determined to be business segments as the company's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Accordingly, the Company has identified "Paper" and "Electrical Consumer Durables" as the business segments.

Paper – Consists of manufacture and sale of pulp, paper & board and chemicals.

Electrical Consumer Durables – Consists of manufacture / purchase and sale of Electric Fans – ceiling, portable and airflow, along with Components and Accessories thereof, Lights & Luminaries, Appliances & Switchgears.

Others – Consist of other miscellaneous business/services comprising less than 10% revenues.

The Company primarily operates in India and therefore the analysis of geographical segments is demarcated into its Indian and Overseas Operations.



Orient Paper & Industries Ltd.
Notes to financial statements for the year ended 31 March 2016

Business segments

As at and for the year ended 31 March 2016

Particulars	Paper	Electrical Consumer Durables	Others	Total
Revenue *				
External	51,852.15	129,611.84	571.55	182,035.54
Inter segment	-	-	-	-
Total	51,852.15	129,611.84	571.55	182,035.54
Results				
Segment results	895.97	6,762.43	49.64	7,708.04
Unallocated Income / (Expenses) (net of unallocable expenses/income)				(454.62)
Operating profit				7,253.42
Finance costs				5,118.83
Profit / (Loss) before tax				2,134.59
Income tax expense / (credit)				32.51
Net profit / (Loss)				2,102.08
As at 31 March 2016				
Segment assets	56,189.78	69,108.02	350.04	125,647.84
Unallocated assets				4,292.58
Total assets				129,940.42
Segment liabilities	12,281.48	26,713.51	145.53	39,140.52
Unallocated liabilities				49,378.86
Total liabilities				88,519.38
Other segment information				
Capital expenditure:- **	5319.41	1087.79	-	6,407.20
Tangible assets	-	240.82	-	240.82
Intangible assets	2,421.32	1,796.29	2.07	4,219.68
Depreciation ***	-	153.51	-	153.51
Amortization				



Orient Paper & Industries Ltd.
Notes to financial statements for the year ended 31 March 2016

As at and for the year ended 31 March 2015

Particulars	Paper	Electrical Consumer Durables	Others	Total
Revenue *				
External	47,314.73	118,983.26	587.41	166,885.40
Inter segment	-	-	-	-
Total	47,314.73	118,983.26	587.41	166,885.40
Results				
Segment results	(3,776.28)	4,528.75	17.49	769.96 (605.54)
Unallocated Income / (Expenses) (net of unallocable expenses/income)				
Operating profit				164.42
Finance costs				4,377.99
Profit / (Loss) before tax				(4,213.57)
Income tax expense / (credit)				(1,348.55)
Net profit / (Loss)				(2,865.02)
As at 31 March 2015				
Segment assets	52,842.17	65,834.29	308.05	118,984.51
Unallocated assets				3,347.53
Total assets				122,332.04
Segment liabilities	12,505.36	27,374.09	150.28	40,029.73
Unallocated liabilities				42,366.91
Total liabilities				82,396.64
Other segment information				
Capital expenditure:- **	567.68	3687.62	0.60	4,255.90
Tangible assets	-	872.05	-	872.05
Intangible assets	2,577.48	1,642.34	2.34	4,222.16
Depreciation ***	-	85.28	-	85.28
Amortization				



Orient Paper & Industries Ltd.

Notes to financial statements for the year ended 31 March 2016

Geographical segments

The Company primarily operates in India and therefore the analysis of geographical segments is demarcated into its Indian and Overseas Operations.

Year ended 31 March 2016	India	Overseas	Total
Revenue *			
Sales to external customers	157,142.19	24,893.35	182,035.54
Other segment information			
Segment assets	122,448.07	3,199.77 #	125,647.84

Year ended 31 March 2015	India	Overseas	Total
Revenue *			
Sales to external customers	144,376.49	22,508.91	166,885.40
Other segment information			
Segment assets	115,814.73	3,169.78 #	118,984.51

represents trade receivable

Note: The Company has common fixed assets for producing goods for domestic and overseas markets. Hence, separate figures for fixed assets / additions to fixed assets have not been furnished.

* Net of excise duty.

** Excluding ₹ 21.20 lacs (31 March 2015, ₹ 4.43 lacs) being unallocated corporate/other assets.

*** Excluding ₹ 57.81 lacs (31 March 2015, ₹ 62.61 lacs) on unallocated corporate/other assets.



Orient Paper & Industries Ltd.

Notes to financial statements for the year ended 31 March 2016

32. Related party disclosures

Names of related parties and related party relationship

Related parties with whom transactions have taken place during the year	
Associate	Central India & Industries Ltd
Key management personnel	Mr. M.L. Pachisia (Managing director) Mr. P. K. Sonthalia (President Finance & CFO) Mr. Rakesh Khanna (w.e.f 1st December 2014) Mr. Manoj Verma (upto 31st July 2014) Mr. Ajay Gupta Mr. N. K. Saha (upto 3rd February 2015) Mr. B.S.Gilra Mr. R.P.Dutta (Company Secretary)
Enterprises owned or significantly influenced by key management personnel or their relatives	Origami Tissues Origami Products Origami Cellulo Pvt Ltd Origami Enterprises

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

	Year ended	Sale of goods	Miscellaneous Receipts	Amount owed by related parties*	₹ in lacs
Enterprises owned or significantly influenced by key management personnel or their relatives					
Origami Tissues	31-Mar-16	-	-	-	-
	31-Mar-15	19.00	-	-	-
Origami Products	31-Mar-16	-	-	-	-
	31-Mar-15	3.64	-	-	-
Origami Cellulo Pvt Ltd	31-Mar-16	-	-	-	-
	31-Mar-15	29.03	-	-	-
Origami Enterprises	31-Mar-16	-	2.14	0.16	-
	31-Mar-15	-	3.78	-	-
Total	31-Mar-16	51.67	2.14	0.16	
	31-Mar-15		3.78		

* The amounts are classified as trade receivables and trade payables, respectively.



Orient Paper & Industries Ltd.
Notes to financial statements for the year ended 31 March 2016

b. Dividend Paid		Year ended	Dividend Paid	Amount owed by related parties	Amount owed to related parties
Associate Central India & Industries Ltd	31-Mar-16		50.64	-	-
	31-Mar-15		50.64	-	-
Key management personnel Mr. M.L. Pachisia	31-Mar-16		0.04	-	-
	31-Mar-15		0.04	-	-
Total	31-Mar-16		50.68	-	-
	31-Mar-15		50.68	-	-
c. Remuneration to key managerial personnel					
		Transaction during the year	Amount owed by related parties	Amount owed to related parties	
Mr. M.L. Pachisia	31-Mar-16	209.41 *	62.43	-	-
	31-Mar-15	337.03	-	-	65.00
Mr. P. K. Sonthalia (President Finance & CFO)	31-Mar-16	158.52	-	-	-
	31-Mar-15	137.01	-	-	-
Mr. Rakesh Khanna	31-Mar-16	197.76	-	-	-
	31-Mar-15	76.33	-	-	-
Mr. Manoj Verma	31-Mar-16	-	-	-	-
	31-Mar-15	115.23	-	-	-
Mr. Ajay Gupta	31-Mar-16	82.57	-	-	-
	31-Mar-15	9.94	-	-	-
Mr. B.S. Gilra	31-Mar-16	30.23	-	-	-
	31-Mar-15	25.92	-	-	-
Mr. N. K. Saha	31-Mar-16	-	-	-	-
	31-Mar-15	56.27	-	-	-
Mr. R.P. Dutta (Company Secretary)	31-Mar-16	17.16	-	-	-
	31-Mar-15	14.80	-	-	-
Total	31-Mar-16	695.65	62.43	-	-
	31-Mar-15	772.53	-	-	65.00

* Net of reversal of ₹ 127.42 lacs towards excess managerial remuneration for the year 2013-14

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.



Orient Paper & Industries Ltd.
Notes to financial statements as at and for the year ended 31 March 2016

33.Capital and other commitments

- (a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) ₹ 890.51 lacs (31 March 2015: ₹ 353.20 lacs).
(b) For commitments relating to lease arrangements refer note 29.

34.Contingent liabilities

	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs
a) Outstanding bank guarantees	3,960.65	1,476.59
b) Bills Discounted under channel finance facilities	1,839.57	2,278.02
c) Demands/claims by various Government authorities and others not acknowledged as debts and contested by the Company: (*)		
Excise Duty	2,124.34	1,741.90
Sales Tax	638.79	647.30
Income Tax	234.50	163.53
Water Tax	8,287.38	6,496.46
Cess on Captive Power consumption	5,415.55	4,377.63
Krishi Upaj Mandi Fees	1,229.56	1,229.56
Others	2,727.10	2,983.73
	20,657.22	17,540.11
Against the above, payments have been made under protest and/ or debts have been withheld by respective parties.	842.00	639.24

(*) Based on discussions with the solicitors/ favourable decisions in similar cases/legal opinions taken by the Company, the management believes that the Company has a good chance of success in above-mentioned cases and hence, no provision there against is considered necessary.

- d) Outstanding claims from employees not acknowledged as debts, including Bonus claims under adjudication and wages for suspension period at Brajrajnagar Unit.

Amount unascertainable

35.In October 1983, the paper division of the Company had applied to the Public Work Department (Irrigation) of the Madhya Pradesh State Government for drawing water without any charge from Some River upto 1165 Million Cubic Feet (MCF) with the provision for increase upto 2500 MCF on full development of paper mill, the permission for which was granted by the State Government. In August 2000, the Madhya Pradesh State Government issued a notification and decided to levy charges on water consumption from river resources for industrial purposes with retrospective effect from June, 1998, the constitutional validity of which was challenged by the Company by way of a writ petition in the High Court of Madhya Pradesh. During the pendency of the said writ petition, the Water Resource Department (WRD) of the State Government started raising the bill for consumption of water on the basis of assumption of total quantum of water allowed to be drawn by the Company at 2500 MCF whereas, as per the Company, the quantum of water allowed to be drawn was 1165 MCF and the Company had never drawn the water even upto the initial quantity of 1165 MCF since it had not attained full development of the paper mill. One of the major reasons for not being able to achieve full development was frequent and perennial shortage of water. Based on an interim order passed by the Madhya Pradesh High Court in the aforesaid writ petition, the Company started paying water charges based on actual consumption of water (less than 1165 MCF), while the WRD of the State Government continued to raise bills on the basis of assumed consumption of 2500 MCF plus interest and penalty thereon. In January 2009, the High Court of Madhya Pradesh upheld the constitutional validity of August 2000 notification. After the aforesaid judgement, the Company paid ₹ 908.47 lacs being the difference amount between the assumed quantity of 1165 MCF and the actual consumption, while the WRD of the State Government continued to raise the bills on the basis of assumed quantity of water consumption of 2500 MCF till April 2009, when the Company entered into a new agreement with the WRD of the State Government for water consumption of only 440 MCF effective from May 2009. The total balance demand for the aforesaid period amounts to ₹ 47434.91 lacs (including interest and penalty of ₹ 46021.91 lacs) as at 31 March 2016, for which no provision has been made in the books. The WRD of the State Government issued a notice for recovery of aforesaid demand in February 2015, against which the Company filed a writ petition in the Madhya Pradesh High Court and obtained an interim stay on the recovery. Also, Madhya Pradesh High Court has set aside demand for penal interest in a similar case for another Company. The Company has been legally advised that it has a fit case for quashing the present demand.

36.Due to inadequacy of profit, remuneration paid / provided to Managing Director of the Company during the years ended 31 March 2015 and 31 March 2016 has exceeded the limit prescribed under section 197 read with schedule V of the Companies Act,2013. The Company has applied to the Central government, for approval of excess remuneration amounting to ₹.178.19 lacs for the year ended 31 March 2015 and is in the process of applying for obtaining approval for excess remuneration of ₹ 177.70 lacs for the year ended 31 March 2016.

37. Derivative instruments and unhedged foreign currency exposure

Particulars of unhedged foreign currency exposure as at the reporting date

- (i) Trade Receivables ₹ 3199.77 lacs (USD 34.71 lacs), (HKD 104.91 lacs), (Euro 0.01 lacs) [31 March 2015 ₹ 3169.78 lacs (USD 50.51 lacs)], (HKD Nil), (Euro 0.18 lacs).
(ii) Trade Payables ₹ 2304.80 lacs (USD 19.84 lacs), (Euro 11.68 lacs) & (JPY 167.98 lacs) [31 March 2015 ₹ 1766.21 lacs (USD 14.59 lacs), (Euro 11.71 lacs) (JPY 109.38 lacs)].
(iii) Buyers Credit ₹ 626.72 lacs (USD 9.42 lacs) [31 March 2015 ₹ 619.03 lacs (USD 9.87 lacs)].



Orient Paper & Industries Ltd.

Notes to financial statements as at and for the year ended 31 March 2016

38. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	1,250.25	1,126.05
Interest due on above	-	0.10
	<u>1,250.25</u>	<u>1,126.15</u>
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	139.71	2.52
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	1.05	2.52
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-

39. Value of imports calculated on CIF basis (including through canalising agencies)

	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs
Capital goods	1,141.49	1,430.37
Trading goods	419.96	1,036.17
Raw materials & components	8,007.42	6,600.27
Spare Parts & Chemicals	312.98	366.01
	<u>9,881.85</u>	<u>9,432.82</u>

40. Expenditure in foreign currency (accrual basis)

	31-Mar-16 ₹ In lacs	31-Mar-15 ₹ In lacs
Sales Commission	20.93	14.70
Miscellaneous	60.92	101.37
	<u>81.85</u>	<u>116.07</u>

41. Imported and indigenous raw materials & components and spare parts consumed (including items debited to other heads of expenses)

	%age of total consumption	Value (₹ In lacs) 31-Mar-16	%age of total consumption	Value (₹ In lacs) 31-Mar-15
Raw Materials & components				
Imported	10.34%	7,899.57	8.31%	6,361.02
Indigenously obtained	89.66%	68,520.44	91.69%	70,175.33
	<u>100.00%</u>	<u>76,420.01</u>	<u>100.00%</u>	<u>76,536.35</u>
Spare parts				
Imported	8.33%	300.88	13.72%	367.36
Indigenously obtained	91.67%	3,310.73	86.28%	2,309.23
	<u>100.00%</u>	<u>3,611.61</u>	<u>100.00%</u>	<u>2,676.59</u>



Orient Paper & Industries Ltd.

Notes to financial statements as at and for the year ended 31 March 2016

42. Net dividend remitted in foreign exchange

Year of remittance (ending on)

Pertains to the accounting year

Number of non-resident shareholders

Number of equity shares held on which dividend was due

Amount remitted and / or paid in Indian Currency (₹ in lacs)

31-Mar-16	31-Mar-15
1 April 2014 to 31 March 2015	1 April 2013 to 31 March 2014
291	287
6,203,342	5,183,657
6.20	5.18

43. Earnings in foreign currency (accrual basis)

Year of remittance (ending on)

Exports of goods at F.O.B. Value

Royalty Income

31-Mar-16	31-Mar-15
₹ In lacs	₹ In lacs
21,780.13	19,565.40
-	1.94
21,780.13	19,567.34

44. Previous year figures

Previous year's figures have been regrouped and rearranged wherever necessary.

As per our report of even date

For S.R.Batliboi & Co. LLP

Firm registration number: 301003E / E300005

Chartered Accountants

per Sanjay Kumar Agarwal
Partner

Membership no.: 060352

Place, New Delhi

Date: 6th May, 2016



For and on behalf of the board of directors

C.K. Bala

Chairman

J. Suresh

President Finance & CFO

H. K. Kishor

Managing Director

Ramchandani

Company Secretary

ACCOUNTING RATIOS AND CAPITALISATION STATEMENT

The following table presents certain accounting and other ratios derived from our Audited Financial Statements included in the chapter titled “**Financial Information**” beginning on page [•] of this Letter of Offer.

This table should be read in conjunction with the chapters titled “**Financial Information**” and “**Risk Factors**” appearing on pages [•] and [•], respectively of this Letter of Offer.

Particulars	Year ended March 31, 2016	Year Ended March 31, 2015
EPS		
(a) Basic EPS (Profit After tax/Number of Equity Shares)	1.03	(1.40)
(b) Diluted EPS (Profit After tax/Number of Equity Shares)	1.03	(1.40)
Return on Net Worth (Profit After tax / Net Worth i.e. (Share Capital+ Reserves & Surplus excluding revaluation reserve)	5.07%	(7.28)%
Net Asset Value per share i.e. (Share Capital + Reserves & Surplus excluding revaluation reserve) / Number of equity shares outstanding at the end of the year	20.22	19.20

The following tables present the capitalisation statement as per the Audited Financial Statements of our Company:
(in ₹ lacs)

Particulars	Pre Issue** as at March 31, 2016	Post Issue** as adjusted for Issue Price
Borrowings		
Long term borrowings (including current maturities of long term borrowings)	18,530.81	18,530.81
Short Term Borrowings	25,818.26	21,818.26
Total Borrowings	44,349.07	40,349.07
Shareholder's Fund		
Equity Share Capital	2,048.79	2,121.96
Securities premium	0.00	4,902.22
Reserves & Surplus*	39,372.25	39,372.25
Total Shareholders' Fund	41,421.04	46,396.42
Total Borrowings/ Shareholder's Fund	1.07	0.87
Long Term Borrowings including current maturities of long term borrowings) / Shareholder's Fund	0.45	0.40

*Reserves & Surplus excludes revaluation reserves and securities premium.

** Assuming full subscription and utilisation of Net Proceeds for repayment of borrowings of our Company.
Figures have been rounded off.

STOCK MARKET DATA FOR EQUITY SHARES OF OUR COMPANY

Our Equity Shares are listed on the BSE and NSE. Stock market data for our Equity Shares has been separately disclosed below for the BSE and the NSE.

For the purpose of this section:

- Year is a fiscal year;
- Average price is the average of the daily closing prices of the Equity Shares, for the year, or the month, as the case may be;
- High price is the maximum of the daily high prices and low price is the minimum of the daily low prices of the Equity Shares, for the year, or the month, as the case may be; and
- In case of two days with the same high/low/closing price, the date with higher volume has been considered.

The high, low and average market prices of the Equity Shares recorded on BSE and NSE during the preceding three years and the number of the Equity Shares traded on the days of the high and low prices were recorded are as stated below:

BSE							
Fiscal Year	Date of High	High (₹)	Volume on date of High (No. of Equity Shares)	Date of Low	Low (₹)	Volume on date of Low (No. of Equity Shares)	Average (₹)
2016	January 6, 2016	43.5	1,290,054	June 16, 2015	22	27,302	29.1
2015	June 13, 2014	35.5	241,366	April 1, 2014	15.4	150,315	26.6
2014	January 8, 2014	18.1	795,186	August 12, 2013	4.3	246,347	9.3

Source: www.bseindia.com

NSE							
Fiscal Year	Date of High	High (₹)	Volume on date of High (No. of Equity Shares)	Date of Low	Low (₹)	Volume on date of Low (No. of Equity Shares)	Average (₹)
2016	January 6, 2016	43.55	2,374,801	June 11, 2015	21.0	117,644	29.1
2015	June 13, 2014	35.95	368,992	April 1, 2014	15.35	241,423	26.7
2014	January 8, 2014	18.3	2,477,829	August 13, 2013	4.2	846,629	9.3

Source: www.nseindia.com

The high and low prices and volume of Equity Shares traded on the respective dates on the BSE and NSE during the last six months is as follows:

BSE							
Month	Date of High	High (₹)	Volume on date of High (No. of Equity Shares)	Date of Low	Low (₹)	Volume on date of Low (No. of Equity Shares)	Average (₹)
October 2016	October 17, 2016	92.6	919,656	October 4, 2016	79.05	71,487	84.7
September 2016	September 22, 2016	84.5	450,763	September 2, 2016	65.1	124,191	76.6
August 2016	August 25, 2016	76.7	1,506,055	August 5, 2016	56.1	314,161	61.7
July 2016	July 15, 2016	64.95	430,023	July 1, 2016	50.1	39,360	58.0
June 2016	June 28, 2016	52.2	185,312	June 13, 2016	43.6	26,531	47.6
May 2016	May 19, 2016	50.6	266,157	May 2, 2016	38.5	135,736	46.1

Source: www.bseindia.com

NSE							
Month	Date of High	High (₹)	Volume on date of High (No. of Equity Shares)	Date of Low	Low (₹)	Volume on date of Low (No. of Equity Shares)	Average (₹)
October 2016	October 17, 2016	92.5	5,114,447	October 3, 2016	79.1	448,049	85.0
September 2016	September 29, 2016	84.7	1,840,897	September 2, 2016	67.2	621,852	76.6
August 2016	August 25, 2016	76.65	7,074,950	August 4, 2016	56.1	902,457	61.7
July 2016	July 15, 2016	65.0	1,746,226	July 1, 2016	50.1	245,712	57.9
June 2016	June 28, 2016	52.25	630,049	June 13, 2016	43.7	135,957	47.5
May 2016	May 23, 2016	50.7	352,642	May 2, 2016	38.15	632,041	46.1

Source: www.nseindia.com

Week end closing prices of the Equity Shares for the last four weeks on BSE and NSE are as below:

BSE					
For the week ended on	Closing Price (₹)	Date of High	High (₹)	Date of Low	Low (₹)
November 4, 2016	86.95	November 1, 2016	89.9	November 4, 2016	79.1
October 30, 2016	86.95	October 30, 2016	88.0	October 26, 2016	84.4
October 21,	85.65	October 17,	92.6	October 17,	83.4

BSE					
For the week ended on	Closing Price (₹)	Date of High	High (₹)	Date of Low	Low (₹)
2016		2016		2016	
October 14, 2016	84.7	October 10, 2016	87.6	October 13, 2016	79.7

Source: www.bseindia.com

NSE					
For the week ended on	Closing Price (₹)	Date of High	High (₹)	Date of Low	Low (₹)
November 4, 2016	81.35	November 1, 2016	90.0	November 2, 2016	85.1
October 30, 2016	86.85	October 30, 2016	87.9	October 26, 2016	84.5
October 21, 2016	85.65	October 17, 2016	92.5	October 17, 2016	83.55
October 14, 2016	84.8	October 10, 2016	87.5	October 13, 2016	79.7

Source: www.nseindia.com

The closing market price of the Equity Shares of our Company as on [•], 2016 was ₹ [•] on the BSE and ₹ [•] on the NSE.

The Issue Price of ₹ 68 per Equity Share has been decided by the Rights Issue Committee in consultation with the Lead Manager.

SECTION VII: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND DEFAULTS

Except as disclosed below, there are no outstanding litigation against our Company including, suits, criminal or civil prosecutions and taxation related proceedings that would have a material adverse effect on our operations, financial position or future revenues. In this regard, please note the following:

- (i) *In determining whether any outstanding litigation against our Company, other than litigation involving issues of moral turpitude, or criminal liability on the part of our Company, material violations of statutory regulations by our Company or proceedings relating to economic offences against our Company, would have a material adverse effect on our operations or financial position or impact on our future revenues, the materiality threshold has been determined as per Clause XII (C) in Part E of Schedule VIII of the SEBI ICDR Regulations, which stipulates that disclosure of outstanding litigation is required where (a) the aggregate amount involved in an individual litigation which may have an impact on our future revenues is likely to exceed ₹ 1,837.74 lacs being 1% of the total revenue of our Company or the aggregate amount involved in an individual litigation which may not have an impact on our future revenues is likely to exceed ₹ 408.21 lacs being 1% of the net worth of our Company, as per the last completed financial year i.e. Fiscal 2016; (b) the decision in one case is likely to affect the decision in similar cases, even though the amount involved in a single case individually may not exceed ₹ 1,837.74 lacs being 1% of the total revenue of our Company or ₹ 408.21 lacs being 1% of the net worth of our Company, as per the last completed financial year i.e. Fiscal 2016, if similar cases put together collectively exceed such threshold; and*
- (ii) *Except as disclosed, our Company is not aware of any litigation involving issues of moral turpitude or criminal liability on the part of our Company, material violations of statutory regulations by our Company or proceedings relating to economic offences against our Company, which are currently pending or have arisen in the last ten years.*

Our Company, from time to time, has been and continues to be involved in legal proceedings, arising in the ordinary course of its businesses. These legal proceedings are in the nature of civil as well as tax proceedings and our Company believes that the number of proceedings in which it is involved is not unusual for a company of its size doing business in India.

All terms defined in a particular litigation are for that particular litigation only.

Litigation against our Company

Criminal matters:

1. The Orissa State (Prevention and Control of Pollution) Board, Bhubaneswar (“**OPCPB**”) filed a complaint case no. 213 of 1991 before the Court of Sub-Divisional Judicial Magistrate, Panposh at Uditnagar, Rourkela (“**SDJM**”) on April 27, 1991 alleging that our Company and another failed to comply with certain conditions of the consent granted under section 25 of the Water (Prevention and Control of Pollution) Act, 1974 (“**Act**”). The SDJM *vide* its order dated October 16, 2000 (“**Order**”) held that there was sufficient ground to proceed against our Company and another for the alleged offence under section 44 of the Act and to frame charge. Our Company and another challenged the order of the SDJM before the Court of Adhoc Additional District Judge, Fast Track Court, Rourkela (“**AADJ**”), by filing a revision petition Crl. Rev. No. 31/9/13 of 2000-2001 (“**Revision Petition**”) to get discharged from the charge of commission of offence under section 44 of the Act. The AADJ *vide* its order dated October 11, 2002 (“**Order 2**”) allowed the Revision Petition and set aside the Order. The OPCPB filed a Crl. Rev. P. No. 88 of 2003 before the High Court of Orissa, Cuttack dated January 20, 2003, praying that the Order 2 be set aside and that the Order be restored. The matter is currently pending.
2. The Factory Inspector (Industry Health & Safety) (“**Inspector**”) filed case no. 963/07 dated August 30, 2007, under the Factories Act, 1948, before the Chief Judicial Magistrate, Shahdol, against our Company. The Inspector alleged that our Company was not in compliance with certain provisions of the Madhya Pradesh Factory Rules, 1962 which resulted in an accident wherein two labourers sustained injuries at our manufacturing facility located at Amlai. The matter is currently pending.

3. The Factory Inspector (Industry Health & Safety) (“**Inspector**”) filed case no. 841/2012 dated June 5, 2012, under the Factories Act, 1948, before the Chief Judicial Magistrate, Shahdol, against our Company. The Inspector alleged that our Company was not in compliance with certain provisions of the Factories Act, 1948 and Madhya Pradesh Factory Rules, 1962 which resulted in an accident wherein two workers sustained non-fatal injuries and one worker sustained fatal injuries at our manufacturing facility located at Amlai. The matter is currently pending.
4. The Factory Inspector (Industry Health & Safety) (“**Inspector**”) filed cases no. 91/2013 and 92/2013, both dated January 28, 2013, under the Factories Act, 1948, before the Chief Judicial Magistrate, Shahdol, against our Company. The Inspector alleged that our Company was not in compliance with certain provisions of the Madhya Pradesh Factories Rules, 1962 which resulted in two separate accidents wherein two workers sustained fatal injuries at our manufacturing facility located at Amlai. The matters are currently pending.
5. The Factory Inspector (Industry Health & Safety) (“**Inspector**”) filed case no. 935/2014 dated May 15, 2014, under the Factories Act, 1948, before the Chief Judicial Magistrate, Shahdol, against our Company. The Inspector alleged that our Company was not in compliance with certain provisions of the Factories Act, 1948 and Madhya Pradesh Factories Rules, 1962 which resulted in an accident wherein one worker sustained injuries at our manufacturing facility located at Amlai. The matter is currently pending.
6. The Factory Inspector (Industry Health & Safety) (“**Inspector**”) filed case no. 338/2015 dated March 19, 2015, under the Factories Act, 1948, before the Chief Judicial Magistrate, Shahdol, against our Company. The Inspector alleged that our Company was not in compliance with certain provisions of the Factories Act, 1948 and Madhya Pradesh Factories Rules, 1962 which resulted in an accident wherein one worker sustained injuries at our manufacturing facility located at Amlai. The matter is currently pending.

Tax matters:

1. The Executive Engineer, Water Resources Division, Tahsil and District Anuppur, Madhya Pradesh issued a revenue recovery certificate which was received by our Company on January 21, 2015 (“**Recovery Certificate**”) demanding ₹ 31,077 lacs including a principle amount of ₹ 1,413 lacs together with interest and penalty towards arrear water charges for the period between June, 1998 and April, 2009. Our Company filed a writ petition on February 6, 2015 bearing no. 2015/2015 before the High Court of Madhya Pradesh at Jabalpur against the State of Madhya Pradesh and others praying that, *inter alia*, the Recovery Certificate be quashed and a writ be issued to the respondents to withdraw or set aside the decision to demand arrear water charges together with interest and penalty with an interim relief of staying the effect and operation of the Recovery Certificate. For further details of this matter, please refer to Note 35 in the section titled “*Financial Statements*” on page [●] of this Letter of Offer.
2. The Irrigation Officer cum Tahasildar, Jharsuguda vide letter dated November 19, 2003 directed our Company to pay interest on water tax amounting to ₹ 152 lacs calculated up to May 31, 2003 for the arrear on water rent relating to the period from the years 1962 to 1977 (“**Letter**”). Our Company filed a writ petition bearing no. W.P. (C) No. 13309 of 2003 dated December 15, 2003 before the High Court of Orrisa at Cuttack against the State of Orrisa and others, praying *inter alia* that the Letter be quashed by issue of a writ in the nature of certiorari and to restrain the respondents from raising any demand as regards interest on the water rate from 1961 to 1977 by issuing a writ in the nature of mandamus. The matter is currently pending.
3. Our Company received notices in Misc. Irrigation Case no. 3/95 before the Irrigation Officer and Tahasildar, Jharsuguda demanding ₹ 56.41 lacs along with interest towards arrears in water tax payable by our Company for the period April 1995 to November 1995 and Misc. Irrigation Case no. 5/97 before the Irrigation Officer and Tahasildar, Jharsuguda demanding ₹ 59.63 lacs towards arrears in water tax payable by our Company for the year 1997. The matters are currently pending.

Civil matters:

1. The Superintending Engineer, MP Poorv Kshetra Vidyut Vitran Company Limited issued an order no. 1905 dated June 16, 2012 against our Company demanding ₹ 1,104.26 lacs on account of alleged unauthorised use of electricity at our manufacturing facility situated at Amlai (“**Impugned Order**”). Our

Company filed an appeal AFO no. 02/2012 before the Appellate Authority under section 127 of Electricity Act, 2003, District Shahdol, Shahdol, against the Impugned Order. The matter is currently pending.

2. The Krishi Upaj Mandi Samiti, Burhar, Shahdol ("**Samiti**") *vide* its order dated August 17, 2006 ("**Order 1**") demanded a market fee of ₹ 436.48 lacs under the M.P. Krishi Upaj Mandi Adhiniyam, 1972, on bamboo purchased by our Company for production of paper during the years 2002-2006. Our Company filed an appeal against Order 1 before the M.P. State Agriculture Marketing Board, Bhopal, which was dismissed *vide* order dated March 28, 2007 ("**Order 2**"). Our Company filed a writ petition bearing no. W.P. No. 6757/2007 dated May 18, 2007 before the High Court of Judicature at Jabalpur against the Samiti and others praying, *inter alia*, that a writ in the nature of certiorari be issued to quash Order 1 and a writ be issued to quash Order 2. The Samiti further issued a recovery notice dated February 21, 2014, of ₹ 965.70 lacs for the periods from FY 2007 to FY 2013 ("**Recovery Notice**") and a show cause notice for suspension of permit of our Company for purchase of agricultural produce ("**SCN**"). Our Company filed an application in March 2014 for grant of interim relief/stay in W.P. No. 6757/2007 for stay of the Recovery Notice and SCN during the pendency of the writ petition. Our Company further filed an application in March 2014 seeking amendment in the W.P. No. 6757/2007 in view of the Recovery Notice and SCN issued by the Samiti and prayed that Recovery Notice and SCN be quashed. The matter is currently pending.
3. The Krishi Upaj Mandi Samiti, Burhar, Shahdol ("**Samiti**") issued notices dated August 28, 2015, September 19, 2015 and June 23, 2016 ("**Notices**") to our Company asking our Company to furnish details of bamboo brought by our Company within the state of Madhya Pradesh by way of import, since January 12, 2012 and consequently deposit the requisite amount of market fee, failing which the license issued to our Company under the MP Krishi Upaj Mandi Adhiniyam, 1972 ("**Act**") would be cancelled. Our Company filed a writ petition no. 11271/2016 dated July 4, 2016 before the High Court of Madhya Pradesh at Jabalpur against the State of Madhya Pradesh and others, *inter alia*, praying that a writ be issued to quash and declare that the amendment introduced in section 19(i) of the Act as unconstitutional and quash the Notices along with an interim relief of stay of the Notices. The matter is currently pending.
4. A sole arbitrator passed an award dated April 4, 2009 ("**Arbitral Award**") by way of which our Company was required to pay ₹ 241 lacs along with interest to BHEL in relation to a contract of supply, erection and commissioning of a chemical recovery boiler by BHEL at our Company's paper mill in Brajrajnagar. Our Company filed an arbitration petition no. 101 of 2009 dated May 4, 2009 before the District Judge, Khurda at Bhubaneswar under section 34 of the Arbitration and Conciliation Act, 1996, against the sole arbitrator and BHEL, praying that the Arbitral Award be set aside. Our Company further prayed that claim made by BHEL before the sole arbitrator be rejected and the counter claim made by our Company, as laid before the sole arbitrator, be allowed in full.

BHEL filed an arbitration application no. 6 of 2009 in July 2009 before the District Judge, Sambalpur praying that a bank guarantee equivalent to the amount awarded under the Arbitral Award be furnished by our Company and that an interim injunction be granted directing our Company not to alienate or dispose of the land, machinery, building and/or immovable properties of our Company including the immovable and movable assets of our paper mill situated at Brajrajnagar to any other person.

BHEL filed an application in 2011 for execution of decree in execution case 18/2011 before the District Judge, Sambalpur ("**Application**") for execution of the Arbitral Award. BHEL prayed in the Application that our Company be directed to pay ₹ 737.54 lacs along with interest in accordance with the Arbitral Award along with cost of the Application.

The matter is currently pending.

5. The Member Secretary, Madhya Pradesh Biodiversity Board, Bhopal ("**Board**"), issued notices dated February 12, 2013, July 15, 2013 and November 26, 2013 ("**Notices**") asking our Company to furnish certain information under the Biological Diversity Act, 2002. Our Company filed a writ petition no. 12011 of 2014 before the High Court of Madhya Pradesh at Jabalpur in August 2014, against the Board and its member secretary, praying that it be declared that the provisions of the Act are not applicable to the Company and accordingly issue a writ of mandamus directing the respondents not to give effect to and act pursuant to the Notices and quash the Notices. The matter is currently pending.

Litigation filed by our Company

Civil matters:

1. Our Company filed a writ petition no. 2727 of 2004 dated July 16, 2004 before the High Court of Madhya Pradesh at Jabalpur (“**High Court**”) against the State of Madhya Pradesh and others (“**Respondents**”), challenging the constitutional validity of the Madhya Pradesh Upkar (Sansodhan Tatha Vidhimanyatakarana) Adhiniyam, 2004 (“**Act**”) which seeks to impose cess on sale, supply or consumption of electrical energy by captive power producers. The High Court *vide* its order dated August 31, 2007 upheld the validity of the Act (“**Order**”). Our Company filed a civil appeal no. 5177/2007 in October 2007 against the Respondents before the Supreme Court of India, praying that a special leave to appeal against the Order be granted, further orders as deemed fit may be passed and an interim stay on the Order be granted. For details of the cess on captive power consumption claimed from our Company, please refer to Note 34 (Contingent Liabilities) in the section titled “*Financial Statements*” on page [●] of this Letter of Offer.

The Office of the Chief Engineer (V.S.) & Chief Electricity Inspector, GoMP issued a letter dated January 11, 2016 wherein a demand of ₹ 116.39 lacs was made towards electricity fees and interest against units from July 2008 to April 2013 and ₹ 129.87 lacs towards surcharge from August 2011 to January 2013, in relation to our manufacturing facility at Amlai. Our Company filed an interim application in civil appeal no. 5177/2007 before the Supreme Court for stay of the recovery of the amounts as aforementioned. The matter is currently pending.

2. Our Company has filed 14 suits for declaration of title and eviction before various authorities in relation to encroachment of the premises situated at Brajrajnagar, owned by our Company. Our Company has prayed for declaration of its right, title and interest over these properties and delivery and possession through the court(s) after eviction of the defendants. These matters are currently pending.

GOVERNMENT AND OTHER APPROVALS

Our Company is required to obtain approvals, registrations, permits and licenses under the provisions of various laws and regulations for conducting its business which include license to operate factories, registration under several tax regulations in India, environmental licenses and other approvals. The requirement for approvals for a particular plant may vary based on factors such as the legal requirements in the state in which the plant is located. Further, our obligation to obtain and renew such approvals arises periodically and applications for such approvals are made at the appropriate stage.

Our Company has obtained necessary consents, licenses, permissions and approvals from governmental and regulatory authorities that are required for carrying on its present business activities. Some of the approvals and licenses that our Company requires for its business operations may expire in the ordinary course of business, and our Company will apply for their renewal from time to time.

Further, except as mentioned in this section, as on the date of this Letter of Offer, there are no material pending regulatory and government approvals and no pending renewals of licenses or approvals in relation to the activities undertaken by our Company, or in relation to the Issue.

I. Material approvals for which applications have been made by our Company, but are currently pending grant.

Set out below are the details of the material approvals for which applications have been made and are currently pending grant from the relevant government authority.

Nil

II. Material approvals which have expired and for which renewal applications have been made by our Company.

Set out below are details of applications which have been made to various governmental authorities in lieu of the material approvals that have expired.

Nil

III. Material approvals which have expired and for which renewal applications are yet to be made by our Company.

Nil

IV. Material approvals required for which no application has been made by our Company.

Nil

MATERIAL DEVELOPMENTS

Our Company is engaged in 2 distinct lines of business namely:

- (a) Manufacture and distribution of paper and paper products such a writing paper, printing paper and tissue paper (collectively “Paper Business”); and
- (b) Manufacture and distribution of consumer appliances such as fans, lighting products, home appliances and switch gears (“Consumer Electric Business”).

Scheme of arrangement for demerger

Our Company is proposing to enter into a scheme of arrangement (“Scheme”) for demerger and transfer of its Consumer Electric Business in to Orient Electric Limited, which is currently a wholly owned subsidiary of our Company, pursuant to Sections 391 to 394 of the Companies Act, 1956 and other applicable provisions of Companies Act, 1956 and the Companies Act, 2013. Our Board vide its resolution dated October 17, 2016 approved the Scheme.

Rationale of demerger

- (a) The nature of risk and competition involved in each of the Paper Business and Consumer Electric Business is distinct, necessitating different management approaches and focus. Moreover, the competitive dynamics of these businesses are also different.
- (b) The separation of the Consumer Electric Business, by way of this Scheme from the Demerged Company would lead to benefits for both the businesses, that our Company is engaged in, i.e. manufacturing and distribution of paper and paper products and the Consumer Electric Business including:
 - enable a dedicated management and to accelerate growth of the Consumer Electric Business unlocking value for the Shareholders of our Company; and
 - access to varied sources of funds for the rapid growth of both our businesses, as aforementioned.
- (c) With a view to achieve the growth potential, our Company proposes to re-organize and segregate, by way of the Scheme, its business, undertaking and investments in the Consumer Electric Business.

Brief details of change in shareholding pattern

- (a) There shall be no change in the shareholding pattern of our Company.
- (b) Presently, our Company holds the entire share capital of Orient Electric Limited. Therefore, Orient Electric Limited is a wholly owned subsidiary of our Company. As consideration for the demerger, Orient Electric Limited shall issue and allot to each shareholder of our Company (whose name is recorded in the register of members and records of the depository as member of our Company, on the record date) 1 equity share of ₹ 1 each of Orient Electric Limited, credited as fully paid up, for every 1 equity share of ₹ 1 each held by such shareholder in our Company. Simultaneously with such issuance, in the books of Orient Electric Limited, all shares issued by Orient Electric Limited to our Company shall stand cancelled and extinguished. Post demerger, the shareholding pattern of Orient Electric Limited shall mirror the shareholding pattern of our Company.

Consideration

As consideration for the demerger, Orient Electric Limited shall issue and allot to each shareholder of our Company (whose name is recorded in the register of members and records of the depository as member of our Company, on the record date) 1 equity share of ₹ 1 each of Orient Electric Limited, credited as fully paid up, for every 1 equity share of ₹ 1 each held by such shareholder in our Company. There shall be no cash consideration.

Listing

The equity shares of Orient Electric Limited shall be listed on BSE and NSE.

Our Company has filed applications dated [•] and [•] with the BSE and NSE, respectively for approval of the Scheme.

Working results of our Company:

Information as required as per sub-item B of item (X) of Part E of the SEBI (ICDR) Regulations and in accordance with the Ministry of Finance, GoI, Circular no.F.2/5/SE/76 dated February 5, 1977, amended on March, 1977.

Our working results for the period April 1, 2016 to September 30, 2016 are as under:

<i>(in ₹lacs)</i>		
Sr. No	Particulars	Amount
(i)	Sales / turnover (Net)	80,591.77
(ii)	Other income	628.29
	Total Income	81,220.06
(iii)	Estimated gross profit / loss (excluding depreciation and taxes)	2,024.07
(iv)	Provision for depreciation	2,197.07
(v)	Provision for taxes	(100.03)
(vi)	Estimated net profit / loss	(66.91)

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorised by a resolution of our Board passed at its meeting held on September 15, 2016 pursuant to Section 62 of the Companies Act, 2013. The Issue Price of ₹ 68 per Rights Equity Share has been determined by the Board and the Rights Entitlement is 1 Rights Equity Share for every 28 fully paid-up Equity Shares held on the Record Date. The Issue Price has been arrived at in consultation with the Lead Manager.

Our Company has received in-principle approvals from the BSE and the NSE under Regulation 28 of the SEBI Listing Regulations for listing of the Rights Equity Shares to be allotted in the Issue pursuant to their letters, dated [•], 2016 and [•], 2016, respectively.

Prohibition by RBI, SEBI or other governmental authorities

Our Company, the Promoters, the members of the Promoter Group, the Directors, persons in control of our Company and persons in control of the Corporate Promoter as well as its directors have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority.

The companies with which our Promoters, 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.

Neither our Company, our Promoters, relatives of our Promoters, Group Companies nor our Directors 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 and NSE. It is eligible to offer Rights Equity Shares pursuant to this Issue in terms of Chapter IV of the SEBI ICDR Regulations.

Compliance with Regulation 4(2) of the SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulation 4(2), 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.

Compliance with Regulation 10 of the SEBI ICDR Regulations

Our Company satisfies the following conditions specified in Regulation 10 and accordingly, our Company is eligible to make this Issue by way of a 'fast track issue':

1. the Equity Shares have been listed on BSE and NSE, each being a recognised stock exchange having nationwide trading terminals, for a period of at least three years immediately preceding the date of this Letter of Offer;
2. the average market capitalisation of the public shareholding of our Company is more than ₹ 25,000 lacs;
3. the annualised trading turnover of the Equity Shares during the six calendar months immediately preceding the month of date of this Letter of Offer with the Designated Stock Exchange has been at least two percent of the weighted average number of Equity Shares available as free float during such six months' period;
4. our Company has redressed at least 95% of the complaints received from the investors till the end of the

quarter immediately preceding the month of the date of this Letter of Offer;

5. our Company has been in compliance with the Listing Agreements and/or the provisions of the SEBI Listing Regulations, as applicable, for a period of at least three years immediately preceding the date of this Letter of Offer;
6. the impact of auditor qualifications, if any, on the audited accounts of our Company in respect of Fiscal 2016 does not exceed five percent of the net profit after tax for Fiscal 2016;
7. there is neither any show cause notice issued nor any prosecution proceedings initiated by SEBI or pending against our Company or our Promoters or whole-time Directors as of the date of this Letter of Offer;
8. Our Company or our Promoters or the members of the Promoter Group or our Directors have not settled any alleged violation of securities laws through the consent or settlement mechanism with SEBI in the three years immediately preceding the date of this Letter of Offer;
9. the entire shareholding of the Promoter Group is held in dematerialised form as on the date of this Letter of Offer;
10. the Promoter and members of the Promoter Group shall mandatorily subscribe to their rights entitlement and shall not renounce their rights, except to the extent of any renunciation within the Promoter Group or for the purpose of complying with minimum public shareholding norms prescribed under Rule 19A of the SCRR;
11. the Equity Shares have not been suspended from trading as a disciplinary measure during the last three years immediately preceding the date of this Letter of Offer; and
12. the annualised delivery based trading turnover of the Equity Shares during the six calendar months immediately preceding the month of date of this Letter of Offer with the Designated Stock Exchange has been at least 10% of the weighted average number of Equity Shares during such six months' period;
13. there is no conflict of interest between the Lead Manager and our Company or our Group Companies in accordance with applicable regulations.

Compliance with Part E of Schedule VIII of the SEBI ICDR Regulations

Our Company is in compliance with the provisions specified in Clause (1) of Part E of Schedule VIII of the SEBI ICDR Regulations as explained below:

1. Our Company has been filing periodic reports, statements and information with the Stock Exchanges in compliance with the Listing Agreements and/or the provisions of the SEBI Listing Regulations, as applicable for the last three years immediately preceding the date of filing of this Letter of Offer with the Designated Stock Exchange.
2. The reports, statements and information referred to in sub-clause (a) above are available on the websites of BSE and NSE or on a common e-filing platform specified by SEBI.
3. Our Company has an investor grievance-handling mechanism which includes meeting of the Stakeholders Relationship Committee at frequent intervals, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Company satisfies the conditions specified in Clause (1) of Part E of Schedule VIII of SEBI ICDR Regulations, disclosures in this Letter of Offer have been made in terms of Clause (5) of Part E of Schedule VIII of the SEBI ICDR Regulations.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS 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 LETTER OF OFFER. THE LEAD MANAGER, HDFC BANK LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SECURITIES AND EXCHANGE BOARD OF INDIA (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 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, HDFC BANK LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED [•] 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 MATERIAL IN CONNECTION WITH THE FINALISATION OF THE LETTER OF OFFER PERTAINING TO THE ISSUE;
- (2) ON THE BASIS OF SUCH EXAMINATION AND DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND 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 COMPANY, WE CONFIRM THAT:
 - (a) THE 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 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, 1956, THE COMPANIES ACT, 2013, SECURITIES AND EXCHANGE BOARD OF INDIA (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 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 UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOT APPLICABLE. THE ISSUE IS NOT UNDERWRITTEN
- (5) WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTER

DURING THE PERIOD STARTING FROM THE DATE OF FILING THE LETTER OF OFFER WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE LETTER OF OFFER – NOT APPLICABLE

- (6) **WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHICH RELATES TO SPECIFIED 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 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 SECURITIES AND EXCHANGE BOARD OF INDIA (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 THE AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. 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 ISSUE – NOT APPLICABLE**
- (8) **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY 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 COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. THE MEMORANDUM OF ASSOCIATION OF THE COMPANY DOES NOT SEGREGATE BETWEEN THE 'MAIN OBJECTS' AND 'OTHER OBJECTS.' THE ACTIVITIES THAT ARE CARRIED OUT AND 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 HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 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 LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKER TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION – NOT APPLICABLE. THIS BEING A RIGHTS ISSUE, SUB-SECTION (3) SECTION 40 OF THE COMPANIES ACT, 2013 IS NOT APPLICABLE. FURTHER, TRANSFER OF MONIES RECEIVED PURSUANT TO THE ISSUE SHALL BE RELEASED TO THE COMPANY AFTER FINALISATION OF THE BASIS OF ALLOTMENT IN COMPLIANCE WITH REGULATION 56 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED**
- (10) **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE EQUITY SHARES IN DEMAT OR PHYSICAL MODE - COMPLIED WITH**
- (11) **WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (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 - COMPLIED WITH**

- (12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE LETTER OF OFFER:
- (a) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND
 - (b) AN UNDERTAKING FROM THE COMPANY 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 SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE – NOTED FOR COMPLIANCE
- (14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS' EXPERIENCE, ETC. - COMPLIED WITH
- (15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (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 LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY - COMPLIED WITH
- (16) WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY THE MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE)', AS PER FORMAT SPECIFIED BY SEBI – NOT APPLICABLE FOR A RIGHTS ISSUE
- (17) WE CERTIFY THAT 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 INCLUDED IN THE LETTER OF OFFER
- (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
- (19) WE CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY - COMPLIED WITH
- (20) WE CONFIRM THAT THE COMPANY IS ELIGIBLE TO MAKE FAST TRACK ISSUE IN TERMS OF REGULATION 10 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009. THE FULFILMENT OF THE ELIGIBILITY CRITERIA AS SPECIFIED IN THAT REGULATION, BY THE COMPANY, HAS ALSO BEEN DISCLOSED IN THE LETTER OF OFFER - COMPLIED WITH
- (21) WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE COMPANY HAVE BEEN MADE IN THE LETTER OF OFFER AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE COMPANY OR RELATING TO THE ISSUE, UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED EQUITY SHARES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES / ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH THE PRE-

ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN – COMPLIED WITH AND NOTED FOR COMPLIANCE

- (22) WE CONFIRM THAT THE ABRIDGED LETTER OF OFFER PREPARED IN CONNECTION WITH THE ISSUE CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 - COMPLIED WITH
- (23) WE CONFIRM THAT AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE EQUITY SHARES OF THE COMPANY DATED APRIL 29, 2015 BETWEEN THE COMPANY, REGISTRAR TO THE COMPANY AND CDSL AND APRIL 30, 2015 BETWEEN THE COMPANY, REGISTRAR TO THE ISSUE AND NSDL, RESPECTIVELY - COMPLIED WITH
- (24) WE CERTIFY THAT AS PER THE REQUIREMENTS OF FIRST PROVISIO TO SUB-REGULATION (4) OF REGULATION 32 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, THE CASH FLOW STATEMENT HAS BEEN PREPARED AND DISCLOSED IN THE LETTER OF OFFER – NOT APPLICABLE

THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER SECTION 34 OR SECTION 36 OF THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCE 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 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 Letter of Offer or in any advertisement or other material issued by our Company or by any other persons at the instance of our Company and anyone placing reliance on any other source of information would be doing so at his own risk.

Investors who invest in the Issue will be deemed to have represented to our Company, the Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Rights Equity Shares, and are relying on independent advice / evaluation as to their ability and quantum of investment in the Issue.

CAUTION

Our Company and the Lead Manager shall make all information available to the Eligible Shareholders and no selective or additional information would be available for a section of the Eligible Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Letter of Offer.

No dealer, salesperson or other person is authorised to give any information or to represent anything not contained in this Letter of Offer. You must not rely on any unauthorised information or representations. This Letter of Offer is an offer to sell only the Rights Equity Shares and rights to purchase the Rights Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Letter of Offer is current only as of its date.

Disclaimer with respect to jurisdiction

This 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 Kolkata, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of the Issue will be BSE.

Disclaimer Clause of BSE

As required, a copy of this Letter of Offer has been submitted to the BSE. BSE has, through its letter no. [•] dated [•] permitted our Company to use BSE's name in this Letter of Offer as one of the stock exchanges on which our Company's securities are proposed to be listed. BSE has scrutinised this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to our Company. BSE does not in any manner:

- (i). warrant, certify or endorse the correctness or completeness of any of the contents of this Letter of Offer; or
- (ii). warrant that the Company's securities will be listed or will continue to be listed on the BSE; or
- (iii). take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of the Company;

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

Disclaimer Clause of NSE

As required, a copy of the Letter of Offer was submitted to the NSE. The disclaimer clause as intimated by the NSE to us is as under:

“As required, a copy of this letter of offer has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref. No. [•] dated [•] permission to the Issuer to use the Exchange's name in this letter of offer as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinised this letter of offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the letter of offer has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its Promoter, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.”

Selling Restrictions

The distribution of this Letter of Offer and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Shareholders of our Company and will dispatch this Letter of Offer/ Abridged Letter of Offer and CAF only to Eligible Shareholders who have provided an Indian address. No action has been or will be taken to permit the Issue in any jurisdiction, or the possession, circulation, or distribution of this Letter of Offer or any other material relating to our Company, the Rights Equity Shares or Rights Entitlement in any jurisdiction, where action would be required for that purpose, except that this Letter of Offer has been filed with SEBI.

Accordingly, the Rights Equity Shares and Rights Entitlement may not be offered or sold, directly or indirectly, and none of this Letter of Offer or any offering materials or advertisements in connection with the Rights Equity Shares or Rights Entitlement may be distributed or published in any jurisdiction, except in accordance with legal

requirements applicable in such jurisdiction. Receipt of this Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer.

This Letter of Offer and its accompanying documents are being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, in whole or in part, to any other person or published, in whole or in part, for any purpose.

If this Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlement referred to in this Letter of Offer. Investors are advised to consult their legal counsel prior to applying for the Rights Entitlement and Rights Equity Shares or accepting any provisional allotment of Rights Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Rights Equity Shares or Rights Entitlement.

Neither the delivery of this 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 the date of such information or that the information contained herein is correct as of any time subsequent to this date or the date of such information.

IMPORTANT INFORMATION FOR INVESTORS – ELIGIBILITY AND TRANSFER RESTRICTIONS

As described more fully in the chapter titled “*Notice to Overseas Shareholders*” on page [•] there are certain restrictions regarding the Rights Entitlements and Rights Equity Shares that affect certain Eligible Shareholders.

The Rights Entitlements and Rights Equity Shares have not been and will not be registered under the Securities Act, or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States (as defined in Regulation S) or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S) except in a transaction not subject to, or exempt from, the registration requirements of the Securities Act.

In addition, until the expiry of 40 days after the commencement of the Issue, an offer or sale of Rights Entitlements or Rights Equity Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

The Rights Entitlements and Rights Equity Shares are being offered and sold only to persons who are outside the United States (as defined in Regulation S) and are not “U.S. persons” (as defined in Regulation S), nor persons acquiring for the account or benefit of “U.S. persons” (as defined in Regulation S), in offshore transactions in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales occur. All persons who acquire the Rights Entitlements or Rights Equity Shares are deemed to have made the representations included elsewhere in this Letter of Offer.

Rights Equity Shares and Rights Entitlements Offered and Sold in this Issue

Each investor acquiring the Rights Entitlements or Rights Equity Shares, by its acceptance of this Letter of Offer and of the Rights Entitlements or Rights Equity Shares, will be deemed to have acknowledged, represented to and agreed with us and the Lead Manager that it has received a copy of this Letter of Offer and such other information as it deems necessary to make an informed investment decision and that:

- (1) the investor is authorised to consummate the purchase of the Rights Entitlements or Rights Equity Shares in compliance with all applicable laws and regulations;
- (2) the Rights Entitlements and Rights Equity Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and, accordingly, may not be offered, sold, pledged or otherwise transferred in or into the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;
- (3) the investor is purchasing the Rights Entitlements or Rights Equity Shares in an “offshore transaction” within the meaning of Regulation S;

(4) the investor and the person, if any, for whose account or benefit the purchaser is acquiring the Rights Entitlements or Rights Equity Shares, was located outside the United States (as defined in Regulation S) at each time (i) the offer was made to it and (ii) when the buy order for such Rights Entitlements or Rights Equity Shares was originated;

(5) the investor is not subscribing for the Rights Entitlements or Rights Equity Shares with a view to the offer, sale, allotment, exercise, resale, renouncement, pledge, transfer, delivery, directly or indirectly, of any such Rights Entitlements or Rights Equity Shares into the United States (as defined in Regulation S); and

(6) the investor agrees that neither the investor, nor any of its affiliates, nor any person acting on behalf of the investor or any of its affiliates, has been offered the Rights Entitlements of Rights Equity Shares by means of any “directed selling efforts” as defined in Regulation S.

Filing

This Letter of Offer is being filed with the Designated Stock Exchange as per the provisions of the SEBI ICDR Regulations. Further, in terms of Regulation 6(4) of the SEBI ICDR Regulations, our Company will simultaneously while filing this Letter of Offer with the Designated Stock Exchange, file a copy of this Letter of Offer with SEBI, through the Lead Manager with SEBI’s Eastern Regional Office at L&T Chambers, 3rd Floor, 16 Camac Street, Kolkata 700 017.

Issue Related Expenses

The expenses of the Issue payable by our Company include brokerage, fees and reimbursement to the Lead Manager, Auditor, legal advisors, Registrar, printing and distribution expenses, publicity, listing fees, stamp duty and other expenses and will be met out of the Issue Proceeds.

The total expenses of the Issue are estimated to be ₹ 201.50 lacs. The break-up for the Issue expenses is as follows:

Sr. No.	Activity Expense	Estimated amount (in ₹ lacs) ⁽¹⁾	Percentage of total estimated Issue expenditure (%) ⁽¹⁾	Percentage of Issue size (%) ⁽¹⁾
4.	Fees of the Lead Manager, legal advisors, Registrar to the Issue, auditors, including out of pocket expenses	179.55	89.11	3.61
5.	Printing and stationery, distribution, postage, Advertising and marketing expenses etc.	9.48	4.70	0.19
6.	Other expenses (including fees payable to SEBI and Stock Exchange, etc.)	12.48	6.19	0.25
Total estimated Issue expenditure		201.50	100.00	4.05

⁽¹⁾ Assuming full subscription and Allotment in the Issue.

Investor Grievances and Redressal System

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the Listing Agreement.

Our Company has a Stakeholders’ Relationship Committee which currently comprises of Mr. Michael Bastian, Ms. Gauri Rasgotra and Mr. M. L. Pachisia. The broad terms of reference include redressal of investors’ complaints pertaining to share / debenture transfers, non-receipt of annual reports, interest / dividend payments, issue of duplicate certificates etc. Our Company has been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/ OIAE/ 2/ 2011 dated June 3, 2011. Consequently, investor grievances are tracked online by our Company.

The Investor complaints received by our Company are generally disposed of within 7 days from the date of receipt

of the complaint.

Status of outstanding investor complaints in relation to our Company

As on the date of this Letter of Offer, there were no outstanding investor complaints in relation to our Company.

Investor Grievances arising out of the Issue

Our Company's investor grievances arising out of the Issue will be handled by Link Intime India Private Limited, the Registrar to the Issue. The Registrar will have a separate team of personnel handling only post-Issue correspondence.

The agreement between our Company and the Registrar will provide for retention of records with the Registrar for a period of at least three years from the last date of dispatch of Allotment Advice/ demat credit/ refund order to enable the Registrar to redress grievances of Investors.

All grievances relating to the Issue may be addressed to the Registrar or the SCSB in case of ASBA Applicants giving full details such as folio number / demat account number, name and address, contact telephone / cell numbers, email id of the first Applicant, number of Rights Equity Shares applied for, CAF serial number, amount paid on application and the name of the bank and the branch where the application was deposited, along with 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 7 days from the date of receipt of complaints. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to attend to them as expeditiously as possible. Our Company undertakes to resolve the investor grievances in a time bound manner.

Registrar to the Issue

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound

L.B.S. Marg, Bhandup (West)

Mumbai 400 078

Maharashtra, India

Telephone: +91 22 6171 5400

Facsimile: +91 22 2596 0329

Email: orient.rights@linkintime.co.in

Investor Grievance E-mail: orient.rights@linkintime.co.in

Website: www.linkintime.co.in

Contact Person: Mr. Dinesh Yadav

SEBI Registration No.: INR000004058

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.

Mr. Ram Prasad Dutta,

Company Secretary and Compliance Officer;

Birla Building, 13th Floor,

9/1, R. N. Mukherjee Road,

Kolkata – 700 001

Telephone: +91 33 3057 3700

Facsimile: +91 33 2243 0490

Email: cosec@orientpaperindia.com

SECTION VIII: ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in the Letter of Offer, the Abridged Letter of Offer, the Composite Application Form, the Split Application Form, the Memorandum of Association and Articles of Association of our Company, and the provisions of the Companies Act, FEMA, the guidelines and regulations issued by SEBI, the guidelines, notifications and regulations for the issue of capital and for listing of securities issued by the Government of India and other statutory and regulatory authorities from time to time, approvals, if any from the RBI or other regulatory authorities, the SEBI Listing Regulations and terms and conditions as stipulated in the allotment advice or security certificate.

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 ₹ 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. Further, all QIBs and Non-Institutional Investors are mandatorily required to use the ASBA facility, even if application amount does not exceed ₹ 2,00,000. The Investors who are not (i) QIBs, (ii) Non-Institutional Investors or (iii) Investors whose application amount is more than ₹ 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 chapter titled “*Terms of the Issue – Procedure for Application*” on page [•] of this Letter of Offer.

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.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public issues / rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, for ensuring compliance with the applicable regulations.

All rights/obligations of the Eligible Shareholders in relation to application and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

Authority for the Issue

This Issue to our Eligible Shareholders with a right to renounce is being made pursuant to a resolution passed by Board of Directors on September 15, 2016.

Basis for the Issue

The Rights Equity Shares are being offered for subscription for cash to the Eligible Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held in the electronic form and on the register of members of our Company in respect of the Equity Shares held in physical form at the close of business hours on the Record Date, fixed in consultation with the Designated Stock Exchange.

Rights Entitlement

As your name appears as a beneficial owner in respect of the Equity Shares held in the electronic form or appears in the register of members as an Eligible Shareholder of our Company in respect of the Equity Shares held in physical form as on the Record Date, you are entitled to the number of Equity Shares as set out in Part A of the CAFs.

The distribution of the Letter of Offer / Abridged Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Our Company is making the issue of Equity Shares on a rights basis to the Eligible Shareholders and the Letter of Offer/Abridged Letter of Offer and the CAFs will be dispatched only to those Eligible Shareholders who have a registered address in India. Any person who acquires Rights Entitlements or Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer/Abridged 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 any other restricted jurisdiction.

PRINCIPAL TERMS OF THE ISSUE

Face Value

Each Rights Equity Share will have the face value of ₹ 1.

Issue Price

Each Equity Share is being offered at a price of ₹ 68 per Rights Equity Share (including a premium of ₹ 67 per Rights Equity Share).

Rights Entitlement Ratio

The Rights Equity Shares are being offered on a rights basis to Eligible Shareholders in the ratio of 1 Rights Equity Share for every 28 fully paid-up Equity Shares held on the Record Date.

Terms of Payment

Full amount of ₹ 68 per Rights Equity Share is payable on application.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to Eligible Shareholders in the ratio of 1 Rights Equity Share for every 28 fully paid-up Equity Shares held as on the Record Date. For Rights Equity Shares being offered in this Issue, if the shareholding of any of the Eligible Shareholders is less than 28 Equity Shares or not in the multiple of 28 fully paid-up Equity Shares, the fractional entitlement of such Eligible Shareholders shall be ignored in the computation of the Rights Entitlement. However, Eligible Shareholders whose fractional entitlements are being ignored as above would be given preferential consideration for the Allotment of one additional Rights Equity Share each if they apply for additional Rights Equity Shares over and above their Rights Entitlement, if any.

Those Eligible Shareholders holding less than 28 Equity Shares, that is, holding up to 27 Equity Shares and therefore entitled to 'zero' Rights Equity Shares under this Issue shall be dispatched a CAF with zero entitlement. Such Eligible Shareholders are entitled to apply for additional Rights Equity Shares and would be given preference in the Allotment of one additional Rights Equity Share if, such Eligible Shareholders have applied for the additional Rights Equity Shares. However, they cannot renounce the same in favour of third parties. CAFs with zero entitlement will be non-negotiable/non-renounceable.

For example, if an Eligible Shareholder holds between 1 and 27 Equity Shares, he will be entitled to zero Rights Equity Shares on a rights basis. He will be given a preference for Allotment of one additional Rights Equity Share if he has applied for the same.

Ranking

The Rights Equity Shares being issued shall be subject to the provisions of the Memorandum of Association and the Articles of Association. The Rights Equity Shares allotted in the Issue shall rank *pari passu* with the existing Equity Shares in all respects including dividends.

Mode of payment of dividend

In the event of declaration of dividend, our Company shall pay dividend to the Eligible Shareholders as per the provisions of the Companies Act and the provisions of the Articles of Association.

Listing and trading of Equity Shares proposed to be issued

Our existing Equity Shares are currently traded on BSE and NSE under the ISIN INE592A01026. 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/ 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 Rights 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.

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. Our Company has received in-principle approval from BSE by way of a letter no. [•] dated [•] and from NSE by way of a reference no. [•] dated [•].

Our Company will apply to BSE and NSE 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 the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof.

If permissions to list, deal in and for an official quotation of the Rights Equity Shares are not granted by BSE and/or NSE, the Company will forthwith repay, without interest, all moneys received from the Applicants in pursuance of the Letter of Offer. If such money is not repaid beyond eight days after the Company becomes liable to repay it, that is, the date of refusal of an application for such a permission from a Stock Exchange, or on expiry of 15 days from the Issue Closing Date in case no permission is granted, whichever is earlier, then the Company and every Director who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest as applicable.

Subscription to the Issue by the Promoters and the Promoter Group

Central India Industries Limited by way of its letter dated [•] has undertaken on behalf of itself, other Promoter and Promoter Group to: (a) subscribe, on their own account or through Promoter and Promoter Group for Equity Shares being offered to them pursuant to the Rights Issue; or (b) apply on their own account or through Promoter and Promoter Group for any Equity Shares renounced in their favour by other members of Promoter and Promoter Group; or (c) apply on their own account or through Promoter and Promoter Group for any additional Equity Shares in the Rights Issue to the extent of any unsubscribed portion of the Rights Issue, subject to applicable law.

The acquisition of Rights Equity Shares by the Promoters and members of the Promoter Group shall not result in a change of control of the management of our Company. Our Company is in compliance with Regulation 38 of the Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

For further details of under subscription and Allotment to the Promoter, please see chapter titled “*Terms of the Issue – Basis of Allotment*” on page [•] of this Letter of Offer.

Rights of the Equity Shareholder

Subject to applicable laws, Equity Shareholders shall have the following rights:

1. Right to receive dividend, if declared;
2. Right to attend general meetings and exercise voting powers, unless prohibited by law;
3. Right to vote on a poll either in person or by proxy;

4. Right to receive offers for Rights Equity Shares and be allotted bonus shares, if announced;
5. Right to receive surplus on liquidation;
6. Right of free transferability of shares; and
7. 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 our Company are tradable only in dematerialised form. The market lot for Rights Equity Shares in dematerialised mode is one (1) Equity Share. In case an Eligible Shareholder holds Rights Equity Shares in physical form, our Company would issue to the Allottees one certificate for the Rights Equity Shares allotted to each folio ("**Consolidated Certificate**"). Such Consolidated Certificates may be split into smaller denominations at the request of the respective Eligible Shareholder.

Joint Holders

Where two or more persons are registered as the holders of any Rights Equity Shares, they shall be deemed to hold the same as joint holders with the benefit of survivorship subject to the provisions contained in the Articles of Association.

Nomination

Nomination facility is available in respect of the Rights Equity Shares in accordance with the provisions of the Section 72 of the Companies Act. An Eligible Shareholder can nominate any person by filling the relevant details in the CAF in the space provided for this purpose. In case of Eligible Shareholders who are individuals, a sole Eligible Shareholder or the first named Eligible Shareholder, along with other joint Eligible Shareholders, if any, may nominate any person(s) who, in the event of the death of the sole Eligible Shareholder or all the joint Eligible Shareholders, as the case may be, shall become entitled to the Rights Equity Shares offered in the Issue. A person, being a nominee, becoming entitled to the Equity Shares by reason of death of the original Eligible Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered Eligible Shareholder. Where the nominee is a minor, the Eligible Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Rights Equity Shares, in the event of death of the said Eligible Shareholder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Rights Equity Shares by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. Where the Rights Equity Shares are held by more than one person jointly, the nominee shall become entitled to all the rights in the Rights Equity Shares only in the event of death of all the joint holders. Fresh nominations can be made only in the prescribed form available on request at the Corporate Office of our Company or such other person at such addresses as may be notified by our Company. The Investor can make the nomination by filling in the relevant portion of the CAF. In terms of Section 72 of the Companies Act, or any other rules that may be prescribed under the Companies Act, any person who becomes a nominee shall upon the production of such evidence as may be required by the Board, elect either:

1. to register himself or herself as the holder of the Equity Shares; or
2. to make such transfer of the Equity Shares, as the deceased holder could have made.

If the person being a nominee, so becoming entitled, elects to be registered as holders of the Rights Equity Shares himself, he shall deliver to our Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased Equity Shareholder.

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

Only one nomination would be applicable for one folio. Hence, in case the Investor(s) has already registered the nomination with our Company, no further nomination needs to be made for Rights Equity Shares that may be allotted in this Issue under the same folio.

In case the Allotment of Rights Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Rights Equity Shares to be allotted in this Issue. Nominations registered with respective DP of the Investor would prevail. Any Investor desirous of changing the existing nomination is requested to inform its respective DP.

Arrangements for Disposal of Odd Lots

Our Equity Shares are traded in dematerialised form only and therefore the marketable lot is one Equity Share and hence, no arrangements for disposal of odd lots are required.

Notices

All notices to the Eligible Shareholder(s) required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi national daily newspaper with wide circulation and one Odia language daily newspaper with wide circulation and/or, will be sent by post to the registered address of the Eligible Shareholders in India or the Indian address provided by the Equity Shareholders from time to time.

Procedure for Application

The CAF for the Rights Equity Shares offered as part of the Issue would be printed for all Eligible Shareholders. In case the original CAF is not received by the Eligible Shareholder or is misplaced by the Eligible Shareholder, the Eligible Shareholder 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 Shareholders does not match with the specimen registered with our Company, the application is liable to be rejected.

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/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 utilise the original CAF for any purpose, including renunciation, even if the original CAF is received or found subsequently. If any Eligible Shareholders violates any of these requirements, they shall face the risk of rejection of both applications.

Please note that 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 ₹ 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 derecognised as an eligible class of Investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Eligible Shareholder being an erstwhile OCB is required to obtain prior approval from RBI for applying to this Issue.

The CAF consists of four parts:

Part A: Form for accepting the Equity Shares offered as a part of this Issue, in full or in part, and for applying for additional Equity Shares;

Part B: Form for renunciation of Equity Shares;

Part C: Form for application of Equity Shares by Renouncee(s);

Part D: Form for request for Split Application Forms.

Option available to the Eligible Shareholders

The CAFs will clearly indicate the number of Rights Equity Shares that the Eligible Shareholder is entitled to.

If the Eligible Shareholder applies for an investment in Equity Shares, then he can:

1. Apply for his Rights Entitlement of Equity Shares in full;
2. Apply for his Rights Entitlement of Equity Shares in part;
3. Apply for his Rights Entitlement of Equity Shares in part and renounce the other part of the Rights Equity Shares;
4. Apply for his Rights Entitlement in full and apply for additional Rights Equity Shares;
5. Renounce his Rights Entitlement in full.

Acceptance of the Issue

You may accept the offer to participate and apply for the Rights Equity Shares offered, either in full or in part, by filling Part A of the CAFs and submit the same along with the Application Money payable to the Banker to the Issue or any of the collection centres as mentioned on the reverse of the CAFs before close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors in this regard. Investors at centres not covered by the collection branches of the Banker to the Issue can send their CAFs together with the cheque payable at par or a demand draft payable at Mumbai to the Registrar to the Issue by registered post so as to reach the Registrar to the Issue prior to the Issue Closing Date. Please note that neither our Company nor the Lead Manager or 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 the 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 relevant sections titled “***Terms of the Issue – Mode of Payment for Resident Investors***” and “***Terms of the Issue – Mode of Payment for Non-Resident Investors***” on page [•] of this Letter of Offer.

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 to you 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 the Board, subject to sectoral caps and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under section titled “***Terms of the Issue – Basis of Allotment***” on page [•] of this Letter of Offer.

NRs being Renouncees, including FIIs, shall not be eligible to apply for any additional Rights Equity Shares and in the event an application is made for such additional Rights Equity Shares, the same will be liable to be rejected.

Further, under the Foreign Exchange Regulations currently in force in India, transfers of shares between Non-Residents and residents are permitted subject to compliance with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares is not in compliance with such pricing guidelines or reporting requirements or certain other conditions, then the prior approval of the RBI will be required.

Due to the aforementioned factors FPIs, FVCIs, multilateral and bilateral institutes intending to apply for additional Rights Equity Shares or intending to apply for Rights Equity Shares renounced in their favour shall be required to obtain prior approval from the appropriate regulatory authority.

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 Equity Shares in Part C of CAF.

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

The 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 our Company shall not Allot and/or register the Rights Equity Shares in favour of the following Renouncees: (i) more than three persons (including joint holders); (ii) partnership firm(s) or their nominee(s); (iii) minors (except applications by minors having valid demat accounts as per the demographic details provided by the Depositors); (iv) HUF; or (v) any trust or society (unless the same is registered under the Societies Registration Act, 1860, as amended or the Indian Trust Act, 1882, as amended or any other applicable law relating to societies or trusts and is authorised under its constitution or bye-laws to hold equity shares, as the case may be). Additionally, the Eligible Shareholders may not renounce in favour of “U.S. Persons” (as defined in Regulation S) or persons or entities which would otherwise be prohibited from being offered or subscribing for Rights Equity Shares or Rights Entitlement under applicable securities laws.

The RBI has, pursuant to a letter dated [•], conveyed its no-objection for the renunciation of Rights Entitlement by, and to, persons resident in India and persons resident outside India in the Issue, subject to our Company ensuring that the total FDI limit does not exceed [•]% of the paid up capital post renunciation of Rights Entitlement and also ensuring the following conditions:

In terms of Regulation 6 of Notification No. FEMA 20 12000-RB dated 3rd May 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 Bank.

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, erstwhile Overseas Corporate Bodies (OCBs) have been derecognised as an eligible class of Investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, the Eligible Shareholders of our Company who do not wish to subscribe to the Rights Equity Shares being offered but wish to renounce the same in favour of Renouncee shall not renounce the same (whether for consideration or otherwise) in favour of erstwhile OCB(s).

The RBI has, however, clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that erstwhile 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 the FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of the RBI if the investment is through the automatic route on case by case basis. Equity Shareholders renouncing their rights in favour of erstwhile OCBs may do so provided such Renouncee obtains a prior approval from the RBI. On submission of such approval to us at our Corporate Office, the erstwhile 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 offer 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 the conclusive evidence for our Company of the fact of renouncement to the person(s) applying for Equity Shares in Part ‘C’ of the CAF for the purpose 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 right to further renounce any Rights Equity Shares in favour of any other person.

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 Eligible Shareholder in favour of one Renouncee

If you wish to renounce your 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 (i) accept this offer in part and renounce the balance, or (ii) renounce your entire Rights Entitlement in favour of two or more Renouncees, the CAF must be first split into requisite number of forms. 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 provided 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 Shareholder(s), who has renounced the Rights Equity Shares, does not match with the specimen registered with our Company/ Depositories, the application is liable to be rejected.

Renouncee(s)

The person(s) in whose favour the Rights 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 any of the collection branches as mentioned on the reverse of the CAFs on or before the Issue Closing Date along with the Application Money in full.

Change and/or introduction of additional holders

If you wish to apply for 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.

Sr. No.	Option Available	Action Required
1.	Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A (<i>All joint holders must sign in the same sequence</i>)
2.	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 entitlement and Block IV relating to additional Rights Equity Shares (<i>All joint holders must sign in the same sequence</i>)
3.	Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s) OR Renounce your Rights Entitlement to all the Rights Equity Shares offered to you to more than one Renouncee	Fill in and sign Part D (<i>all joint holders must sign in the same sequence</i>) requesting for SAFs. Send the CAF to the Registrar 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. (i) For the Rights Equity Shares you wish to accept, if any, fill in and sign Part A. (ii) For the Rights Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Rights Equity Shares renounced and hand it over to the Renouncees. (iii) Each Renouncee should fill in and sign Part C for the Rights Equity Shares accepted by them.
4.	Renounce your Rights Entitlement in full to one person (<i>Joint Renouncees are considered as one</i>).	Fill in and sign Part B (<i>all joint holders must sign in the same sequence</i>) indicating the number of Rights Equity Shares renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C (<i>all joint Renouncees must sign</i>)

Sr. No.	Option Available	Action Required
5.	Introduce a joint holder or change the sequence of joint holders	This will be treated as renunciation. Fill in and sign Part B and the Renouncee must fill in and sign Part C.

Please note that:

- Options (3), (4) and (5) will not be available for Equity Shareholders applying through ASBA process.
- Part 'A' of the CAF must not be used by any person(s) other than the Eligible Shareholder to whom the Letter of Offer has been addressed. If used, this will render the application invalid.
- Request for each SAF should be made for a minimum of one Rights Equity Share or, in each case, in multiples thereof and one SAF for the balance Rights Equity Shares, if any.
- Request by the Investor for the SAFs should reach the Registrar to the Issue on or before [•].
- Only the Eligible 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 Shareholders by post at the Applicant's risk.
- Eligible Shareholders may not renounce in favour of persons or entities 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 Equity Shares in Part 'C' of the CAF to receive Allotment of such Equity Shares.
- While applying for or renouncing their Rights Entitlement, all joint Eligible Shareholders must sign the CAF and in the same order and as per specimen signatures recorded with our Company/ Depositories.
- Non-Resident Eligible 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 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 Shareholder, the Registrar to the Issue will issue a duplicate CAF on the request of the Eligible 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 within seven days prior to the Issue Closing Date. Please note that those who are making the application in the duplicate form should not utilise the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the Investor violates such requirements, he/she shall face the risk of rejection of either original CAF or both the applications. Our Company or the Registrar to the Issue or the Lead Manager will not be responsible for postal delays or loss of duplicate CAF in transit, if any.

Application on Plain Paper (Non-ASBA)

An Eligible 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 an account payee cheque drawn on a bank payable at par, pay order/demand draft, net of bank and postal charges and the Investor should send the same by registered post directly to the Registrar to the Issue. Please see “*Terms of the Issue – Modes of Payment*” on page [•] of this Letter of Offer. Applications on plain paper will not be accepted from any address outside India.

The envelope should be super scribed “**ORIENT PAPER & INDUSTRIES LIMITED - RIGHTS ISSUE**” and should be postmarked in India. The application on plain paper, duly signed by the Eligible Shareholder including joint holders, in the same order and as per specimen recorded with our Company /Depositories, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

1. Name of our Company, being Orient Paper & Industries Limited;
2. Name and address of the Eligible Shareholder including joint holders;
3. Registered Folio Number/ DP and Client ID No.;
4. Number of Equity Shares held as on Record Date;
5. Share certificate numbers and distinctive numbers of Equity Shares, if held in physical form;
6. Allotment option preferred - physical or demat form, if held in physical form;
7. Number of Rights Equity Shares entitled to;
8. Number of Rights Equity Shares applied for;
9. Number of additional Rights Equity Shares applied for, if any;
10. Total number of Equity Shares applied for;
11. Total amount paid at the rate of ₹ 68 per Rights Equity Share;
12. Particulars of cheque/ demand draft;
13. Savings/ current account number and name and address of the bank where the Eligible Shareholder will be depositing the refund order. In case of Equity Shares held in dematerialised form, the Registrar shall obtain the bank account details from the information available with the Depositories;
14. Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Shareholder and for each Eligible Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue;
15. 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;
16. Signature of the Applicant (in case of joint holders, to appear in the same sequence and order as they appear in the records of our Company/Depositories); and
17. Additionally, all such Applicants are deemed to have accepted the following:

*“I/ We understand that neither the Rights Entitlement nor the Rights Equity Shares have been, and will be, registered under the United States Securities Act of 1933 (“**Securities Act**”) or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (“**United States**”) or to, or for the account or benefit of a “U.S. Person”*

*as defined in Regulation S under the US Securities Act (“**Regulation S**”). I/ we understand the Rights Equity Shares referred to in this application are being offered in India but not in the United States. I/ we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the Rights Equity Shares or Rights Entitlement in the United States. Accordingly, I/ we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/ we understand that neither the Company, nor the Registrar, the Lead Manager or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company have reason to believe is ineligible to participate in the Issue under the securities laws of their jurisdiction.*

I/ We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by me/us in any jurisdiction or under any circumstances in which such offer or sale is not authorised 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. I/We satisfy, and each account for which I/we am/are acting satisfies, all suitability standards for Investors in investments of the type subscribed for herein imposed by the jurisdiction of my/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 Securities Act.

I/ We acknowledge that the Company, the Lead Manager, their respective 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 utilise the original CAF for any purpose including renunciation even if it is received subsequently. If the Eligible Shareholder violates such requirements, he/ she shall face the risk of rejection of both the applications. Our Company shall refund such application amount to the Eligible Shareholder without any interest thereon. In cases where multiple CAFs are submitted, including cases where an investor submits CAFs along with a plain paper application, such applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an application being rejected, with our Company, the Lead Manager and the Registrar not having any liability to the Investor. The plain paper application format will be available on the website of the Registrar to the Issue at www.linkintime.co.in.

Last date for Application

The last date for submission of the duly filled in CAF or the plain paper application is [•]. The Board or any committee thereof 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 or the plain paper application 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 the Board/ Committee of Directors, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and the Board/ Committee of Directors shall be at liberty to dispose of the Equity Shares hereby offered, as provided under the section titled “**Terms of the Issue – Basis of Allotment**” on page [•] of this Letter of Offer.

Modes of Payment

Investors are advised to use CTS cheques to make payment. Investors are cautioned that CAFs accompanied by non-CTS cheques are liable to be rejected.

Mode of payment for Resident Investors

1. All cheques / demand drafts accompanying the CAF should be drawn in favour of “***ORIENT PAPER & 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;
2. Investors residing at 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 an account payee cheque drawn on a bank payable at par, pay order/demand draft for the full application amount, net of bank and postal charges drawn in favour of “***ORIENT PAPER & INDUSTRIES LIMITED - RIGHTS ISSUE – R***”, crossed ‘A/c Payee only’ and payable at par, directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. The envelope should be superscribed “***ORIENT PAPER & INDUSTRIES LIMITED – RIGHTS ISSUE***”. Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

Mode of payment for Non-Resident Investors

As regards the application by Non-Resident Investor, the following conditions shall apply:

1. Individual Non-Resident Indian Applicants who are permitted to subscribe for Rights Equity Shares by applicable local securities laws can obtain application forms from the following address:

Registrar to the Issue

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound

L.B.S. Marg, Bhandup (West)

Mumbai 400 078

Maharashtra, India

Telephone: +91 22 6171 5400

Facsimile: +91 22 2596 0329

Email: orient.rights@linkintime.co.in

Investor Grievance E-mail: orient.rights@linkintime.co.in

Website: www.linkintime.co.in

Contact Person: Mr. Dinesh Yadav

SEBI Registration No.: INR000004058

Note: The Letter of Offer/ Abridged Letter of Offer and CAFs to NRIs shall be sent only to their Indian address, if provided.

2. Applications will not be accepted from Non-Resident Indian in any jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws.
3. 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.
4. 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 drawn in favour of “***ORIENT PAPER & INDUSTRIES LIMITED - RIGHTS ISSUE - R***”, crossed ‘A/c Payee only’ payable at par, in case of non-resident shareholder applying on non-repatriable basis and in favour of “***ORIENT PAPER & INDUSTRIES LIMITED - RIGHTS ISSUE – NR***”, crossed ‘A/c Payee only’ payable at par, in case of non-resident shareholder applying on repatriable basis, directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. The envelope should be superscribed “***ORIENT PAPER & INDUSTRIES LIMITED - RIGHTS ISSUE***”. Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.
5. Payment by Non-Residents must be made by demand draft, pay order/cheque or funds remitted from abroad in any of the following ways:

Application with repatriation benefits

1. By Indian Rupee drafts purchased from abroad or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or
2. By cheque/draft drawn on an NRE or FCNR Account; or
3. By Rupee draft purchased by debit to NRE/FCNR Account maintained elsewhere in India and payable at par;
4. FIIs/ FPIs registered with SEBI must utilise funds from special non-resident rupee account;
5. Non-Resident Investors with repatriation benefits should draw the cheques/ demand drafts in favour of “**ORIENT PAPER & INDUSTRIES LIMITED - RIGHTS ISSUE – NR**”, crossed ‘A/c Payee only’ 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;
6. Applicants should note that where payment is made through drafts 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 should be enclosed with the CAF. In the absence of such an account debit certificate, the application shall be considered incomplete and is liable to be rejected.

Application without repatriation benefits

1. 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 or Rupee draft purchased out of NRO Account maintained elsewhere in India. In such cases, the Allotment of Equity Shares will be on non-repatriation basis.
2. Non-Resident Investors without repatriation benefits should draw the cheques/demand drafts in favour of “**ORIENT PAPER & INDUSTRIES LIMITED - RIGHTS ISSUE – R**”, crossed ‘A/c Payee only’ 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;
3. Applicants should note that where payment is made through 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. In the absence of such an account debit certificate, the application shall be considered incomplete and is liable to be rejected.
4. An Eligible Shareholder whose status has changed from resident to non-resident should open a new demat account reflecting the changed status. Any application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Manager.

Notes:

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income Tax Act.
- In case Rights Equity Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.
- The CAF duly completed together with the amount payable on application must be deposited with the Banker to the Issue 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 the RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

Application by ASBA Investors

Process

This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA process. Our Company and the Lead Manager is not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the 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, our Company, its Directors, its employees, 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 pursuant to the applicability of the directions issued by SEBI vide its circular CIR/CFD/DIL/1/ 2011 dated April 29, 2011, all Applicants who are QIBs, Non-Institutional Investors or other Applicants whose application amount exceeds ₹ 2,00,000 can participate in the Issue only through the ASBA process, subject to them complying with the requirements of SEBI Circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009. The Investors who are not (i) QIBs, (ii) Non-Institutional Investors (iii) Investors whose application amount is more than ₹ 2,00,000, can participate in the Issue either through the ASBA process or the non ASBA process. 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.

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 its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, 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/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>. For details on Designated Branches of SCSBs collecting the CAF, please refer the above mentioned SEBI link.

Eligible Shareholders who are eligible to apply under the ASBA Process

The option of applying for Rights Equity Shares in the Issue through the ASBA Process is only available to the Eligible Shareholders of our Company on the Record Date and who:

- hold the Equity Shares in dematerialised form as on the Record Date and have applied towards his/her Rights Entitlements or additional Rights Equity Shares in the Issue in dematerialised form;
- have not renounced his/her Rights Entitlements in full or in part;
- are not a Renouncee;
- are applying through a bank account maintained with SCSBs; and

- are eligible under applicable securities laws to subscribe for the Rights Entitlement and the Equity Shares in the Issue.

CAF

The Registrar will dispatch the CAF to all Eligible Shareholders as per their Rights Entitlement on the Record Date for the Issue. Those Investors who wish to apply through the ASBA payment mechanism will have to select for this mechanism in Part A of the CAF and provide necessary details.

Investors desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF only. Application in electronic mode will only be available with such SCSBs who provide such facility. The Investors 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 said ASBA Account.

More than one ASBA Investor may apply using the same ASBA Account, provided that the SCSBs will not accept a total of more than five CAFs with respect to any single ASBA Account.

Acceptance of the Issue under the ASBA process

ASBA Investors 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 process 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 the Board of Directors of our Company in this regard.

Renunciation under the ASBA Process

ASBA Investors can neither be Renouncees, nor can renounce their Rights Entitlement.

Mode of payment under the ASBA process

The Investor 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 to the Issue. Upon receipt of intimation from the Registrar to the Issue, the SCSBs shall transfer such amount as per the Registrar to the Issue'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 to the Issue and the Lead Manager to the respective SCSB.

The Investor 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 Investor 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, our Company would have a right to reject the application only on technical grounds.

Please note that in accordance with the provisions of SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011 all QIBs and Non-Institutional Investors complying with eligibility conditions prescribed under the SEBI circular SEBI /CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009 must mandatorily invest through the ASBA process.

A Retail Individual Investor applying for a value of up to ₹ 2,00,000, can participate in the Issue either through the ASBA process or non-ASBA process.

Options available to the Eligible Shareholders applying under the ASBA Process

The summary of options available to the Investors is presented below. You may exercise any of the following options with regard to the Equity Shares, using the respective CAFs received from Registrar:

	Option Available	Action Required
1.	Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A of the CAF (<i>All joint holders must sign in the same sequence</i>)
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 (<i>All joint holders must sign in the same sequence</i>)

The Investors applying under the ASBA Process will need to select the ASBA option process 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 CAFs would be treated as if the Investor has selected to apply through the ASBA process option.

Additional Equity Shares

An Eligible Shareholder is eligible to apply for additional Equity Shares over and above the number of Equity Shares that such an Eligible Shareholder is entitled to, provided that the Eligible Shareholder is eligible to apply for the Equity Shares under applicable law and has applied for all the 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 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 Equity Shares shall be considered and Allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under section titled “***Terms of the Issue – Basis of Allotment***” on page [•] of this Letter of Offer. If you desire to apply for additional 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.

Application on Plain Paper under the ASBA process

An Eligible 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. Eligible Shareholders shall submit the plain paper application 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 said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any address outside India.

The envelope should be super scribed “***ORIENT PAPER & INDUSTRIES LIMITED - RIGHTS ISSUE***” and should be postmarked in India. The application on plain paper, duly signed by the Eligible Shareholders including joint holders, in the same order and as per the specimen recorded with our Company /Depositories, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of Issuer, being Orient Paper & Industries Limited;
2. Name and address of the Eligible Shareholder including joint holders;
3. Registered Folio Number/ DP and Client ID No.;
4. Certificate numbers and distinctive numbers of Equity Shares, if held in physical form;
5. Number of Equity Shares held as on Record Date;
6. Number of Rights Equity Shares entitled to;

7. Number of Rights Equity Shares applied for;
8. Number of additional Rights Equity Shares applied for, if any;
9. Total number of Rights Equity Shares applied for;
10. Total amount paid at the rate of ₹ 68 per Rights Equity Share;
11. Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
12. 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;
13. Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Shareholder and for each Eligible Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue;
14. Signature of the Eligible Shareholders to appear in the same sequence and order as they appear in our records; and
15. Additionally, all such Applicants are deemed to have accepted the following:

*“I/We understand that neither the Rights Entitlement nor the Rights Equity Shares have been, and will be, registered under the United States Securities Act of 1933 (“**Securities Act**”) or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (“**United States**”) or to or for the account or benefit of a ‘U.S. Person’ as defined in Regulation S under the US Securities Act (“**Regulation S**”). I/ we understand the Rights Equity Shares referred to in this application are being offered in India but not in the United States. I/ we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or Rights Entitlement in the United States. Accordingly, I/ we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/ we understand that neither the Company, nor the Registrar, the Lead Manager or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who, the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company have reason to believe is ineligible to participate in the Issue under the securities laws of their jurisdiction.*

I/ We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by me/us in any jurisdiction or under any circumstances in which such offer or sale is not authorised 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. I/We satisfy, and each account for which I/we am/are acting satisfies, all suitability standards for Investors in investments of the type subscribed for herein imposed by the jurisdiction of my/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 Securities Act.

I/ We acknowledge that the Company, the Lead Manager, their respective affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”

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.

Option to receive Equity Shares in Dematerialised Form

ELIGIBLE SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN

DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY SUCH ASBA APPLICANT ON THE RECORD DATE.

General instructions for Investors applying under the ASBA Process

1. Please read the instructions printed on the respective 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 the Letter of Offer or Abridged Letter of Offer are liable to be rejected. The CAF must be filled in English.
3. The CAF/ plain paper application in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Banker to the Issue (assuming that such Banker to the Issue is not an SCSB), to our Company or Registrar or Lead Manager to the Issue.
4. All Applicants, and in the case of application in joint names, each of the joint Applicants, should mention his/her PAN allotted under the Income Tax 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 Equity Shares pursuant to the Issue shall be made into the accounts of such Investors.**
5. 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 affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
6. 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 Investors must sign the CAF as per the specimen signature recorded with our Company /or Depositories.
7. 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 our Company / Depositories. 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.
8. All communication in connection with application for the Equity Shares, including any change in address of the Investors 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, folio numbers and CAF number.
9. 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.
10. Only persons outside the restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Rights Equity Shares under applicable securities laws are eligible to participate.
11. Only the Eligible Shareholders holding shares in demat are eligible to participate through ASBA process.
12. Eligible Shareholders who have renounced their entitlement in part/ full are not entitled to apply using ASBA process.
13. Please note that pursuant to the applicability of the directions issued by SEBI *vide* its circular CIR/CFD/DIL/1/ 2011 dated April 29, 2011, all Applicants who are QIBs, 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 (iii) Investors whose application amount is more than ₹ 2,00,000, can participate in the Issue either through the ASBA process or the non ASBA process.

14. Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.
15. 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 its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.
16. In case of non – receipt of CAF, application can be made on plain paper mentioning all necessary details as mentioned under section titled “***Terms of the Issue – Application on Plain Paper (non - ASBA)***” and “***Terms of the Issue – Application on Plain Paper under the ASBA process***” on pages [•] and [•] of this Letter of Offer, respectively.

Do’s:

1. Ensure that the ASBA Process option is selected in Part A of the CAF and necessary details are filled in. In case of non-receipt of the CAF, the application can be made on plain paper with all necessary details as required under the section titled “***Terms of the Issue – Application on Plain Paper under the ASBA process***” on page [•] of this Letter of Offer.
2. Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the dematerialised form only.
3. 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.
4. Ensure that there are sufficient funds (equal to {number of Equity Shares as the case may be applied for} X {Issue Price of 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.
5. 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.
6. Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the CAF in physical form.
7. Except for CAFs submitted on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, each Applicant should mention their PAN allotted under the Income Tax Act.
8. 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.
9. Ensure that the Demographic Details are updated, true and correct, in all respects.
10. Ensure that the account holder in whose bank account the funds are to be blocked has signed authorising such funds to be blocked.

Don’ts:

1. Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.

2. Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.
3. Do not pay the amount payable on application in cash, by money order, pay order or by postal order.
4. Do not send your physical CAFs to the Lead Manager to Issue / Registrar / Banker to the Issue (assuming that such Banker to the Issue is not an 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.
5. Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
6. Do not apply if the ASBA Account has been used for five Applicants.
7. Do not apply through the ASBA Process if you are not an ASBA Investor.
8. Do not instruct the SCSBs to release the funds blocked under the ASBA Process.

Grounds for Technical Rejection under the ASBA Process

In addition to the grounds listed under the section titled “*Grounds for Technical Rejection for Non-ASBA Investors*” on page [•] of this Letter of Offer, applications under the ASBA Process are liable to be rejected on the following grounds:

1. Application on a SAF.
2. Application for Allotment of Rights Entitlements or additional Rights Equity Shares which are in physical form.
3. DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.
4. Sending an ASBA application on plain paper to the Registrar to the Issue.
5. Sending CAF to Lead Manager / Registrar / Banker to the Issue (assuming that such Banker to the Issue is not an SCSB) / to a branch of an SCSB which is not a Designated Branch of the SCSB / Company.
6. Renouncee applying under the ASBA Process.
7. Submission of more than five CAFs per ASBA Account.
8. Insufficient funds are available with the SCSB for blocking the amount.
9. Funds in the ASBA Account whose details are mentioned in the CAF having been frozen pursuant to regulatory orders.
10. Account holder not signing the CAF or declaration mentioned therein.
11. CAFs that do not include the certification 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 United States (as defined in Regulation S) or any restricted jurisdiction and is authorised to acquire the rights and the securities in compliance with all applicable laws and regulations.
12. CAFs which have evidence of being executed in/dispatched from any restricted jurisdiction or executed by or for the account or benefit of a “U.S. person” (as defined in Regulation S).
13. QIBs, Non-Institutional Investors and other Eligible Shareholders applying for Rights Equity Shares in this Issue for value of more than ₹ 2,00,000 who hold Equity Shares in dematerialised form and is not a renouncer or a Renouncee not applying through the ASBA process.

14. The application by an Eligible Shareholder whose cumulative value of Rights Equity Shares applied for is more than ₹ 2,00,000 but has applied separately through split CAFs of less than ₹ 2,00,000 and has not done so through the ASBA process.
15. Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.
16. Submitting the GIR instead of the PAN.
17. An Eligible Shareholder, who is not complying with any or all of the conditions for being an ASBA Investor, applies under the ASBA process.
18. Applications by persons not competent to contract under the Indian Contract Act, 1872, as amended, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
19. Failure to mention an Indian address in the Application. Application with foreign address shall be liable to be rejected.
20. 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.
21. Failure to provide a copy of the requisite RBI approval in relation to renunciation by non-resident ASBA Applicants.
22. Applications by Eligible Shareholders ineligible to make applications through the ASBA process, made through the ASBA process.

Depository account and bank details for Investors applying under the ASBA Process

IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. INVESTORS 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.

Investors applying under the ASBA Process should note that on the basis of name of these Investors, 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 Investors such as address, bank account details for printing on refund orders and occupation (Demographic Details). Hence, Investors 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 Investors including mailing of the letters intimating unblocking of bank account of the respective Investor. The Demographic Details given by the Investors in the CAF would not be used for any other purposes by the Registrar to the Issue. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs, the Investors 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.

Letters intimating Allotment and unblocking or refund (if any) would be mailed at the address of the Investor applying under the ASBA Process as per the Demographic Details received from the Depositories. The Registrar to the Issue will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not allotted to such Investor. Investors applying under the ASBA Process may note that delivery of letters intimating unblocking of the funds may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Investor in the CAF would be used only to ensure dispatch of letters intimating unblocking of the ASBA Accounts.

Note that any such delay shall be at the sole risk of the Investors applying under the ASBA Process and none of our Company, the SCSBs or the Lead Manager shall be liable to compensate the Investor applying under the ASBA Process for any losses caused due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Investors (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such applications are liable to be rejected.

Underwriting

This Issue shall not be underwritten.

Issue Schedule

Issue Opening Date:	[•]
Last date for receiving requests for SAFs:	[•]
Issue Closing Date:	[•]

The Board may however decide to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

Basis of Allotment

Subject to the provisions contained in the Letter of Offer, the Abridged Letter of Offer, CAF, the Articles of Association of our Company and the approval of the Designated Stock Exchange, the Board will proceed to allot the Rights Equity Shares in the following order of priority:

1. Full Allotment to those Eligible Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has/ have applied for Rights Equity Shares renounced in their favour, in full or in part.
2. Investors whose fractional entitlements are being ignored and Eligible Shareholders with Zero entitlement would be given preference in Allotment of one additional Rights Equity Share each if they apply for additional Rights Equity Share. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after Allotment under (1) above. If number of Rights Equity Shares required for Allotment under this head is more than the number of Rights Equity Shares available after Allotment under (1) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.
3. Allotment to the Eligible Shareholders who having applied for all the Rights Equity Shares offered to them as part of the Issue, have also applied for additional Rights Equity Shares. The Allotment of such additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to their Rights Entitlement, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (1) and (2) above. The Allotment of such Rights Equity Shares will be at the sole discretion of the Board in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.
4. Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for additional Equity Shares provided there is surplus available after making full Allotment under (1), (2) and (3) above. The Allotment of such Rights Equity Shares will be at the sole discretion of

the Board in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.

5. Allotment to any other person that the Board of Directors as it may deem fit provided there is surplus available after making Allotment under (1), (2), (3) and (4) above, and the decision of the Board in this regard shall be final and binding.

After taking into account Allotment to be made under (1) to (4) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Subscription to the Issue by the Promoters and Promoter Group

Central India Industries Limited by way of its letter dated [•] has undertaken on behalf of itself, other Promoter and Promoter Group to: (a) subscribe, on their own account or through Promoter and Promoter Group for Equity Shares being offered to them pursuant to the Rights Issue; or (b) apply on their own account or through Promoter and Promoter Group for any Equity Shares renounced in their favour by other members of Promoter and Promoter Group; or (c) apply on their own account or through Promoter and Promoter Group for any additional Equity Shares in the Rights Issue to the extent of any unsubscribed portion of the Rights Issue, subject to applicable law.

The acquisition of Rights Equity Shares by the Promoters and members of the Promoter Group shall not result in a change of control of the management of our Company. Our Company is in compliance with Regulation 38 of the Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

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.

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 Rights Equity Shares to the respective beneficiary accounts, if any, within a period of 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 RBI will get refunds through National Automated Clearing House ("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 dematerialised 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 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.

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 and postal 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 ₹ 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 despatched through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.

6. Credit of refunds to Investors in any other electronic manner, permissible under the banking laws, which are in force, and is permitted by SEBI from time to time.

Refund payment to Non- residents

Where applications are accompanied by Indian rupee drafts purchased abroad, 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. Our Company 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 Rights Equity Shares in Dematerialised Form

Investors shall be allotted the Rights Equity Shares in dematerialised (electronic) form at the option of the Investor. Our Company has signed a tripartite agreement with NSDL on April 30, 2015 which enables the Investors to hold and trade in Equity Shares in a dematerialised form, instead of holding the Equity Shares in the form of physical certificates. Our Company has also signed a tripartite agreement with CDSL on April 29, 2015 which enables the Investors to hold and trade in Equity Shares in a dematerialised 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 dematerialised 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 Rights Equity Shares to the Investor's depository account. CAFs, which do not accurately contain this information, will be given the Rights Equity Shares in physical form. No separate CAFs for Rights Equity Shares in physical and/or dematerialised 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 dematerialised form.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES OF OUR COMPANY CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALISED FORM.

The procedure for availing the facility for Allotment of Rights Equity Shares in this Issue in the electronic form is as under:

1. Open a beneficiary account with any Depository Participant (*care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of*

the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. *Those Investors who have already opened such beneficiary account(s) need not adhere to this step.*

2. For Eligible Shareholders already holding Equity Shares of our Company in dematerialised form as on the Record Date, the beneficial 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 Rights Equity Shares pursuant to this Issue 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 Rights Equity Shares arising out of this Issue may be made in dematerialised form even if the original Equity Shares are not dematerialised. Nonetheless, it should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company / Depositories.
3. The responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-a-vis such information with the Investor's Depository Participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in CAF should be the same as registered with the Investor's Depository Participant.
4. If incomplete / incorrect beneficiary account details are given in the CAF, the Investor will get Rights Equity Shares in physical form.
5. The Rights Equity Shares allotted to Applicants opting for issue in dematerialised 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 him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.
6. Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.
7. Non-transferable allotment advice/refund orders will be directly sent to the Investors by the Registrar.
8. Dividend or other benefits with respect to the Equity Shares held in dematerialised form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.

General instructions for non-ASBA Investors

1. Please read the instructions printed on the CAF carefully.
2. Applicants that are not QIBs or are not Non - Institutional Investor or those whose application money does not exceed ₹ 2,00,000 may participate in the Issue either through ASBA or the non-ASBA process. Eligible 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.
3. Application should be made on the printed CAF, provided by our Company except as mentioned under section titled “***Terms of the Issue – Application on Plain Paper (non - ASBA)***” and “***Terms of the Issue – Application on Plain Paper under the ASBA process***” on page [•] and [•] of this Letter of Offer, respectively 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 Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Investors, details of occupation, address, father's / husband's name must be filled in block letters.
4. The CAF together with the cheque/demand draft should be sent to the Banker to the Issue or to the Registrar to the Issue and not to our Company 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 our Company for

collecting applications, will have to make payment by Demand Draft of an amount net of bank and postal charges and send their CAFs to the Registrar to the Issue by registered post. If any portion of the CAF is/are detached or separated, such application is liable to be rejected.

Applications where separate cheques/demand drafts are not attached for amounts to be paid for Rights Equity Shares are liable to be rejected. Applications accompanied by cash, postal order or stockinvest are liable to be rejected.

5. 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.
6. 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.
7. All payment should be made by cheque/demand draft only. 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.
8. 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 Investors must sign the CAF or the plain paper application as per the specimen signature recorded with our Company.
9. 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 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 our Company, 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.
10. 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 our Company /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.
11. 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 FPIs, 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 an NR or NRI Investor 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 United States (as defined in Regulation S), or in any jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws.
12. All communication in connection with application for the Rights Equity Shares, including any change in address of the Investors 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 Investors, after the date of Allotment, should be sent to the

Registrar and Transfer Agents of our Company, in the case of Equity Shares held in physical form and to the respective Depository Participant, in case of Equity Shares held in dematerialised form.

13. SAFs cannot be re-split.
14. Only the person or persons to whom Rights Equity Shares have been offered and not Renouncee(s) shall be entitled to obtain SAFs.
15. Investors must write their CAF number at the back of the cheque /demand draft.
16. 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.
17. 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 cheques / demand drafts / money orders or postal orders will be liable to be rejected. The Registrar will not accept payment against application if made in cash.
18. No receipt will be issued for application money received. The Banker to the Issue / Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.
19. The distribution of the Letter of Offer and issue of Rights 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 the Letter of Offer and not to attempt to subscribe for Rights Equity Shares.
20. 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

1. Check if you are eligible to apply, that is, you are an Eligible Shareholder on the Record Date.
2. 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.
3. 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 Rights Equity Shares will be allotted in the dematerialised form only.
4. Ensure that your Indian address is available to our Company and the Registrar and Transfer Agent, in case you hold Equity Shares in physical form or the Depository Participant, in case you hold Equity Shares in dematerialised form.
5. 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.
6. 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.
7. 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.
8. 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.

9. Ensure that the demographic details are updated, true and correct, in all respects.

Don'ts for non-ASBA Investors

1. Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.
2. Do not apply on duplicate CAF after you have submitted a CAF to a collection branch of the Banker to the Issue.
3. Do not pay the amount payable on application in cash, by money order or by postal order.
4. Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
5. Do not submit Application accompanied with stockinvest.

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:

1. Amount paid does not tally with the Application Money payable.
2. Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialised holdings) or the Registrar and Transfer Agent (in the case of physical holdings).
3. Age of Investor(s) not given (in case of Renouncees).
4. 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.
5. In case of CAF under power of attorney or by limited companies, corporate, trust, relevant documents are not submitted.
6. If the signature of the Investor does not match with the one given on the CAF and for renounce(s) if the signature does not match with the records available with their depositories.
7. CAFs are not submitted by the Investors within the time prescribed as per the CAF and this Letter of Offer.
8. CAFs not duly signed by the sole/joint Investors.
9. CAFs/ SAFs by erstwhile OCBs not accompanied by a copy of an RBI approval to apply in this Issue.
10. CAFs accompanied by stockinvest/ outstation cheques/ post-dated cheques/ money order/ postal order/ outstation demand drafts.
11. In case no corresponding record is available with the Depositories that match three parameters, namely, names of the Investors (including the order of names of joint holders), DP ID and Client ID.
12. 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 United States (as defined in Regulation S) or any restricted jurisdictions and is authorised to acquire the Rights Entitlements and Rights Equity Shares in compliance with all applicable laws and regulations.
13. CAFs which have evidence of being executed in/dispatched from restricted jurisdictions.

14. CAFs by ineligible Non-Residents (including on account of restriction or prohibition under applicable local laws) and where a registered address in India has not been provided.
15. CAFs where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements.
16. In case the GIR number is submitted instead of the PAN.
17. Applications by Renouncees who are persons not competent to contract under the Indian Contract Act, 1872, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
18. Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.
19. Applications from QIBs, Non-Institutional Investors or Investors applying in this Issue for Equity Shares for an amount exceeding ₹ 2,00,000, not through ASBA process.
20. Failure to mention an Indian address in the Application. Application with foreign address shall be liable to be rejected.
21. 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.
22. Non – ASBA applications made by QIBs and Non – Institutional Investors.
23. Failure to provide a copy of the requisite RBI approval in relation to renunciation by non-resident non-ASBA Applicants.

Please read this Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of this 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 Letter of Offer or the CAF.

Investment by FPIs, FIIs and QFIs

SEBI recently notified the SEBI FPI Regulations pursuant to which FIIs, its sub-accounts and QFIs categories of investors were merged to form a new category called 'Foreign Portfolio Investors'. Prior to the notification of the SEBI FPI Regulations, portfolio investments by FIIs and sub-accounts were governed by SEBI under the FII Regulations and portfolio investments by QFIs were governed by various circulars issued by SEBI from time to time (**QFI Circulars**). Pursuant to the notification of the SEBI FPI Regulations, the FII Regulations were repealed and the QFI Circulars were rescinded.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an Investor group (*which means the same set of ultimate beneficial owner(s) investing through multiple entities*) is not permitted to exceed 10% of our Company's post-Issue Equity Share Capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up Equity Share Capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid up Equity Share Capital of our Company.

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 6, 2015 (or such other date as may be specified by SEBI) or until the QFI obtains a certificate of registration as FPI, whichever is earlier.

The existing individual and aggregate investment limits for Eligible QFIs in an Indian company are 5% and 10% of the paid-up capital of an Indian company, respectively. In terms of the FEMA Regulations, a QFI shall not be eligible to invest as a QFI upon obtaining registration as an FPI. However, all investments made by a QFI in accordance with the regulations, prior to registration as an FPI shall continue to be valid and taken into account for computation of the aggregate limit.

Investment by NRIs

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3)(i) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended. Applications will not be accepted from NRIs in restricted jurisdictions.

NRI Applicants may please note that only such Applications as are accompanied by payment in free foreign exchange shall be considered for Allotment under the reserved category. The NRI Applicants who intend to make payment through NRO accounts shall use the Application Form meant for resident Indians and shall not use the Application Forms meant for reserved category.

Please note that pursuant to the applicability of the directions issued by SEBI *vide* its circular bearing number CIR/ CFD/ DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs, Non- Institutional Investors or are applying in this Issue for Equity Shares for an amount exceeding ₹ 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 ₹ 2,00,000 shall mandatorily make use of ASBA facility.

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.

Impersonation

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who:

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

shall be liable for action under section 447”.

Section 447 of the Companies Act provides for punishment for fraud which *inter alia* states punishment of imprisonment for a term which shall not be less than six months but which may extend to ten years and shall be liable to a fine which shall not be less than the amount involved in the fraud, but which may extend to three times the amount involved in the fraud.

Dematerialised dealing

Our Company has entered into agreements dated April 30, 2015 and April 29, 2015 with NSDL and CDSL, respectively, and its Equity Shares bear the ISIN INE592A01026.

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 our Company. However, the Banker to the Issue / Registrar to the Issue/ Depository Participants/ stock brokers/ 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.

The 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:

1. All monies received out of the Issue shall be transferred to a separate bank account;
2. Details of all monies utilised out of the Issue shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised;

3. Details of all unutilised monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested; and
4. Our Company may utilise the funds collected in the Issue only after the Basis of Allotment is finalised.

Undertakings by our Company

Our Company undertakes the following:

1. The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.
2. All steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Rights Equity Shares are to be listed will be taken within seven 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 our Company.
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 certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within the specified time.
6. No further issue of securities affecting our Company's Equity Share Capital shall be made till the securities issued/ offered through this Letter of Offer are listed or till the application money are refunded on account of non-listing, under-subscription etc.
7. Our Company accepts full responsibility for the accuracy of information given in this Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.
8. Adequate arrangements shall be made to collect all ASBA applications and to consider then similar to non-ASBA applications while finalising the Basis of Allotment.
9. At any given time, there shall be only one denomination for the Equity Shares of our Company.
10. Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.
11. 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.
12. Our Company shall utilise the funds collected in the Issue only after finalisation of the Basis of Allotment.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, our Company shall refund the entire subscription amount within the prescribed time. In the event that there is a delay of making refunds beyond such period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws.

Important

1. Please read this Letter of Offer carefully before taking any action. The instructions contained in the CAF are an integral part of the conditions of the Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected. It is to be specifically noted that this Issue of Rights Equity Shares is subject to the risk factors mentioned in the chapter titled “**Risk Factors**” on page [•] of this Letter of Offer.
2. All enquiries in connection with this Letter of Offer or CAF and requests for SAFs must be addressed quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Eligible Shareholder as mentioned on the CAF and superscribed “**ORIENT PAPER & INDUSTRIES LIMITED - RIGHTS ISSUE – R**” or “**ORIENT PAPER & INDUSTRIES LIMITED - RIGHTS ISSUE – NR**”, as applicable, on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

Registrar to the Issue

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound

L.B.S. Marg, Bhandup (West)

Mumbai 400 078

Maharashtra, India

Telephone: +91 22 6171 5400

Facsimile: +91 22 2596 0329

Email: orient.rights@linkintime.co.in

Investor Grievance E-mail: orient.rights@linkintime.co.in

Website: www.linkintime.co.in

Contact Person: Mr. Dinesh Yadav

SEBI Registration No.: INR000004058

The Issue will remain open for a minimum 15 days. However, the Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign Investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are FIPB and the RBI.

The Government has from time to time made policy pronouncements on FDI through press notes and press releases. The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India (“**DIPP**”), issued the Consolidated FDI Policy Circular of 2016 (“**FDI Policy**”), which with effect from June 7, 2016 consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect as on June 6, 2016. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore, Consolidated FDI Policy Circular of 2016 will be valid until the DIPP issues an updated circular.

The transfer of shares between an Indian resident and a Non-Resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI Policy and transfer does not attract the provisions of the Takeover Regulations; (ii) the Non-Resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, erstwhile OCBs cannot participate in this Issue.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of these contracts and also the documents for inspection referred to hereunder, may be inspected at the Corporate Office between 10 a.m. and 5 p.m. on all working days from the date of this Letter of Offer until the Issue Closing Date.

A. Material Contracts for the Issue

1. Issue Agreement dated November 9, 2016 between our Company and the Lead Manager.
2. Registrar Agreement dated October 20, 2016 between our Company and the Registrar to the Issue.
3. Escrow Agreement dated October 20, 2016 amongst our Company, the Lead Manager, the Registrar to the Issue and the Banker to the Issue.

B. Material Documents

1. Certified copies of the updated Memorandum of Association and Articles of Association of our Company, as amended.
2. Certificate of incorporation and fresh certificate of incorporation pursuant to change of name of our Company.
3. Resolution of our Board dated September 15, 2016 approving the Issue.
4. Resolution of the Rights Issue Committee dated November 8, 2016, finalising the terms of the Issue including Issue Price, Record Date and the Rights Entitlement Ratio.
5. Letter of Offer dated June 8, 2007 in respect of issue of Equity Shares on a rights basis.
6. Consents of our Directors, Company Secretary and Compliance Officer, Statutory Auditor, Lead Manager, Banker to the Issue, Legal Advisor to the Issue and the Registrar to the Issue for inclusion of their names in this Letter of Offer to act in their respective capacities.
7. Consent of M/s. S. R. Batliboi & Co. LLP, Chartered Accountants dated [•], to be named as an “expert” under Sections 2(38) and 26 of the Companies Act, 2013, in relation to their (i) audit reports dated May 6, 2016 on the Audited Financial Statements, (ii) limited review report dated October 17, 2016 on Condensed Interim Financial Statements and (iii) the statement of tax benefits dated [•].
8. The (i) audit reports dated May 6, 2016 on the Audited Financial Statements, (ii) limited review report dated October 17, 2016 on Condensed Interim Financial Statements and.
9. Annual Reports of our Company for Fiscal 2016, 2015, 2014, 2013 and 2012.
10. The tax benefits statement dated [•] from the Statutory Auditor.
11. In-principle approvals dated [•] issued by BSE and NSE, under Regulation 28 of the SEBI Listing Regulations.
12. Due diligence certificate dated [•] addressed to SEBI from the Lead Manager.
13. Tripartite Agreement dated April 30, 2015 between our Company, the Registrar to the Company and NSDL.
14. Tripartite Agreement dated April 29, 2015 between our Company, the Registrar to the Company

and CDSL.

Any of the contracts or documents mentioned in this 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 Eligible Shareholders, subject to compliance with applicable law.

DECLARATION

We hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act or the rules made thereunder or regulations issued thereunder, as the case may be. We further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

We further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTORS OF OUR COMPANY

Name	Signature
Mr. Chandra Kant Birla <i>Non-Executive Chairman</i>	
Mr. Manohar Lal Pachisia <i>Managing Director and Chief Executive Officer</i>	
Mr. Basant Kumar Jhavar <i>Non-Executive Independent Director</i>	
Mr. Amitabha Ghosh <i>Non-Executive Independent Director</i>	
Mr. Michael Bastian <i>Non-Executive Independent Director</i>	
Mr. Narendra Singh Sisodia <i>Non-Executive Independent Director</i>	
Ms. Gauri Rasgotra <i>Non-Executive Independent Director</i>	

Mr. P. K. Sonthalia
*Chief Financial Officer and President
(Finance)*