

MSKC & Associates LLP

(Formerly known as M S K C & Associates)

Chartered Accountants

HO
Floor 2, 101-106 Congress Buildings
573 Mount Road
Chennai 600006, INDIA
Tel: +91 44 2434 9866, +91 44 2434 9867

To

The Board of Directors

Jain Resource Recycling Limited

(Formerly known as Jain Resource Recycling Private Limited)

The Lattice, Old no 7/1, New No 20, 4th Floor,
Waddles Road,
Kilpauk, Chennai,
Tamil Nadu, India, 600 010.

DAM Capital Advisors Limited

PG-1, Ground Floor,
Rotunda Building, Dalal Street,
Fort, Mumbai,
Maharashtra, India, 400 001.

ICICI Securities Limited

ICICI Venture House,
Appasaheb Marathe Marg,
Prabhadevi, Mumbai,
Maharashtra, India, 400 025.

Motilal Oswal Investment Advisors Limited

Motilal Oswal Tower,
Rahimtullah Sayani Road,
Opposite Parel ST Depot,
Prabhadevi, Mumbai,
Maharashtra, India, 400 025.

and

PL Capital Markets Private Limited

3rd Floor, Sadhana House, 570,
P. B. Marg, Behind Mahindra Tower,
Worli, Mumbai,
Maharashtra, India, 400 018.

(DAM Capital Advisors Limited, ICICI Securities Limited, Motilal Oswal Investment Advisors Limited and PL Capital Markets Private Limited, collectively referred to as, **"Book Running Lead Managers"**)

Sub: Proposed initial public offering of equity shares of Jain Resource Recycling Limited (Formerly known as Jain Resource Recycling Private Limited) ("the Company" and such an offering, the "Offer", and such equity shares, the "Equity Shares")

1. This report is issued at the request of **Jain Resource Recycling Limited (Formerly known as Jain Resource Recycling Private Limited)** ("the Company") in accordance with the terms of our engagement letter dated September 10, 2024 and arrangement letter dated March 24, 2025.
2. We have been informed by the Management that the Company requires a report on the utilization of the funds drawn from certain lenders, for onward submission to the Lead Managers to assist them in conducting and documenting their investigation of the affairs of the Company in connection with the prospective issue of equity shares covered by the Draft Red Herring Prospectus.



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3. This report is in respect of the funds drawn from certain lenders and utilization of the funds, as listed in the "Statement of utilization of funds drawn by the Company towards working capital demand loans from certain lenders" during the period from the date of sanction till January 31, 2025" (the "Statement" or "Annexure A") annexed to this report has been prepared by the Company, for the proposed initial public offering pursuant to the requirement contained in paragraph (A) (2) (b) of Clause (9) of Part A of Schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (hereinafter referred to as the "ICDR Regulations") issued by the Securities and Exchange Board of India (the "SEBI").
4. The Statement has been initialed by us for identification purposes only.

Managements' Responsibility for the Statement

5. The preparation of the Statement is the responsibility of the Management of the Company. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation and making estimates that are reasonable in the circumstances.
6. The Management is responsible for ensuring that the Company complies with the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "SEBI ICDR Regulations"); and the Companies Act, 2013.
7. The Management is also responsible for ensuring the utilisation of loan for the purpose availed.

Auditor's Responsibility

8. Pursuant to the requirements of Clause (9)(A)(2)(b) of Part A of Schedule VI of the ICDR Regulations, it is our responsibility to obtain limited assurance and form a conclusion that nothing has come to our attention that causes us to believe that the details relating to the working capital demand loans from the date of sanction till January 31, 2025, on an overall basis, are not in agreement with the audited books of account and other relevant records of the Company for the six months ended September 30, 2024 and the unaudited books of accounts and other relevant records of the Company for the period October 1, 2024 to January 31, 2025.
9. The financial statements of the Company for the six months period ended September 30, 2024 have been audited by us on which we issued an unmodified audit opinion. Our audit of the financial statements were conducted in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, as amended. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audits were not planned and performed in connection with any transactions to identify matters that may be of potential interest to third parties.
10. We have performed the following procedures:
 - a. Obtained details of working capital demand loans availed by the Company from the date of sanction upto January 31, 2025, along with its purpose, balance outstanding as on January 31, 2025, interest rate and other particulars. These loans are proposed to be repaid by the Company out of proceeds from issue of equity shares of the Company in the proposed Initial Public Offering.
 - b. Obtained from the Company, the last approved sanction letters, facility agreements and security documents ('the Sanction Letters') in relation to each of the relevant working capital demand loans as mentioned in the Statement. The management of the Company has represented to us that there are no amendments or supplementary letters thereof other than those provided to us;



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- c. Verified the corresponding drawing limits specified in the sanction letters pertaining to the relevant loans and basis amounts drawn from the books of account of the Company, ensured that the amounts outstanding as at January 31, 2025 are within the limits specified in the sanction letters;
 - d. Obtained the working capital demand loan statement of the Company and traced the loans availed amount mentioned in the Statement to the working capital demand loan statement of the Company for the period from the date of sanction till January 31, 2025;
 - e. Obtained the general ledger details of the loan accounts as mentioned in the Statement, for the period from the date of latest renewal of the facilities till January 31, 2025, and traced the amount of utilization of such loan accounts on test check basis to the supporting documents, to examine whether such transactions are incurred in accordance with the sanction letters of the loans;
 - f. Conducted relevant management inquiries, and obtained necessary representation;
 - g. In respect of utilization of the working capital demand loans outstanding as at January 31, 2025, considering the fact that cash flows from the respective loans and other operational cash flows are kept in the same bank accounts and are considered to be fungible by the Company, we have obtained the details of cash flows of all such facilities on a combined and overall basis to assess utilization of the loans as it is impracticable to establish a one to one correlation of utilization of these;
 - h. Obtained the balance confirmations from banks as at January 31, 2025, with respect to working capital demand loan accounts mentioned in the Statement in order to confirm the outstanding balances of the relevant working capital demand loans as at January 31, 2025; and
 - i. The management of the Company also mentioned the fact that part of the funds drawn from the working capital demand loans are transferred to multiple current accounts / other cash credit (referred to as the secondary accounts) maintained by the Company for making subsequent / forward trade and other payments. Accordingly, the corresponding details of utilization of such transferred funds have also been provided by the Company to us for the secondary accounts for the period which we have reviewed on a test check basis.
11. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016), issued by the Institute of Chartered Accountants of India.
 12. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
 13. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.
 14. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Conclusion

15. Based on our examination as above, and the information, explanation and confirmation given to us, along with the procedures as described in paragraph 10 above, we report that nothing has come to our attention that causes us to believe that the details provided in the Statement, on an overall basis, are not in agreement with the audited books of account and other relevant records of the Company for the six months period ended September 30, 2024 and the unaudited books of accounts and other relevant records of the Company for the period October 1, 2024 to January 31, 2025.



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Restriction on use

16. This report is addressed to Board of Directors and BRLMs and issued at specific request of the Company for submission to the BRLMs to assist them in conducting their due-diligence and documenting their investigations of the affairs of the Company in connection with the proposed Offer. This report may be delivered to SEBI or the stock exchanges by the BRLMs only when called upon by SEBI or the stock exchanges in writing in connection with any inspection, enquiry or investigation, as the case may be, to evidence BRLMs due diligence obligations pertaining to subject matter of this report or for any defence that the BRLMs may wish to advance in any claim or proceeding with SEBI or stock exchanges in connection with due diligence obligations of the BRLMs in the Offer pertaining to subject matter of this report. It should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For M S K C & Associates LLP (Formerly known as M S K C & Associates)
Chartered Accountants
Firm Registration Number: 001595S/S000168



Geetha Jeyakumar
Partner
Membership Number: 029409
UDIN: 25029409BMMIMZ6033



Place: Chennai
Date : March 30, 2025

Encl: Annexure to the Report

Annexure - Statement of utilization of funds drawn by the Company, towards working capital demand loans from certain lenders' during the period from the date of sanction till January 31, 2025

Sl.no	Name of bank/ financial institution	Nature of borrowing	Principal working capital loan amount sanctioned as on January 31, 2025 (₹ in million)	Balance amount outstanding as on January 31, 2025 (₹ in million) #	Interest rate (% per annum)	Repayment schedule	Purpose for which disbursed loan amount was utilized	Pre-payment penalty
1	Yes Bank Limited	Post Shipment Credit in Foreign Currency (PCFC) Standby letter of Credit (SBLC)	1,250.00	75.01	SOFR + (1.05% to 1.50% p.a)	On Demand		Nil
		Cash Credit	1,450.00	1,107.75	SOFR + (1.00% to 1.25% p.a)	On Demand		Nil
2	ICICI Bank Limited	Standby letter of Credit (SBLC)		-0.49	MCLR + (1.00% to 1.50% p.a)	On Demand		Not applicable
		Standby letter of Credit (SBLC)		449.50	SOFR + (1.2 to 1.25% p.a	On Demand		Nil
		Post Shipment Credit in Foreign Currency (PCFC)		408.11	SOFR + (1.2 to 1.25% p.a	On Demand		Nil
		Post Shipment Credit in Foreign Currency (PCFC)	1,500.00	9.36	SOFR + (1.10% to 1.50% p.a)	On Demand		Nil
3	Kotak Mahindra Bank Limited	Working Capital Loan		162.97	SOFR + (1.10% to 1.50% p.a)	On Demand		Nil
		Standby letter of Credit (SBLC)		100.00	(8.1 to 8.5% p.a	On Demand		1% p.a
		Cash Credit	1,850.00	284.41	SOFR + (1.00% to 1.25% p.a)	On Demand		Nil
		Post Shipment Credit in Foreign Currency (PCFC)		-0.09	1 Year MCLR	On Demand		Not applicable
4	RBL Bank Limited	Post Shipment Credit in Foreign Currency (PCFC)	1,250.00	311.97	SOFR + (1.10% to 1.50% p.a)	On Demand		Nil
		Standby letter of Credit (SBLC)		354.81	SOFR + (1.00% to 1.25% p.a)	On Demand		Nil
		Cash Credit		-0.89	1 Year MCLR	On Demand		Not applicable
		Post Shipment Credit in Foreign Currency (PCFC)	1,400.00	408.75	SOFR + (0.90% to 1.25% p.a)	On Demand		Nil
		Working Capital Loan		233.94	SOFR + (1.2% to 1.5% p.a)	On Demand		Nil
		Cash Credit		0.14	7.85% p.a to 8.25% p.a	On Demand		1% p.a
		Post Shipment Credit in Foreign Currency (PCFC)		0.01	3m MIBOR	On Demand		Not applicable
5	HDFC Bank Limited	Post Shipment Credit in Foreign Currency (PCFC)	3,600.00	110.92	SOFR + (2.00% to 3.50% p.a)	On Demand		Nil
		Standby letter of Credit (SBLC)		1,781.50	SOFR + (1.20% to 1.40% p.a)	On Demand		Nil
		WCL		120.90	8.3% p.a to 9% p.a	On Demand		1% p.a
		Cash Credit		0.35	1 Year MCLR +0.5%	On Demand		Not applicable
		Post Shipment Credit in Foreign Currency (PCFC)		192.78	SOFR + (2.00% to 3.50% p.a)	On Demand		Nil
		Standby letter of Credit (SBLC)		1,205.30	SOFR + (1.20% to 1.40% p.a)	On Demand		Nil
		Working Capital Loan		163.86	8.3% p.a to 9% p.a	On Demand		1% p.a
		Cash Credit	2,740.00	-	1 Year MCLR +0.5%	On Demand		Not applicable
Total			15,040.00	7,480.85				

(1) The above Annexure is based on the latest sanction documents and as per the records and books of accounts maintained by the Company in the usual course of its business and we confirm that these borrowings have been utilized for the purposes mentioned above
(2) # This amount does not include interest accrued
(3) The above table does not include working capital facilities which were closed subsequent to January 31, 2025

For Jain Resource Recycling Limited (Formerly known as Jain Resource Recycling Private Limited)



Name: Hemant S Jain
Designation: Director and Chief Finance Officer
Place: Chennai
Date: March 30, 2025

Initiated For Identification Purposes Only

