

Letter to Shareholders of the Company

To,
The Shareholders
Graphisads Limited
4/24A, AB House, First Floor,
Asaf Ali Road, Darya Ganj, Central Delhi,
New Delhi, Delhi, India, 110002

Subject: Seeking your comments on the following disclosures with respect to the Valuation Methodology for the Notice of Extra-Ordinary General Meeting held on Tuesday, 15th October, 2024

Ref: Preferential Issue of 45,00,000 (Forty Five Lakhs) Warrants each convertible into Equity Shares of face value of ₹10/- (Rupee Ten only) each ("Warrants") at an exercise price of ₹64/- per Equity Share ("Warrant Exercise Price") (Rupees Sixty Four only) each, payable in cash, aggregating up to ₹ 28,80,00,000 /- (Rupees Twenty Eight Crores and Eighty Lakhs Only)

Dear Shareholders,

We draw attention of all the Shareholders of Graphisads Limited ("the Company") to the Extra-Ordinary General Meeting ("EGM") of the company held on 15th October, 2024 after serving due notice dated 16th September, 2024 which was dispatched to the shareholders on 23rd September, 2024 and the corrigendum dispatched to the shareholders on 10th October, 2024 in due compliance with the provisions of the Companies Act, 2013 read with relevant rules thereunder.

Pursuant to the requirements of Regulation 28(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company had filed its first application on 23rd September, 2024 for obtaining in-principle approval of the National Stock Exchange of India Limited ("NSE") for the preferential issue of warrants convertible into equity shares of the Company against which the company had received NSE remarks vide its letter dated 26th September, 2024 to provide certain changes in respect thereof.

In order to comply with the requirements of NSE, the company had issued the corrigendum to the Notice of EGM and filed the second application with the NSE on 10th October, 2024 for obtaining in-principle approval.

Accordingly, the shareholders of the Company have approved the resolution for issue of warrants on preferential basis by way of special resolution through the remote e-voting and also at the EGM on 15th October, 2024.

However, post convening of the EGM, the company again received the remarks from the NSE vide its letter dated 15th October, 2024 directing the company to either give satisfactory reply to the NSE with respect to the Valuation Report or revise the Valuation Report as per their comments.

For GRAPHISADS LIMITED


Shobharam Dhama
Company Secretary
M. No. 23402

The detailed disclosure with respect to the Valuation Report is described herein:

The DCF technique is one of the most rigorous approaches for valuation of business. In this technique, the projected free cash flows from business operations are discounted at the weighted average cost of capital to the providers of capital to the business, and the sum of the present value of such free cash flows is the value of the business.

This methodology works on the premise that the value of a business is measured in terms of future cash flow streams, discounted to the present time at an appropriate discount rate. The value of the firm by estimating the Free Cash Flows (FCF) to Firm and discounting the same with Weighted Average cost of capital (WACC). The DFCF method using the FCF, values Company as an overall. This is estimated by forecasting the free cash flows available for the Company (which are derived on the basis of likely future earnings of the companies) and discounting these cash flows to their present value at the WACC. The DFCF methodology is considered to be the most appropriate basis for determining the earning capability of a business. It expresses the value of a business as a function of expected future cash earnings in present value terms.

In the DCF approach, the appraiser estimates the cash flows of any business after all operating expenses, taxes, and necessary investments in working capital and Capex is being met. As this methodology is focused on finding the value of the Firm so the interest charges (post tax) should be added back.

The valuer has laid emphasis on the projections considered as a true reflection of the Company's earning potential. Future free cash flows are derived considering, inter alia, the changes in the working capital and investments in capital expenditure. They are an aggregation of the free cash flows during the useful life of the assets of the company and the salvage value of the assets after its useful life. In the present case, the Unaudited Financial for the period ending 31st August 2024 and the estimation of financial statements for the next 5 years for period from 01st September 2024 to 31st March 2029 are used.

We further inform you that there is no change in the Exercise Price of Warrants which is Rs. 64/- per warrant as mentioned in the notice of the Extra-Ordinary General Meeting and only the methodology for arriving at the valuation has been changed.

An addendum to the valuation report dated 13th September, 2024 has been obtained from Mr. Bhavin R Patel, Registered Valuer (Registration No. IBBI/RV/05/2019/11668) for the valuation of preferential issue of warrants convertible into equity shares of the company under the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 after considering valuation under the Income Approach as well, pursuant to the requirements of NSE letter dated 15th October, 2024.

In case, any shareholders who have voted on the Special Resolution passed at the EGM held on 15th October, 2024 and have any objection as regards to the above disclosures with respect to issuance of warrants on preferential basis as per special resolution passed at the EGM, are requested to inform to the company through e-mail at sharma.csdeepak@gmail.com with grounds of objections within 48 hours from the date of this e-mail.

For GRAPHISADS LIMITED


Shobharam Dhama
Company Secretary
M. No. 23402

An addendum to the scrutinizer report will be issued by the Scrutinizer, M/s Deepak V Sharma & Co. after receiving objections, if any from the shareholders. Such addendum shall also be published on the website of the Company at www.graphisads.com and also website of NSE at www.nseindia.com.

Thanking You,

Yours faithfully

For Graphisads Limited

For GRAPHISADS LIMITED


Shobharam Dhama
Company Secretary
M. No. 23402

**Shobharam Dhama
Company Secretary &
Compliance Officer**

Enclosed:

1. Notice of Extra-Ordinary General Meeting held on 15th October, 2024
2. Corrigendum to the Notice of Extra-Ordinary General Meeting held on 15th October, 2024
3. Valuation Report dated 13th September, 2024
4. Addendum to Valuation Report dated 06th November, 2024