

ANNEXURE B

4 January 2023

To,

Securities and Exchange Board of India,
The Chief General Manager,
Division of Issues & Listing,
Plot No C4-A, 'G' Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai – 400051 Maharashtra

Dear Sir/Madam,

Sub: Proposed initial public offering of equity shares of ₹10 each for cash at a price of ₹ [●] per equity share (“Offer Price”) (including a premium of ₹ [●] per equity share) (“Equity Share”) by J.G. Chemicals Limited (“Company”) comprising a fresh issue of Equity Shares aggregating up to ₹ 2,025.00 million (“Fresh Issue”) and an offer for sale of up to 57,00,000 Equity Shares, comprising of up to 36,40,000 Equity Shares by Vision Projects and Finvest Private Limited, up to 12,70,000 Equity Shares by Suresh Kumar Jhunjunwala (HUF), up to 6,50,000 Equity Shares by Anirudh Jhunjunwala (HUF), and up to 1,40,000 Equity Shares by Jayanti Commercial Limited (collectively, the “Selling Shareholders”, and such Equity Shares offered by the Selling Shareholders, the “Offered Shares”) (such offer for sale by the Selling Shareholders, the “Offer for Sale” and together with the Fresh Issue, “the Offer”).

We, Centrum Capital Limited, Emkay Global Financial Services Limited and Keynote Financial Services Limited, who have been appointed as the book running lead managers (**BRLMs**), to the Offer by the Company, state and confirm as follows:

1. We have examined various documents including those relating to litigation, including commercial disputes, patent disputes, disputes with collaborators, etc. and other material while finalising the draft red herring prospectus dated 4 January 2023 (“**Draft Red Herring Prospectus**”) pertaining to the said Offer. - **Complied with to the extent applicable.**
2. On the basis of such examination and the discussions with the Company, its directors and other officers, other agencies and independent verification of the statements concerning the objects of the Offer, price justification, contents of the documents and other papers furnished by the Company, and the Selling Shareholders, we confirm that:
 - a. The Draft Red Herring Prospectus filed with the Securities and Exchange Board of India (“**SEBI**”) is in conformity with the documents, materials and papers which are material to the Offer;
 - b. All material legal requirements relating to the Offer as specified by the SEBI, the Central Government and any other competent authority in this behalf have been duly complied with; and
 - c. The material disclosures made in the Draft Red Herring Prospectus are true and adequate to enable the investors to make a well-informed decision as to the investment in the proposed Offer and such disclosures are in accordance with the requirements of the Companies Act, 2013, as amended (“**Companies Act, 2013**”), the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“**SEBI ICDR Regulations**”), and other applicable legal requirements.
3. Besides ourselves, all the intermediaries named in the Draft Red Herring Prospectus are registered with the SEBI and that till date such registration is valid. - **Complied with and noted**

for compliance

4. We have satisfied ourselves about the capability of the underwriters to fulfil their underwriting commitments. – **Noted for compliance**
5. Written consent from the Promoters has been obtained for inclusion of their Equity Shares as part of the promoter's contribution subject to lock-in and the Equity Shares proposed to form part of the promoter's contribution subject to lock-in shall not be disposed or sold or transferred by the Promoters during the period starting from the date of filing the Draft Red Herring Prospectus with the SEBI till the date of commencement of lock-in period as stated in the Draft Red Herring Prospectus. – **Complied with and noted for compliance**
6. All applicable provisions of the SEBI ICDR Regulations, which relate to Equity Shares ineligible for computation of Promoters' contribution, have been duly complied with and appropriate disclosures as to compliance with the said provisions of the SEBI ICDR Regulations have been made in the Draft Red Herring Prospectus. – **Complied with and noted for compliance**
7. All applicable provisions of the SEBI ICDR Regulations which relate to receipt of promoters' contribution prior to opening of the Offer, shall be complied with. Arrangements have been made to ensure that the promoters' contribution shall be received at least one day before the opening of the Offer and 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 Offer. – **Not applicable**
8. Necessary arrangements shall be made to ensure that the monies received pursuant to the Offer are credited or transferred to a separate bank account as per the provisions of sub-section (3) of Section 40 of the Companies Act, 2013, and that such monies shall be released by the said bank only after permission is obtained from all the stock exchanges and that the agreement entered into between the Bankers to the Offer and the Company specifically contains this condition. – **Noted for compliance**
9. The existing business as well as any new business of the Company for which the funds are being raised fall within the 'main objects' in the object clause of the Memorandum of Association or other charter of the Company and that the activities which have been carried in the last ten years are valid in terms of the object clause of the Memorandum of Association. – **Complied with to the extent applicable.**
10. Following disclosures have been made in the Draft Red Herring Prospectus:
 - a. An undertaking from the Company that at any given time, there shall be only one denomination for the equity shares of the Company, excluding superior rights ("SR") equity shares, where an issuer has outstanding SR equity shares; and – **Complied with to the extent applicable. There are no SR equity shares issued by the Company.**
 - b. An undertaking from the Company that it shall comply with all disclosure and accounting norms specified by SEBI. – **Complied with and noted for compliance.**
11. We shall comply with the regulations pertaining to advertisement in terms of the SEBI ICDR Regulations. – **Noted for compliance**
12. If applicable, the Company is eligible to list on the innovators growth platform, in terms of the provisions of Chapter X of the SEBI ICDR Regulations. – **Not Applicable**

We enclose a note explaining the process of due diligence that has been exercised by us including in relation to the business of the Company, the risks in relation to the business, experience of the Promoters and that the related party transactions entered into for the period disclosed in the Offer



Document have been entered into by the Company in accordance with applicable laws. **Please refer to the due diligence process note enclosed as Annexure B1, to this certificate.**

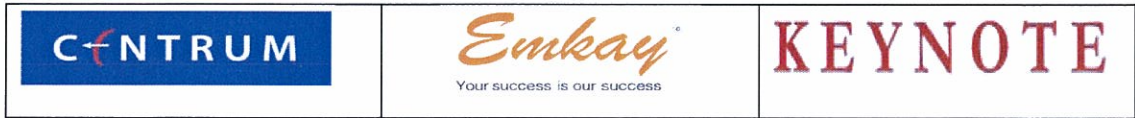
We enclose a checklist confirming regulation-wise compliance with the applicable provisions of the SEBI ICDR Regulations, containing details such as the regulation number, its text, the status of compliance, page number of the Draft Red Herring Prospectus where the regulation has been complied with and our comments, if any. **Please refer to the checklist enclosed as Annexure B2, to this certificate.**

All capitalized terms used herein and not specifically defined shall have the same meaning ascribed to such terms in the DRHP.

Thanking you.

Yours sincerely,

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This page forms an integral part of Annexure B to the cover letter submitted by the BRLMs in relation to the initial public offering by J.G. Chemicals Limited

For Centrum Capital Limited




Authorized Signatory

Name: Pranjal Srivastava

Designation: Partner - Investment Banking

Contact: +91 22 4215 9696

Email: pranjal.srivastava@centrum.co.in




Authorized Signatory

Name: Sooraj Bhatia

Designation: Senior Manager – Investment Banking

Contact: +91 22 4215 9859

Email: sooraj.bhatia@centrum.co.in

This page forms an integral part of Annexure B to the cover letter submitted by the BRLMs in relation to the initial public offering by J.G.Chemicals Limited

For Emkay Global Financial Services Limited




Authorised Signatory

Name: Yatin Singh

Designation: Head – Investment Banking

Contact Number: +91 22 6612 1206

Email: yatin.singh@emkayglobal.com

Date: January 04, 2023

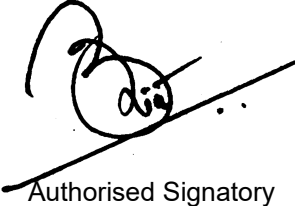
CENTRUM

Emkay[®]
Your success is our success

KEYNOTE

This page forms an integral part of Annexure B to the cover letter submitted by the BRLMs in relation to the initial public offering by J.G. Chemicals Limited

For Keynote Financial Services Limited

A handwritten signature in black ink, appearing to read 'Uday Patil', is written over a horizontal line. The signature is stylized and includes a large loop at the beginning.

Authorised Signatory

Name: Uday Patil

Designation: Director - Investment Banking

Contact Number: +91 22 6826 6016

Email: usp@keynoteindia.net



ANNEXURE B1

Due Diligence Process Note

We, the BRLMs, have carried out a due diligence exercise in relation to the current business of the Company, its Subsidiaries and their background, for the purposes of complying with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (**SEBI ICDR Regulations**), and other applicable laws, and to the extent customary for initial public offerings in India. All capitalized terms used herein and not specifically defined shall have the same meanings ascribed to such terms in the draft red herring prospectus dated 4 January 2023 (**DRHP**), and if not ascribed under the DRHP then they shall bear the meaning commonly ascribed to them under the applicable law.

The due diligence process carried out by us commenced with interactions with the Promoters, Directors, Key Management Personnel, and other members of the senior management of the Company, *inter alia*, for understanding the business of the Company, key risks involved, background of the Promoters and financial overview of the Company and its Subsidiaries. In this regard, we provided the Company with a due diligence questionnaire and prepared an information request list in consultation with the Legal Counsel (*defined below*). The Company responded to the questionnaire and provided the supporting documents for our review and diligence. We have also relied on consent, certificates and undertaking from Selling Shareholders and Statutory Auditor for the information included in the DRHP relating to Selling Shareholders.

In the due diligence process, we were assisted by the Legal Counsel and the Statutory Auditor (*defined below*). In this regard, M/s Link Legal as legal counsel to the Company as to Indian Law and M/s. Bharucha & Partners as legal counsel to the BRLMs as to Indian Law (**Legal Counsel**) assisted us in carrying out the due diligence, drafting of the DRHP, in compliance with SEBI ICDR Regulations and other applicable laws, advising the Company and us on other legal matters as appropriate and issuing customary opinions in relation to the Offer to us. We were also assisted by the statutory auditor of the Company, S. Jaykishan, Chartered Accountants (**Statutory Auditor**), in our due diligence process. In addition to the Restated Consolidated Financial Information of the Company, the BRLMs have relied on certificates provided the Statutory Auditor who has verified and certified certain information included in the DRHP, *inter alia*, key performance indicators and operational information about the Company, outstanding borrowings of the Company, Tax litigations, details of any amounts outstanding to micro, small and medium enterprises and other creditors of the Company etc. and provided statement of possible special tax benefits available to the Company, its Material Subsidiary and its Shareholders. Further, necessary certification has also been obtained from the Statutory Auditor in respect of average cost of acquisition of equity shares by the Selling Shareholders, compliance with corporate governance requirements by the Company, financial indebtedness and repayment of loans. The Statutory Auditor has also confirmed that all related party transactions have, unless otherwise disclosed in the Restated Consolidated Financial Information, been entered into in accordance with applicable laws, on an arm's length basis. As on the date of the DRHP, the Statutory Auditor holds a valid peer review certificate issued by the peer review board of the Institute of Chartered Accountants of India. Additionally, we have relied on the certificate dated 29 December 2022 from Ramesh Verma & Co. (**Independent Chartered Accountant**), in relation to discrepancy between certain records, and the certificate dated 15 November 2022, from Jayam Consultants Private Limited, (**Chartered Engineer**) in respect of *inter alia* the installed capacity of the manufacturing units of the Company.

The Statutory Auditor, Independent Chartered Accountant and Chartered Engineer have consented to be named as experts, in terms of the Companies Act, 2013, as amended, in the DRHP and such consent has not been withdrawn as at the date of filing of the DRHP with the SEBI.

1. **Business and commercial diligence:**

The due diligence process in relation to general business and commercial matters included:

- a. Organizing and attending the transaction kick-off meetings to develop an understanding of the business and other matters of the Company and its Subsidiaries. The meeting was attended by the senior management of the Company including directors of the Company, Legal Counsel, the Statutory Auditor, and us. A broad overview of the business of the Company and its Subsidiaries, industry in which it operates, capital structure, financial overview and proposed objects of the Offer were presented to us and the Legal Counsel, during such meeting following which discussions took place on the same;
- b. Regularly interacting with the senior management of the Company including the Directors, Managing Director, the Company Secretary and Chief Financial Officer as well as the senior personnel from the Company's secretarial, legal and finance departments, the Statutory Auditor, *inter alia*, for the purpose of understanding the business of the Company and its Subsidiaries, the risks involved and a financial overview of the Company and its Subsidiaries. These interactions included (i) due diligence meetings (including virtual meetings), drafting sessions and conference calls to discuss the drafts of the disclosures in the DRHP, requesting periodic updates from the Company; (ii) due diligence calls with the Statutory Auditor; (iii) detailed discussions with heads of various departments of the Company; (iv) due diligence sessions and calls to receive updated information from the Company before filing the DRHP; (v) seeking appropriate certifications from the management for key operational data; (vi) seeking appropriate certification from Key Management Personnel and other officers of the Company and (vii) seeking appropriate certification from Chartered Engineer and Independent Chartered Accountant. These interactions were conducted with an objective to assist the Company to prepare disclosures as required under the SEBI ICDR Regulations and other applicable laws with regard to the Offer. We expect these interactions and due diligence calls to continue until closure of the Offer;
- c. Conducting site visit at the manufacturing facility of the Company's material subsidiary i.e. BDJ Oxides Private Limited at Naidupeta;
- d. Visiting the Company's registered office located in Kolkata, holding virtual meetings, and interacting with the Directors, Key Management Personnel and Senior Management Personnel in charge of operations of the Company, to review nature of activities of the Company and its Subsidiaries, to understand the day to day operations of the Company and its Subsidiaries, key business processes, aspects relating to the key performance indicators of the Company and its Subsidiaries and to verify the disclosures being made in the DRHP;
- e. Requesting and assisting the Company to make available due diligence documents in a virtual data room and reviewing those documents along with the Legal Counsel, to comply with the diligence requirements as stipulated under the SEBI ICDR Regulations and the other applicable laws;
- f. Obtaining customary comfort letter along with circle-up confirmation from the Statutory Auditor to the BRLMs ("**Statutory Auditor's Comfort Letter**"), for the accuracy of certain financial information and certifications for the operational data and / or certain financial information included in the DRHP;
- g. Obtaining and relying on certificates and confirmations, formal representations and undertakings from the Company, and its Directors, Promoters, members of the Promoter Group (excluding entities mentioned at paragraphs A and B to Annexure D hereto), Subsidiaries, Group Company, the Key Managerial Personnel, the Selling Shareholders, Statutory Auditor, Chartered Engineer, Independent Chartered Accountant and other documents in support of certain disclosures made in the DRHP. We have also relied on the management representation and the Statutory Auditor's Comfort Letter for certain numbers relating to the business and operations of the Company and its Subsidiaries;

- h. Assisting the Company in obtaining industry report from CARE Advisory Research & Training Limited, to gain an understanding of the industry in which the Company operates and for disclosure in the sections titled “*Summary of the Offer Document*”, “*Risk Factors*”, “*Industry Overview*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Our Business*” in the DRHP. Further, we coordinated with the Company to ensure that necessary consents were obtained from CARE Advisory Research & Training Limited to disclose the contents of the industry report in the DRHP;
- i. Obtaining and relying on formal representations and undertakings from the Company and the Selling Shareholders in the Offer Agreement;
- j. Reviewing, together with the Legal Counsel, certain business-related contracts entered into by the Company and its Subsidiaries, including (i) purchase orders of the customers, invoices each on a sample basis and (ii) various internal policies pertaining to its business operations, as adopted, and implemented by the Company and its Subsidiaries;
- k. Scheduling and attending due diligence / bring down due diligence calls with the industry report provider to understand the sources of information provided in the industry report; and
- l. Scheduling and attending bring down due diligence calls with the management of the Company and the Statutory Auditor of the Company.

2. Financial information of the Company, its Subsidiaries and Financial Indebtedness:

We conducted due diligence on financial matters, which included due diligence calls with the Statutory Auditor, discussions with the finance department of the Company, review of the auditor’s examination report and other related documents. The current Statutory Auditors of the Company have examined the Restated Consolidated Financial Information of the Company which was prepared in accordance with the Indian Accounting Standards (**Ind AS**), the Companies Act, 2013 (as amended), the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India, and other regulations in accordance with the SEBI ICDR Regulations for 6 months period ended September 30, 2022 and Fiscals 2022, 2021 and 2020.

We have reviewed the Statutory Auditor’s reports and obtained certifications with respect to certain financial and operational information included in the DRHP from the Statutory Auditor. The Statutory Auditor has delivered the Statutory Auditor’s Comfort Letter which will be re-issued or brought down at certain future dates as the Offer progresses.

For the purposes of the DRHP, we, along with the Legal Counsel, have conducted a due diligence exercise of the financing arrangements of the Company and its Subsidiaries and such information as has been disclosed summarily in the DRHP. In this connection, we have reviewed the relevant financing related documents. We have also relied on the representations and certifications provided by the Company, the Subsidiaries and the Statutory Auditor, in connection with such financial indebtedness. We have also sought and obtained consent from lenders, wherever applicable regarding the Offer, including the corporate actions required in relation to the Offer.

In relation to the information disclosed in summarized form in the section entitled “Financial Indebtedness” of the DRHP, the relevant sanction letters issued by the lenders as well as other financing related documents were made available. The BRLMs have also relied on a certificate from Statutory Auditor to ascertain break-up of the outstanding borrowings of the Company, as disclosed in the section entitled “Financial Indebtedness” of the DRHP.

3. Objects of the Offer

The Company proposes to utilize the Net Proceeds for: (i) investment in the material subsidiary of the Company i.e. BDJ Oxides Private Limited for (a) repayment or pre-payment, in full or in part, of all or certain borrowings availed by its material subsidiary; (b) funding capital expenditure requirements for



setting up of a research and development centre situated in Naidupeta; and (c) funding its long-term working capital requirements; (ii) funding long-term working capital requirements of the Company; and (iii) general corporate purposes.

With respect to the proposed capital expenditures at the manufacturing facilities of the material subsidiary of the Company i.e. BDJ Oxides Private Limited, we have relied on certain quotations received by BDJ Oxides Private Limited from various vendors.

Further, the Selling Shareholders will be entitled to their respective portion of the proceeds of the Offer for Sale after deducting their proportion of Offer expenses and relevant taxes thereon. The Company will not receive any proceeds from the Offer for Sale.

4. Promoters, Directors, Promoter Group (excluding entities mentioned at paragraphs A and B to Annexure D hereto), Subsidiaries, Group Companies, Key Managerial Personnel of the Company, and Selling Shareholders:

For the purposes of making certain disclosures with respect to the Promoters, the Promoter Group (excluding entities mentioned at paragraphs A and B to Annexure D hereto), Directors, Subsidiaries, Group Companies and the Key Managerial Personnel in the DRHP, we have obtained supporting documents, certifications from the relevant entities/ persons.

The Group Companies were identified in accordance with the SEBI ICDR Regulations and the Company's materiality policy approved by the Board of Directors of the Company on 17 November 2022 (**Materiality Policy**).

In addition, we have received confirmation from the Company, Directors, Promoters, members of the Promoter Group (excluding entities mentioned at paragraphs A and B to Annexure D hereto) and Selling Shareholders stating that: (i) they 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 authorities, and (ii) they have not been identified as wilful defaulters or fraudulent borrowers and/or fugitive economic offenders as defined under the SEBI ICDR Regulations.

Further, confirmations have been taken from Directors that (i) they are not directors on the board of other listed companies whose shares have been / were suspended from being traded on BSE Limited and/or National Stock Exchange of India Limited during their tenure for a period of five years before the date of filing the DRHP, and (ii) that they are not currently or were previously on the board of a listed company whose shares have been or were delisted from being traded on any stock exchange.

Additionally, we have obtained confirmations from the Directors and Promoters that they have not been declared as wilful defaulters, fraudulent borrowers, or fugitive economic offenders. Confirmations have also been obtained from the Company, Promoters, and members of the Promoter Group (excluding entities mentioned at paragraphs A and B to Annexure D hereto) in respect of their compliance with the Companies (Significant Beneficial Ownership) Rules, 2018, to the extent in force and applicable, as on the date of the DRHP.

5. Statutory and/or regulatory related diligence:

In connection with diligence of statutory and regulatory matters, we have, with the assistance of the Legal Counsel, interacted with the officials of the Company and its material subsidiary i.e. BDJ Oxides Private Limited to understand the various approvals that are necessary for the Company and its material subsidiary to carry out its business, followed by a review of relevant statutory and regulatory records maintained by the Company and its material subsidiary, including, among other things, relevant corporate records, registers, approvals, and filings made by the Company and its material subsidiary with various statutory and regulatory authorities.

We have also reviewed material licenses, approvals, and registrations applied for or received by the Company and its material subsidiary, and other material agreements executed by, or in relation to, the

Company and its material subsidiary, and such other documents as we have deemed necessary and as have been provided to us by the Company and its material subsidiary, from time to time. Further, we have also relied on certifications provided by the Company and its material subsidiary, in connection with such statutory and/or regulatory matters.

6. Diligence of Corporate Documents:

In relation to the share capital build-up of the Company, we have been provided with all the corporate registers, and regulatory filings which were available with the Company. The Company has made certain delayed filings with the RoC and has paid the requisite fees in this respect.

7. Litigation Proceedings and dues to Creditors:

The Company has disclosed outstanding litigations, if any, involving the Company, Promoters, Directors, Subsidiaries and Group Companies in accordance with the legal requirements under the SEBI ICDR Regulations. Disclosures on outstanding litigation and material creditors have been made as per the Materiality Policy adopted by the Company's Board of Directors in the section titled '*Outstanding Litigation and Material Developments*' of the DRHP. The Company has provided a list of outstanding litigations involving the Company, Promoters, Directors, Subsidiaries and Group Companies and supporting documents for material proceedings involving the Company, the materiality of which has been determined based on the Materiality Policy. Further, we, along with Legal Counsel, have interacted with the relevant representatives of the Company. Neither the Company, nor its Directors, Promoters, Subsidiaries or the Group Companies are involved in any outstanding litigation matters that are considered material by the Company.

In compliance with the SEBI ICDR Regulations, the Board of Directors have formulated a policy on material litigations and outstanding dues to micro, small or a medium enterprises and other creditors, pursuant to a resolution dated 17 November 2022. Following are the details of such policy:

The Company has considered as "material" each such case:

- i. if the aggregate monetary amount of claim made by or against the entity or person in any such pending proceeding exceeds 5% of the profit after tax of our Company (on a consolidated basis), as per the last fiscal year covered in the Restated Consolidated Financial Information i.e. ₹ 21.08 million; or
- ii. if the outcome of such litigation, irrespective of any amount involved in such litigation or wherein a monetary liability is not quantifiable, could have a material adverse effect on the financial position, business, operations, performance, prospects or reputation of our Company or its Subsidiaries, as applicable; or
- iii. if the decision in such litigation is likely to affect the decision in similar litigations, and the aggregate monetary claim amount in all such litigation / arbitration proceedings is equal to or in excess of threshold set forth above even though the amount involved in an individual litigation may not exceed the threshold set forth in (i) above.

Pre-litigation notices received by the Company, its Directors, its Subsidiaries or its Promoters from third parties (excluding those notices issued by statutory/regulatory/ governmental/ tax authorities) have not been, unless otherwise decided by the Board of Directors, considered as an outstanding litigation for the purposes of points above, until such time such party is impleaded as a defendant or respondent in litigations before any legal/arbitral forum.

In terms of the Materiality Policy, the Company considers such creditors 'material' to whom the amount due is equal to or in excess of 10% of the trade payables of the Company as of the end of the most recent fiscal covered in the Restated Consolidated Financial Information. The trade payables of the Company as on September 30, 2022 was ₹ 76.70 million. Accordingly, a creditor has been considered

'material' if the amount due to such creditor exceeds ₹ 7.67 million (being 10% of the total trade payables) as on September 30, 2022. Further, for outstanding dues to any party which is a micro, small or a medium enterprise, the disclosure is based on information available with the Company regarding status of the creditor under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended.

8. Industry Information:

We have included information in the DRHP information from Industry report of December 2022 titled '*Report on Zinc Oxide Industry*', prepared by CARE Advisory Research & Training Limited in relation to the industry data in the DRHP.

As part of the due diligence exercise, we scheduled and attended a due diligence call with CARE Advisory Research & Training Limited to understand the sources of information provided in their industry report. The industry related information contained in certain sections of the DRHP, including "*Summary of the Offer Document*", "*Risk Factors*", "*Industry Overview*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Position and Results of Operations*", have been included from this report.